



PARKER | SMITH | FEECK

celebrating **75** years

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PERSPECTIVES 2012

PRESIDENT'S MESSAGE

The pace of change seems to quicken at every turn, even when it feels like change could not come any faster. Around the world, individuals seek a larger voice to influence their futures. In the U.S., we consider how to accelerate economic recovery for a broader population. At Parker, Smith & Feek, we adapt to changes in our own markets, while remaining true to the business principles which have guided our success for 75 years of service in the insurance industry.

We are celebrating our founding in Seattle by Charles Parker, in 1937. Including our office in Anchorage, Alaska for over 25 years, our 180 employees help clients place \$300 million of insurance premiums all over North America and on six continents. We rank 70th in size, among U.S. insurance brokerage firms. We continue to focus on the best interests of our clients, supported with a team approach to client service. Our private ownership ensures our autonomy to remain aligned with client needs and objectives.



In October, 2011, Parker, Smith & Feek was honored with the U.S. Commercial Agency of the Year Award. We also received the PAR Excellence award for Quality Control for the eighth consecutive year since 2004. More important than awards, the strength of our business model is proven by a 95% rate of annual business retention. Strong customer loyalty is traceable to excellent day-to-day service and our commitment to continually work to lower our clients' cost of risk.

Changes continue in 2012. Rates are firming in the commercial insurance market for the first time since 2004, as insurance carriers react to losses from severe weather conditions in the U.S. and around the world. At the same time, many of our clients are seeing some relief from the recession and are forecasting growth in their businesses. We understand that negotiating fair pricing and coverage in this hardening market will be critical to sustaining our clients' success and improving their profits. Coupled with our outstanding claims and loss control advocacy, we are ideally positioned to ensure that our clients receive the best treatment the market allows.

The recession, with tightening of credit and carrier appetites, has also affected our Surety and Personal insurance clients. Change for our Employee Benefits clients is continuous, via health care reform. The complexity and cost to maintain competitive health benefits require a consulting approach to this business.

Having survived and thrived for 75 years, we embrace the need to adapt to different business environments. What's perhaps most striking is how we have not changed - our fundamental approach to business remains the same. Early on, the die was cast to perpetuate the firm internally, because the founders felt a privately held, employee-owned company was the best structure to deliver professional services to our growing clientele. The hallmark of Parker, Smith & Feek has always been the advice we provide to our clients - intellectual capital, not insurance policies. And this approach to our business remains the driving force of the firm today.

At Parker, Smith & Feek, we are focused on the principles which have guided our firm's growth since 1937. We feel strongly enough about the values in our business principles to share them with you in this, our 75th anniversary report. Please tell us what you think. How do our business principles fit with the values guiding your firm?

Best wishes in 2012,

A handwritten signature in black ink that reads 'Greg Collins'.

Greg Collins, President & CEO



STATEMENT OF PRINCIPLES

These principles are the foundation of our business model. They help ensure every Parker, Smith & Feek associate is empowered to deliver the highest quality of service to our clients and to the larger community.

Value Creation

Our mission is to create value for our clients, to reduce their total cost of risk, and to provide peace of mind. We believe clients want business partners who look out for their best interests. Our founders structured the firm to align each employee with their client's unique objectives.

Strength of Private Ownership

All Parker, Smith & Feek owners are current employees of the firm, active in day-to-day operations. Consequently, team members are free to make client-focused recommendations, without any conflict with mandates for short-term financial gains from managers or investors. We devote resources where they are needed, and we adjust resources when needs change.

Team-Based Consulting

Our compensation plan focuses each team on client service and retention, as well as client acquisition. This team approach motivates employees to collaborate with each other for the good of the client, instead of working alone to protect individual commissions or sell unneeded coverage. Collaboration enables us to fully deploy in-house specialists to meet the specific needs of our clients, resulting in superior client advocacy. Teams, not individuals, optimize client service.

Superior Customer Service

Our client-centered structure generates strong customer loyalty and retention, proven by our 95% rate of annual business retention for the 75 year history of the firm (compared to the industry norm of 80%). Our staff is passionate to educate and serve clients because it is the right thing to do. We cherish our long term relationships, and we address each client's needs with a fresh perspective every year.

Transparency and Accountability

All members of a client team are kept informed about client business issues. Transparency enables team members to back each other up, improving both the accountability within teams and performance for our clients. At the same time, we use security controls to protect the privacy of client information.

Stability, Succession and Continuity

We continue to thrive after 75 years because the founders structured the firm's succession plan to ensure the continuity of our client focus. We are always cultivating the next generation of leadership, including a system to carefully transition new team members to our clients' service over a period of time. The stability and predictability of our business model adds to peace of mind for our clients.

Core Values

Employee tenure is long at Parker, Smith & Feek because our culture empowers employees to do the right thing for clients. Our Core Values assure clients we will be there when they need us to (1) Focus on client objectives, (2) Commit to the success of all team members, (3) Act with uncompromising integrity, and (4) Demonstrate intellectual curiosity.



PARKER | SMITH | FEEK

DIRECTORS

Jim Chesemore* Chief Operating Officer	Greg Collins* President & CEO	Dwight Jarvis* Sr VP - Commercial Manager, Bellevue
Scott Fisher* VP - Surety	David Eckroth* Sr VP - Alaska Manager	Jeff Murphy* VP - Commercial
	Jim Hamlin* Sr VP - Surety Manager	

OFFICERS

Marty Bask* Commercial	Barbara Hammermeister Claims	Debbie Rue Commercial
Scott Black Benefits	Gregor Hodgson Commercial	Colleen Savoie* Benefits - Alaska
Sally Borte Benefits	Walter Isler Commercial	John Schmidt Commercial
Steven Brown Commercial - Alaska	Barbara Johnson Commercial - Alaska	Lynne Seville* Risk Management - Alaska
Shelley Cardiel* Commercial	John Larson Commercial	Casey Smith Commercial
Edmund Chapin Construction Services	Susan Larson Surety	Jana Smith* Commercial - Alaska
Sherisa Crevier Commercial - Alaska	Gregory Loudon* Benefits - Alaska	Jim Sorte Claims
Shannon Daly Benefits	Kellie Mackie Controller	Jennifer Stankovich Human Resources
Todd Eisinger Chief Financial Officer	Johnmichael Monteith* Chief Information Officer	Susan Stead* Commercial
Cheryl Fischer Commercial	Nick Montera Commercial	Mary Stien* Private Client Group Manager
Joan Flood Benefits	Tim Nierman Commercial	James Waskom Commercial
John Frazier Life	Kevin Norris* Benefits	Todd Wheeler Commercial - Alaska
Gary Grosenick* Commercial	Stuart O'Farrell* Surety	Ben Wolfe* Surety
Dan Guy Benefits Group Manager	Edward Rhone* Claims Manager	Michael Woltersdorf* Safety & Loss Control
Sharon Hall Commercial	Tonya Rollison Commercial - Alaska	Linda Zook Insurance Marketing

* PRINCIPAL