

THE BISHOP COMPANY, LLC

Your Life Aligned™

THOMAS W. BISHOP, CLU
PRESIDENT

January 25, 2008

The Bishop Company Annual Review - 2008

Thank you

Well, it's that time again. Another year has come and gone and it is time to sit back and take stock of our company. In addition to informing our clients on the state of our company and industry, it gives us the opportunity to learn from our past, appreciate the present, and plan for the future. As we go through this process it is important that we recognize that nothing happens without you, our clients. You enable us to ply our trade, your feedback gives us direction to improve, and your satisfaction with our services motivates us to do better every day. Every member of our organization thanks you for choosing us to be a part of your support team.

The State of the Industry

The industry is very strong financially and, in fact, one of the rating services feels the industry is over capitalized. The biggest concern facing the industry is the number of agents who will be retiring, resulting in the potential loss of client relationships and business experience. With a median age of 55, it is estimated that 1 in 4 agents will retire in the next 5 years. Between 2001 and 2006, new agent recruiting declined 22% and new agents want to build their business on "financial planning" rather than just focusing on life insurance. The challenge for clients and their advisors? Not only will there be significantly fewer agents, the companies themselves are altering their focus to retirement income planning with investment and annuity products designed for the boomer market. Already we have seen a significant change in emphasis with older, more experienced agents shifting more and more of their focus from insurance to investments.

No longer is this a "gentleman's business" where you meet a "nice agent" who worked for a good company and you became familiar with their products. We call that "anesthetized marketing". Today, there is very little difference in the financial strength of the top companies but there is a dramatic difference in product design and pricing. As an example, whole life used to be the bread and butter of the industry. In the last 10 years, whole life companies have lost 46 % of their market share and their captive agents are finding their products uncompetitive. Because of the changes in aging demographics, dramatic medical advances, improvements in product design and pricing, it's not unusual for us to see a 30-40% differential in annual premiums in the competitive analyses we perform.

In response to these changes, we continue to:

1. Focus exclusively on life insurance...no investments...maximizing our 30 years of experience
2. Utilize *The Policy Alignment Report™* to provide clarity about the available insurance policy alternatives
3. Remain completely independent brokers with no company affiliation... working for the client not the insurance company

A Year in Review 2007 – Our Accomplishments

Our Goals for 2007:

Expanded our brand using... The Policy Alignment Report™

We developed this proprietary tool to provide clarity for the alternatives available in today's insurance marketplace. We invested heavily in tools that expand our analytical capabilities and expanded our strategic relationships with Ash Brokerage/ BRAMCO, the largest independent brokers' network in the country. Collectively, we paid for over \$290 million in annual insurance premiums which provides our company with enormous clout when negotiating the premium rates for our clients...even if there are difficult medical issues. This relationship cements our pledge to remain completely independent brokers with no primary company affiliation. To do what is best for the client, not a particular insurance company

Expanded Our Risk Assessment Center™:

We achieved significant Improvement in turnaround time to quote multiple companies products. Quotes are evaluated, summarized and put in an easily understood format, designed to remove industry jargon and provide advisors with the confidence that their clients are receiving the proper policy design and pricing.

Introduced our Resource Center:

The largest and best insurance companies have very sophisticated Advanced Marketing Departments staffed with experienced attorneys and CPA's who act as resources to ensure that products are implemented correctly. During our 30 years of experience, we have compiled an extensive contacts list and we know who to call to initiate a conference call with advisor so their client needs are thoroughly researched and addressed.

Sharpened our Focus:

Our company's singular, specific and deep focus is exclusively on life insurance...NO investments, retirement planning or medical insurance, etc. All of our efforts are focused on making certain clients have clarity about their alternatives and that they are receiving the best pricing for their unique situation, circumstances and medical profile.

Sales and Marketing:

Another area of significant progress for us was the completion our new web site www.thebishopcompanyllc.com. It is designed so clients and advisors can determine if we have the skill set to assist them in accomplishing their objectives. Additionally, we redesigned all our marketing material to better communicate our message.

Our 2007 Results:

We formally introduced *The Policy Alignment Report*™ in the beginning of 2007 and made some mid-year course corrections. The feedback we have received is that clients finally understand their current policies and can determine if there are improved alternatives available. Happily, we are able to report that we more than doubled our revenue in 2007.

Additional 2007 Accomplishments:

Location Facility:

We have added 30% more office space, significantly upgraded our technology platform and expanded our internal and remote telecom capabilities.

Seminars presented:

To respond to the rapid changes in the life insurance industry, we developed a 1 hour seminar for advisors to address: how companies evaluate medical risks differently, how the companies differentiate themselves, why whole life companies have lost 46% of their market share in the past 10 years, and why agent "drain & graying" issues exist. We made the presentation to several law firms, banks, financial planning organizations. Our next seminar will be with the MA CPA Society in January'08.

Learning and growing:

I am completing my 14th year in The Strategic Coach Program (www.strategiccoach.com). This program provides the opportunity to step away from the busyness of life and business for three undisturbed days each quarter to proactively plan where you want to grow personally and professionally. It is a fascinating program and clearly one of the most important activities I have done in my business career.

Interesting Business Books:

Someone once said..."your future in large part will be shaped by what you read and who you meet along the way". With that in mind here are some of the books I read this year. (If you have some good suggestions...please pass them along)

Laws of Lifetime Growth – Dan Sullivan/Catherine Nomura

Mastering the Rockefeller Habits – Verne Harnish

The Daily Drucker – Peter Drucker/Joseph Maciarello

The 21 Irrefutable Laws of Leadership – John Maxwell

Today Matters – John Maxwell

Confidence – Rosabeth Moss Kanter

Blue Ocean – W. Chan Kim/Renee Manburgne

It's Your Ship – Captain Abrashoff

The World is Flat – Thomas L. Friedman

Traction: Get a Grip on Your Business – Gino Wickman

Jack Trout on Strategy – Jack Trout

Made to Stick: Why Some Ideas Survive and Others

Die - Chip Heath/Dan Heath

Personal:

I turned 60 in July, 2007...clearly in denial! Absolutely no plans to retire! Love what I do... the people I work with... and the people I work for...you! Not looking to slow down for many, many years. Best news...celebrated our 25th wedding anniversary and happier than I ever have been...could never be where I am without Joan!

Looking into 2008 – Our Goals

"Bigger Futures" Focus:

We will continue to seek out and work with clients and advisors whose futures are bigger than their past.

Improved communication:

Our goal: To be known as the organization that ... ***Provides clarity*** about the different insurance alternatives...so clients and their advisors can be confident in their decisions. We will also strive to continue to improve our processes so we make it easier and more fun to do business with us.

Continue to expand nationally:

We have been fortunate to work in all six of the New England states as well as Maryland, Tennessee, Oregon, Maryland, Florida, Colorado, North Carolina, Arkansas, New York, Pennsylvania.

Hire 2 additional professionals:

As everyone knows, a team is only as good as a sum of its parts. As we continue to grow, we will also continue to need talented people. We are currently looking to add two new positions to our ranks, a marketing assistant and administrative support person. It is difficult finding people who have the technical skills AND can fit into our culture. While searching for talent is a perpetual process for us, we ask that you keep this in mind in case you know of someone who would fit into our organization and culture.

Learning and growing:

I am committed to continue to grow both professionally and personally. That means, among other things, continuing to meet good people and reading thought provoking books.

Lastly, we would also like to mention that our success depends on your success. The focal point of all our goals is to provide you with clarity about the insurance products that you own and are considering (or have considered) so you can feel confident about your product choice and know with certainty that it will perform as expected. Our objective is to provide simplicity to a complex transaction that is a critically important part of the planning process and provides the necessary cash at exactly the time it is needed most. So, when you see us continually tweaking and re-engineering our processes, tools and our market outreach, you can rest assured that we striving to improve.

Thank you

As you can see, we had another productive year and made good progress on our goals. We have set aggressive goals for the coming year and feel strongly we are moving in the right direction. We recently came across a definition on personal growth that we feel meets our business strategy;

“The moment you give signals to nature that you don’t want to grow anymore, it starts sending the parts back to the factory”

Business today demands perpetual growth to stay relevant. This document shares with you what is going on backstage at The Bishop Company.

We are proud of what we accomplished last year and are excited about the coming year. We welcome any and all of your thoughts on how we could improve the services we provide.

In closing, we want to thank you for giving us the opportunity to practice the trade we love. As always, we appreciate your business and thank you for your continued support. We wish you a wonderful and prosperous 2008.

Sincerely,



Tom Bishop
President