

SECURITIES AND EXCHANGE COMMISSION

FORM 424B2

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HILB ROGAL & HAMILTON CO /VA/

CIK: **814898** | IRS No.: **541194795** | State of Incorpor.: **VA** | Fiscal Year End: **1231**
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HILB, ROGAL AND HAMILTON COMPANY
SUPPLEMENT TO
PROSPECTUS DATED FEBRUARY 12, 1992

RELATING TO ACQUISITIONS OF
GOW MANAGEMENT SERVICES, INC.
AND
S. H. GOW & COMPANY, INC.

The following information is furnished to supplement and complete the information contained in the Prospectus dated February 12, 1992, relating to the offering of shares of the Common Stock of Hilb, Rogal and Hamilton Company (the "Company") to the shareholders of Gow Management Services, Inc. ("GMS") of Buffalo, New York to consummate the merger of GMS and the Company and the subsequent acquisition by GMS of certain assets of S. H. Gow & Company, Inc. ("Gow") also of Buffalo, New York in exchange for cash and deferred cash payments. GMS and Gow are separate corporations with the same ownership structure.

Terms of the Transaction

(a) (1) Effective January 1, 1997, a subsidiary of the Company will consummate an Agreement of Merger with GMS whereby the shareholders of GMS will receive shares of Common Stock of the Company valued at \$300,000 based on the average closing price for the period December 2, 1996 through December 6, 1996 ("Shares") subject to (i) all necessary corporate approvals of each corporation, (ii) all authorizations, consents and approvals of all federal, state, local and foreign governmental agencies and authorities required to be obtained, and (iii) all other conditions precedent as outlined in the Agreement of Merger (see Exhibit 2.29). The number of shares distributed to the shareholders of GMS will be adjusted based upon the final determination of net worth as defined in the Agreement of Merger.

Hilb, Rogal and Hamilton Company of Buffalo, a newly formed subsidiary of the Company, will merge into Gow Management Services, Inc. and the surviving corporation will be a wholly-owned subsidiary of the Company (the "Merger").

Immediately following the Merger, the shareholders of Gow have agreed to sell assets of Gow's insurance agency operations including their insurance customer lists, expiration lists and records, book of business, business records, files and daily reports; furniture, fixtures and equipment; rights and interest in and to agency and other agreements; certain maintenance agreements; and goodwill to GMS, which will be a wholly-owned subsidiary of the Company, in exchange for \$2,475,000 in cash and three installments payable based upon profits realized in the subsequent three year period which can increase the purchase price up to a maximum of \$1,278,450 in each year (subject to a minimum of \$675,000 in each year) payable in 14, 26 and 38 months. Each contingent payment includes interest imputed at the lowest federal rate allowed pursuant to Section 1274 of the Internal Revenue Code of 1986 with monthly compounding.

The acquisition is subject to (i) all necessary corporate approvals of each corporation, (ii) all authorizations, consents and approvals of all federal, state, local and foreign governmental agencies and authorities required to be obtained, and (iii) all other conditions precedent as outlined in the Agreement of Purchase and Sale (see Exhibit 2.30).

The assets purchased will be incorporated into the assets of Gow Management Services, Inc., a wholly-owned subsidiary of the Company.

In addition, the shareholders of GMS and Gow will enter into covenants not to compete in exchange for \$600,000 in cash and three installments payable equal to 32.95% of the amount by which

the installment payments exceed \$675,000 pursuant to the Agreement of Purchase and Sale with Gow.

(2) The acquisitions of GMS and Gow by the Company have been agreed upon because the Company is engaged in the business of owning insurance agencies and because the shareholders of GMS and Gow have determined that a merger with the Company is beneficial to the growth of their insurance operations.

The combined operations will add approximately 80 employees and approximately \$5,600,000 of revenues to the Company.

(3) Gow was incorporated in 1953 and elected S Corporation status as provided by the Internal Revenue Code in 1987. Gow has 100 authorized shares of Class A, voting common stock, \$1 par value. There are 76 shares issued and outstanding. Gow has 2,900 authorized shares of Class B, non-voting common stock, \$1 par value. There are 2,888 shares issued and outstanding.

GMS is a related company with the same ownership structure as Gow. It was incorporated in 1977. GMS has 100 authorized shares of Class A, voting common stock, \$1 par value. There are 76 shares issued and outstanding. GMS has 2,900 authorized shares of Class B, non-voting common stock, \$1 par value. There are 2,888 shares issued and outstanding.

(4) There are no material differences between the rights of the security holders of GMS and Gow and the rights of security holders of the Company.

(5) & (6) The acquisition of GMS will be treated using the purchase method of accounting for acquisitions under generally accepted accounting principles.

GMS will be included in the consolidated return of the Company as of the effective date. The acquisition will be recorded as a tax free exchange under the rules of I.R.C. Sections 368(a)(1)(A) and 368(a)(2)(E).

The acquisition of Gow will be treated as a purchase and the assets purchased will be incorporated into the assets of GMS. The assets will be recorded at fair market value for accounting and tax purposes by the Company.

(c) The acquisition agreements are incorporated into this supplement as Exhibit 2.29 and 2.30.

Pro Forma Financial Information
See attached - Schedule A

Material Contracts with Seller.

There have been no material contracts between the Company and GMS or Gow prior to the proposed effective date of the transactions.

Information with Respect to S. H. Gow & Company, Inc.
and Gow Management Services, Inc.

Gow was incorporated in 1953 and elected S Corporation status as provided by the Internal Revenue Code in 1987. Gow maintains its primary location in Buffalo, New York and has offices in Rochester and Syracuse, New York.

Gow provides insurance brokerage services for personal and small-to-medium size commercial and industrial accounts. Services provided include personal and commercial property and casualty insurance (approximately 90% of revenues) and group and individual life and health insurance products (approximately 10% of revenues).

GMS was incorporated in 1977 and maintains an office in Buffalo, New York. It has the same ownership structure as Gow.

GMS provides alternative risk insurance programs as well as claims administration and loss control services.

There is no established public trading market for the stock of GMS and Gow. There are three shareholders of GMS and Gow. See Shareholder Information below for information regarding shares held by each shareholder and information regarding authorized and issued shares.

There have been no common stock dividend distributions by GMS during the nine months ended September 30, 1996 or the years ended December 31, 1995, 1994 and 1993.

Common stock dividend distributions by Gow during the nine months ended September 30, 1996 and the years ended December 31, 1995, 1994 and 1993 were \$2,716, \$51,555, \$33,719 and \$0, respectively.

Shareholder Information

(a) (1) WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

(2) & (3) GMS and Gow have agreed to submit the acquisition agreements to their shareholders for adoption by unanimous written consent after receipt and review of the Prospectus. Since the acquisition can be completed only with the unanimous consent of the shareholders of the companies being acquired (GMS and Gow), notice requirements shall have been met and there shall be no dissenters.

(4) & (5) There are no material interests, direct or indirect, of affiliates, officers or directors of the registrant or of the companies being acquired (GMS and Gow) in the proposed transactions.

(6) GMS has 100 authorized shares of Class A, voting common stock, \$1 par value. There are 76 shares issued and outstanding. GMS has 2,900 authorized shares of Class B, non-voting common stock, \$1 par value. There are 2,888 shares issued and outstanding.

Gow has 100 authorized shares of Class A, voting common stock, \$1 par value. There are 76 shares issued and outstanding. Gow has 2,900 authorized shares of Class B, non-voting common stock, \$1 par value. There are 2,888 shares issued and outstanding.

The ownership of the outstanding shares of GMS as follows:

Name	Class A, Voting		Class B, Non-Voting	
	Number of Shares	Percentage	Number of Shares	Percentage
Jefferey Gow	34	44.74%	1,292	44.74%
Michael Gow	34	44.74	1,292	44.74
Richard Mason	8	10.52	304	10.52
	--	-----	-----	-----
	76	100.00%	2,888	100.00%
	==	=====	=====	=====

The ownership of the outstanding shares of Gow as follows:

Name	Class A, Voting		Class B, Non-Voting	
	Number of Shares	Percentage	Number of Shares	Percentage
Jefferey Gow	34	44.74%	1,292	44.74%
Michael Gow	34	44.74	1,292	44.74
Richard Mason	8	10.52	304	10.52
	--	-----	-----	-----
	76	100.00%	2,888	100.00%
	==	=====	=====	=====

(7) Upon completion of the proposed acquisition, no shareholder of Gow or GMS will serve as a director or executive officer of the registrant.

Experts

The financial statements of Gow Management Services, Inc.

and S. H. Gow & Company, Inc. as of and for the year ended December 31, 1995 appearing in this supplement to the Amended Prospectus dated February 12, 1992, and in the registration Statement have been audited by Dopkins & Company, independent auditors, as set forth in their report thereon appearing elsewhere herein and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

Hilb, Rogal and Hamilton Company

Date of this Supplement: December 27, 1996

SCHEDULE A - PRO FORMA CONDENSED
FINANCIAL STATEMENTS (UNAUDITED)

The following pro forma condensed consolidated balance sheet as of September 30, 1996 and the pro forma consolidated income statements for the nine months ended September 30, 1996 and the year ended December 31, 1995 give effect to the proposed acquisitions of Gow Management Services, Inc. ("GMS") and S. H. Gow & Company, Inc. ("Gow") expected to be effective on January 1, 1997; and the acquisition of certain assets and liabilities of 15 insurance agencies purchased in 1996 and 13 insurance agencies purchased in 1995. The pro forma information is based on the historical financial statements of Hilb, Rogal and Hamilton Company and the acquired agencies, giving effect to the transactions under the purchase method of accounting and the assumptions and adjustments in the accompanying notes to the pro forma financial statements. The pro forma consolidated income statements give effect to the purchase method acquisitions and proposed purchase method acquisitions as if they had occurred on January 1, 1995. The pro forma condensed consolidated balance sheet gives effect to the business combinations which occurred or are probable of occurring subsequent to September 30, 1996, as if they had occurred before September 30, 1996.

The pro forma statements have been prepared by management based upon the historical financial statements of Hilb, Rogal and Hamilton Company, GMS, Gow and other acquired agencies. These pro forma statements may not be indicative of the results that actually would have occurred if the combination had been in effect on the dates indicated or which may be obtained in the future. The pro forma financial statements should be read in conjunction with the audited financial statements and notes of the Company included in the Company's 1995 Annual Report to Shareholders which is incorporated by reference in the Company's Annual Report on Form 10-K, which is incorporated herein by reference.

HILB, ROGAL & HAMILTON COMPANY
PROFORMA CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
SEPTEMBER 30, 1996

<TABLE>
<CAPTION>

	HILB, ROGAL AND HAMILTON COMPANY	ACQUISITIONS (PURCHASES)	PRO FORMA ADJUSTMENTS FOR PURCHASE ACQUISITIONS	PRO FORMA CONSOLIDATED
<S>	<C>	<C>	<C>	<C>
ASSETS				
CASH AND CASH EQUIVALENTS	\$21,131,935	\$3,830,678	(6,184,000) (2)	\$18,778,613
INVESTMENTS	6,094,597	124,425		6,219,022
RECEIVABLES & OTHER	49,472,834	6,358,250	(291,262) (1)	55,539,822
TOTAL CURRENT ASSETS	76,699,366	10,313,353	N/A (6,475,262)	80,537,457

INVESTMENTS	5,895,000	24,315			5,919,315
PROPERTY & EQUIPMENT	15,060,143	1,859,411	(1,859,411) (1)	1,000,000 (3)	16,060,143
INTANGIBLE ASSETS	64,089,498	360,770	(360,770) (1)	17,094,214 (3)	81,183,712
OTHER ASSETS	4,400,306	434,720	(217,070) (1)		4,617,956

TOTAL ASSETS	\$166,144,313	\$12,992,569	N/A	\$9,181,701	\$188,318,583
=====					
LIABILITIES & EQUITY:					
PREMIUMS PAYABLE-INS CO	\$68,872,563	\$7,043,335			\$75,915,898
OTHER ACCRUED LIABILITIES	16,782,190	2,836,186	(44,991) (1)		19,573,385

TOTAL CURRENT LIABILITIES	85,654,753	9,879,521	N/A	(44,991)	95,489,283
LONG-TERM DEBT	17,619,960	1,188,852	(928,670) (1)	4,125,714 (2)	22,005,856
OTHER LONG-TERM LIAB.	8,109,018	169,344		3,356,000 (3)	11,634,362

SHAREHOLDERS' EQUITY					
COMMON STOCK	23,981,692	1,138,161	(1,138,161) (4)	4,428,500 (2)	28,410,192
RETAINED EARNINGS	30,778,890	616,691	(616,691) (4)		30,778,890

	54,760,582	1,754,852	N/A	2,673,648	59,189,082

	\$166,144,313	\$12,992,569	N/A	\$9,181,701	\$188,318,583
=====					

</TABLE>

- (1) TO ADJUST FOR ASSETS AND LIABILITIES NOT ACQUIRED.
- (2) TO REFLECT PURCHASE PRICE OF ASSETS AND LIABILITIES ACQUIRED SUBSEQUENT TO SEPTEMBER 30, 1996 IN PURCHASE TRANSACTIONS.
- (3) TO ADJUST FOR ASSET VALUATIONS UNDER PURCHASE ACCOUNTING.
- (4) TO ELIMINATE SHAREHOLDERS' EQUITY OF ACQUIRED ENTITIES.

HILB, ROGAL & HAMILTON COMPANY
CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

<TABLE>
<CAPTION>

	NINE MONTHS ENDED SEPTEMBER 30, 1996			
	HILB, ROGAL & HAMILTON CO.	ACQUISITIONS (PURCHASES)	PRO FORMA ADJUSTMENTS FOR PURCHASE ACQUISITIONS	PRO FORMA CONSOLIDATED
<S>	<C>	<C>	<C>	<C>
REVENUES:				
COMMISSIONS & FEES	\$116,493,506	\$13,127,569		\$129,621,075
INTEREST AND OTHER INCOME	2,833,746	281,077	(\$299,598) (1)	2,815,225

TOTAL REVENUES	119,327,252	13,408,646	(299,598)	132,436,300

OPERATING EXPENSES:				
COMPENSATION AND BENEFITS	65,871,369	8,626,747		74,498,116
OTHER OPERATING EXPENSES	30,314,437	3,299,953	(156,331) (2)	33,458,059
AMORTIZATION OF INTANGIBLES	5,558,598	130,762	702,818 (3)	6,392,178
INTEREST EXPENSE	762,364	127,962	38,406 (4)	928,732

TOTAL OPERATING EXPENSES	102,506,768	12,185,424	584,893	115,277,085

INCOME BEFORE INCOME TAXES	16,820,484	1,223,222	(884,491)	17,159,215
INCOME TAXES	6,743,495		135,492 (5)	6,878,987

NET INCOME	\$10,076,989	\$1,223,222	(\$1,019,983)	\$10,280,228
=====				
NET INCOME PER COMMON SHARE	\$0.75			\$0.74
=====				
SHARES ISSUED AND OUTSTANDING	13,243,553		357,180	13,600,733
=====				
WEIGHTED AVERAGE SHARES				

OUTSTANDING 13,512,855 388,480 13,901,335

</TABLE>

- (1) TO ADJUST HISTORICAL INTEREST AND TOADJUST FOR LOST INTEREST EARNED FROM CASH PAID FOR ACQUIRED AGENCIES.
- (2) TO REFLECT ADJUSTMENTS TO COMPENSATION AND OTHER OPERATING EXPENSES TO REFLECT ADJUSTED COMPENSATION, DEPRECIATION EXPENSE, RENT EXPENSE, ETC.
- (3) TO REFLECT ADJUSTMENTS TO AMORTIZATION OF INTANGIBLES DUE TO VALUATION OF AGENCY ASSETS ON THE PURCHASE BASIS OF ACCOUNTING. INTANGIBLE ASSETS REPRESENT EXPIRATION RIGHTS, THE EXCESS OF COSTS OVER THE FAIR VALUE OF NET ASSETS ACQUIRED AND NONCOMPETITION AGREEMENTS.
- (4) TO ADJUST HISTORICAL INTEREST AND REFLECT INTEREST ON ACQUISITION DEBT.
- (5) TO REFLECT ESTIMATED TAXES AND THE TAX EFFECT OF PROFORMA ADJUSTMENTS ON NET INCOME.

HILB, ROGAL & HAMILTON COMPANY
CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31, 1995			
	HILB, ROGAL & HAMILTON CO.	ACQUISITIONS (PURCHASES)	PRO FORMA ADJUSTMENTS FOR PURCHASE ACQUISITIONS	PRO FORMA CONSOLIDATED
<S>	<C>	<C>	<C>	<C>
REVENUES:				
COMMISSIONS & FEES	\$141,555,188	\$29,603,347		\$171,158,535
INTEREST AND OTHER INCOME	6,591,850	639,768	(\$830,298)	6,401,320
TOTAL REVENUES	148,147,038	30,243,115	(830,298)	177,559,855
OPERATING EXPENSES:				
COMPENSATION AND BENEFITS	82,760,664	19,106,206	(442,931)	101,423,939
OTHER OPERATING EXPENSES	38,264,085	9,804,678	(468,352)	47,600,411
AMORTIZATION OF INTANGIBLES	6,965,947	384,435	1,441,401	8,791,783
INTEREST EXPENSE	559,654	335,746	(12,030)	883,370
TOTAL OPERATING EXPENSES	128,550,350	29,631,065	518,088	158,699,503
INCOME BEFORE INCOME TAXES	19,596,688	612,050	(1,348,386)	18,860,352
INCOME TAXES	7,767,778		(294,534)	7,473,244
NET INCOME	\$11,828,91	\$612,050	(\$1,053,852)	\$11,387,108
NET INCOME PER COMMON SHARE	\$0.82			\$0.76
SHARES ISSUED AND OUTSTANDING	13,706,764		502,028	14,208,792
WEIGHTED AVERAGE SHARES OUTSTANDING	14,470,407		600,474	15,070,881

</TABLE>

- (1) TO ADJUST HISTORICAL INTEREST AND TO ADJUST FOR LOST INTEREST EARNED FROM CASH PAID FOR ACQUIRED AGENCIES.
- (2) TO REFLECT ADJUSTMENTS TO COMPENSATION AND OTHER OPERATING EXPENSES TO REFLECT ADJUSTED COMPENSATION, DEPRECIATION EXPENSE, RENT EXPENSE, ETC.
- (3) TO REFLECT ADJUSTMENTS TO AMORTIZATION OF INTANGIBLES DUE TO VALUATION OF AGENCY ASSETS ON THE PURCHASE BASIS OF ACCOUNTING. INTANGIBLE ASSETS REPRESENT EXPIRATION RIGHTS, THE EXCESS OF COSTS OVER THE FAIR VALUE OF NET ASSETS ACQUIRED AND NONCOMPETITION AGREEMENTS.
- (4) TO ADJUST HISTORICAL INTEREST AND REFLECT INTEREST ON ACQUISITION DEBT.
- (5) TO REFLECT ESTIMATED TAXES AND THE TAX EFFECT OF PROFORMA ADJUSTMENTS ON NET INCOME.

Gow Management Services, Inc.

CONTENTS

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS FINANCIAL STATEMENTS	1
Balance sheet	2
Statement of operations	3
Statement of shareholders' equity (accumulated deficit)	4
Statement of cash flows	5
Notes to financial statements	6 - 9

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Gow Management Services, Inc.
Buffalo, New York

We have audited the accompanying balance sheet of Gow Management Services, Inc. as of December 31, 1995, and the related statements of operations, shareholders' equity (accumulated deficit) and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position

of Gow Management Services, Inc. as of December 31, 1995, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

/S/Dopkins & Company
CERTIFIED PUBLIC ACCOUNTANTS

November 9, 1996

GOW MANAGEMENT SERVICES, INC.

BALANCE SHEET
December 31, 1995

ASSETS

Current Assets

Cash, including \$79,355 of restricted funds	\$	81,453
Receivables, premiums		71,942
Other current assets		2,000

Total current assets		155,395
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Furniture and Equipment, Net		53,708
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	\$	209,103
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LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities

Premiums payable to insurance companies	\$	6,412
Accounts payable and accrued expenses		64,752
Premium deposits and credit due customers		121,715

Total current liabilities		192,879
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Other long-term liabilities		6,500
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Shareholders' Equity

Common stock		2,964
Retained earnings		6,760

		9,724
--	--	-------

	\$	209,103
--	----	---------

=====

See notes to financial statements.

GOW MANAGEMENT SERVICES, INC.

STATEMENT OF OPERATIONS

Year Ended December 31, 1995

REVENUES	
Commission and fees	\$ 980,043
OPERATING EXPENSES	
Compensation and employee benefits	695,112
Other operating expenses	175,608

Operating income before income taxes	109,323
Income taxes	33,418

Net Income	\$ 75,905
	=====
Net Income Per Common Share	\$ 25.61
	=====
Weighted Average Number of Shares of Common Stock Outstanding	2,964
	=====

See notes to financial statements.

GOW MANAGEMENT SERVICES, INC.

STATEMENT OF SHAREHOLDERS' EQUITY (ACCUMULATED DEFICIT)

December 31, 1995

	Common Stock	Retained Earnings (Deficit)	Total
Balance at January 1, 1995	\$ 2,964	\$ (69,145)	\$ (66,181)
Net income	-	75,905	75,905
	-----	-----	-----
Balance at December 31, 1995	\$ 2,964	\$ 6,760	\$ 9,724
	=====	=====	=====

See notes to financial statements.

GOW MANAGEMENT SERVICES, INC.

STATEMENT OF CASH FLOWS
Year Ended December 31, 1995

OPERATING ACTIVITIES

Net income	\$	75,905
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation		29,363
Provision for deferred income taxes		30,500

		135,768
Changes in operating assets and liabilities:		
Decrease in premium receivables		6,132
Increase in premiums payable to insurance companies		2,153
Decrease in accounts payable and accrued expenses		(145,438)
Increase in premium deposits and credits due customers		11,196

Net cash provided by operating activities		9,811

INVESTING ACTIVITIES

Purchase of furniture and equipment		(17,442)

Decrease in cash		(7,631)
Cash at beginning of year		89,084

Cash at end of year	\$	81,453
		=====

Supplemental Disclosure of Cash Flow Information

Cash payments for income taxes	\$	2,918
		=====

See notes to financial statements.

Note 1. Nature of Business and Significant Accounting Policies

Nature of business:

The company provides management and insurance consulting services to customers to compliment its insurance operations.

A summary of the Company's significant accounting policies follows:

Restricted cash:

The Company maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash.

Revenue recognition:

Income is achieved in contract form for services rendered. Fees and income are recorded as of effective date or billing date, whichever is later.

Furniture and equipment:

Furniture and equipment are stated at cost. Depreciation is computed by the declining- balance methods over 5-year estimated useful lives.

Income taxes:

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Retirement plans:

The Company has a defined contribution pension plan and a profit sharing plan for employees who have met certain eligibility requirements. The Company's contribution to the pension plan is at a rate of 5% of eligible compensation and 10% of the excess of eligible compensation over the Social Security wage base as defined in the Plan. Contributions to the profit sharing plan are discretionary as determined by the Board of Directors. Aggregate contributions for both plans for the year ended December 31, 1995 were \$28,835.

Pervasiveness of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Furniture and Equipment

Furniture and equipment at December 31, 1995 consist of the following:

Furniture and equipment	\$ 181,442
Less accumulated depreciation	127,734

	\$ 53,708
	=====

Note 3. Affiliated Company

The Company is affiliated to S. H. Gow & Company, Inc. through common shareholders. Transactions with S. H. Gow & Company, Inc. resulted in charges for services resulting in consulting revenue of \$110,000 in 1995. The Company has an account payable to S. H. Gow & Co., Inc. of \$33,999 at December 31, 1995, which is included in accounts payable and accrued expenses in the accompanying balance sheet.

Note 4. Income Taxes

Deferred tax assets (liabilities) consist of the following components as of December 31, 1995:

Deferred tax assets (included in other current assets on the balance sheet):	
Net operating loss carryforwards	\$ 2,000
Deferred tax liabilities (included in other long-term liabilities on the balance sheet):	
Accelerated tax depreciation	(6,500)

	\$ (4,500)

The provision for income taxes charged to operations for the year ended December 31, 1995 consists of the following:

State tax expense, currently payable	\$ 2,918
Deferred tax expense	30,500

	\$ 33,418
	=====

The income tax provision differs from the amount of income tax determined by applying the U.S. federal income tax rate to pretax income for the year ended December 31, 1995 due to the following:

Computed "expected" income tax expense	\$ 37,170
Increase (decrease) in income taxes resulting from:	
State taxes, net of federal tax benefit	1,926
Surtax exemption	(5,869)
Other	191

Total income tax expense	\$ 33,418
	=====

Note 5. Common Stock

Common stock at December 31, 1995 consists of the following:

Class A, par value \$1, voting; 100 shares authorized, 76 shares issued and outstanding	\$ 76
Class B, par value \$1, non-voting; 2,900 shares authorized, 2,888 shares issued and outstanding	2,888

	\$ 2,964
	=====

Note 6.Shareholder Agreements

Three shareholders have entered into a stock purchase and sale agreement which states, among other things, that in the event one of these shareholders dies, the Company is required to buy all the shareholder's stock. The purchase price per share resulting from a death during 1996 will be \$1,864.

Note 7.Subsequent Event

During 1996, the Company has entered into negotiations to buy certain assets of S. H. Gow & Co., Inc. , a related corporation. The Company anticipates then selling all of their stock to an unaffiliated corporation. Negotiations are ongoing and the agreements or sales prices have not been finalized.

Gow Management Services, Inc.

Financial Report
(Compiled)

December 31, 1994 and 1993

CONTENTS

ACCOUNTANTS' COMPILATION REPORT ON THE FINANCIAL STATEMENTS FINANCIAL STATEMENTS	1
Balance sheets	2
Statements of operations	3
Statements of shareholders' deficit	4
Statements of cash flows	5

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors
Gow Management Services, Inc.
Buffalo, New York

We have compiled the accompanying balance sheets of Gow Management Services, Inc. as of December 31, 1994 and 1993, and the related statements of operations, shareholders' deficit, and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting information that is the representation of management in the form of financial statements. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

/s/Dopkins & Company
CERTIFIED PUBLIC ACCOUNTANTS

November 9, 1996

GOW MANAGEMENT SERVICES, INC.

BALANCE SHEETS
December 31, 1994 and 1993

ASSETS	1994	1993
Current Assets		
Cash, including \$86,598 and \$29,466, respectively, of restricted funds	\$ 89,084	\$ 31,357
Receivables, premiums	78,074	60,100
Other current assets	30,000	41,779
	-----	-----
Total Current Assets	197,158	133,236
Furniture and Equipment, Net	65,629	12,230
	-----	-----
	\$ 262,787	\$ 145,466
	=====	=====
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current Liabilities		
Premiums payable to insurance companies	\$ 4,259	\$ 0
Accounts payable and accrued expenses	210,190	171,190
Premium deposits and credit due customers	110,519	80,230
	-----	-----
Total Current Liabilities	324,968	251,420
Other Long-Term Liabilities	4,000	0

Shareholders' Deficit		
Common stock	2,964	2,964
Accumulated Deficit	(69,145)	(108,918)
	-----	-----
	(66,181)	(105,954)
	-----	-----
	\$ 262,787	\$ 145,466
	=====	=====

See accountants' compilation report.

GOW MANAGEMENT SERVICES, INC.

STATEMENTS OF OPERATIONS
Years Ended December 31, 1994 and 1993

	1994	1993
REVENUES		
Commission and fees	\$ 924,093	\$ 768,041
OPERATING EXPENSES		
Compensation and employee benefits	662,564	599,812
Other operating expenses	205,239	152,263
	-----	-----
Operating income before income taxes	56,290	15,966
Income taxes	16,517	(1,929)
	-----	-----
Net Income	\$ 39,773	\$ 17,895
	=====	=====
Net Income Per Common Share	\$ 13.42	\$ 6.04
	=====	=====

Weighted Average Number of Shares of Common Stock Outstanding	2,964	2,964
	=====	=====

See accountants' compilation report.

GOW MANAGEMENT SERVICES, INC.

STATEMENTS OF SHAREHOLDERS' DEFICIT
December 31, 1994 and 1993

	Common Stock	Retained Earnings (Deficit)	Total
Balance at January 1, 1993	\$ 2,964	\$ (126,813)	\$ (123,849)
Net income	0	17,895	17,895
	-----	-----	-----
Balance at December 31, 1993	2,964	(108,918)	(105,954)

Net income	0	39,773	39,773
	-----	-----	-----
Balance at December 31, 1994	\$ 2,964	\$ (69,145)	\$ (66,181)
	=====	=====	=====

See accountants' compilation report.

GOW MANAGEMENT SERVICES, INC.

STATEMENTS OF CASH FLOWS
Years Ended December 31, 1994 and 1993

	1994	1993
OPERATING ACTIVITIES		
Net income	\$ 39,773	\$ 17,895
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	19,921	7,725
Provision for deferred income taxes	15,500	0
	-----	-----
	75,194	25,620
Changes in operating assets and liabilities:		
(Increase) decrease in premium receivables	(17,974)	57,757
Increase (decrease) in other operating activities	279	(79,688)
Increase (decrease) in premiums payable to insurance companies	4,259	(14,423)
Increase (decrease) in premium deposits and credits due customers	30,289	(26,356)
Increase in accounts payable and accrued expenses	39,000	43,024
	-----	-----
Net cash provided by operating activities	131,047	5,934
	-----	-----
INVESTING ACTIVITIES		
Purchase of furniture and equipment	(73,320)	(697)
	-----	-----
Increase in cash	57,727	5,237
Cash at beginning of year	31,357	26,120
	-----	-----
Cash at end of year	\$ 89,084	\$ 31,357
	=====	=====

Supplemental Disclosure of Cash Flow Information

Cash payments for income taxes	\$ 1,017	\$ 0
	=====	=====

See accountants' compilation report.

Financial Report
(Compiled)

Nine Months Ended September 30, 1996 and 1995

CONTENTS

ACCOUNTANTS' COMPILATION REPORT ON THE FINANCIAL STATEMENTS FINANCIAL STATEMENTS	1
Balance sheets	2
Statements of operations	3
Statements of shareholders' equity (deficit)	4
Statements of cash flows	5

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors
Gow Management Services, Inc.
Buffalo, New York

We have compiled the accompanying balance sheets of Gow Management Services, Inc. as of September 30, 1996 and 1995, and the related statements of operations, shareholders' equity (deficit), and cash flows for the nine months then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting information that is the representation of management in the form of financial statements. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash

flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

/s/Dopkins & Company
CERTIFIED PUBLIC ACCOUNTANTS

December 5, 1996

GOW MANAGEMENT SERVICES, INC.

BALANCE SHEETS

September 30, 1996 and 1995

ASSETS	1996	1995
Current Assets		
Cash, including \$41,928 and \$109,801 respectively, of restricted funds	\$ 55,197	\$ 120,620
Receivables, premiums	92,983	69,080
Other current assets	2,000	30,000
	-----	-----
Total Current Assets	150,180	219,700
Furniture and Equipment, Net	47,624	47,145
	-----	-----
	\$ 197,804	\$ 266,845
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY
(DEFICIT)

Current Liabilities		
Premiums payable to insurance companies	\$ 4,480	\$ 0
Accounts payable and accrued expenses	62,300	41,511
Premium deposits and credit due customers	59,980	293,538
	-----	-----
Total Current Liabilities	126,760	335,049
Other Long-Term Liabilities	6,500	4,000
Shareholders' Equity (Deficit)		
Common stock	2,964	2,964
Retained earnings (accumulated deficit)	61,580	(75,168)
	-----	-----
	64,544	(72,204)
	-----	-----
	\$ 197,804	\$ 266,845
	=====	=====

See accountants' compilation report.

GOW MANAGEMENT SERVICES, INC.

STATEMENTS OF OPERATIONS

Nine Months Ended September 30, 1996 and 1995

	1996	1995
REVENUES		
Commission and fees	\$ 708,922	\$ 641,173
OPERATING EXPENSES		
Compensation and employee benefits	485,935	491,954
Other operating expenses	157,803	152,682
	-----	-----
Operating income (loss) before income taxes	65,184	(3,463)
Income taxes	10,364	2,560
	-----	-----
Net Income (Loss)	\$ 54,820	\$ (6,023)
	=====	=====
Net Income Per Common Share	\$ 18.50	\$ (2.03)
	=====	=====
Weighted Average Number of Shares of Common Stock Outstanding	2,964	2,964
	=====	=====

See accountants' compilation report.

GOW MANAGEMENT SERVICES, INC.

STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)
September 30, 1996 and 1995

	Common Stock	Retained Earnings (Deficit)	Total
Balance at January 1, 1995	\$ 2,964	\$ (69,145)	\$ (66,181)
Net loss	0	(6,023)	(6,023)
	-----	-----	-----
Balance at September 30, 1995	\$ 2,964	\$ (75,168)	\$ (72,204)
	=====	=====	=====
Balance at January 1, 1996	\$ 2,964	\$ 6,760	\$ 9,724
Net income	0	54,820	54,820
	-----	-----	-----
Balance at September 30, 1996	\$ 2,964	\$ 61,580	\$ 64,544
	=====	=====	=====

See accountants' compilation report.

GOW MANAGEMENT SERVICES, INC.

STATEMENTS OF CASH FLOWS

Nine Months Ended September 30, 1996 and 1995

	1996	1995
OPERATING ACTIVITIES		
Net income (loss)	\$ 54,820	\$ (6,023)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	17,201	20,230
	-----	-----
	72,021	14,207
Changes in operating assets and liabilities:		
(Increase) decrease in premium receivables	(21,041)	8,994
Decrease in premiums payable to insurance companies	(1,932)	(4,259)
Increase (decrease) in premium deposits and credits due customers	(61,735)	183,019
Decrease in accounts payable and accrued expenses	(2,452)	(168,679)
	-----	-----
Net cash provided by (used in) operating activities	(15,139)	33,282
	-----	-----
INVESTING ACTIVITIES		
Purchase of furniture and equipment	(11,117)	(1,746)
	-----	-----
Increase (decrease) in cash	(26,256)	31,536
Cash at beginning of period	81,453	89,084
	-----	-----
Cash at end of period	\$ 55,197	\$ 120,620
	=====	=====

Supplemental Disclosure of Cash Flow Information

Cash payments for income taxes	\$ 10,364	\$ 2,560
	=====	=====

See accountants' compilation report.

Gow Management Services, Inc.

Financial Report
(Compiled)

Three Months Ended September 30, 1996 and 1995

CONTENTS

ACCOUNTANTS' COMPILATION REPORT ON THE FINANCIAL STATEMENTS FINANCIAL STATEMENTS	1
Balance sheets	2
Statements of operations	3

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors
Gow Management Services, Inc.
Buffalo, New York

We have compiled the accompanying balance sheets of Gow Management Services, Inc. as of September 30, 1996 and 1995, and the related statements of operations for the three months then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting information that is the representation of management in the form of financial statements. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures and statements of cash flows required by generally accepted accounting principles. If the omitted disclosures and the statements of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

/s/ Dopkins & Company
CERTIFIED PUBLIC ACCOUNTANTS

December 5, 1996

GOW MANAGEMENT SERVICES, INC.

BALANCE SHEETS

September 30, 1996 and 1995

ASSETS	1996	1995
Current Assets		
Cash, including \$41,928 and \$109,801 respectively, of restricted funds	\$ 55,197	\$ 120,620
Receivables, premiums	92,983	69,080
Other current assets	2,000	30,000
	-----	-----
Total Current Assets	150,180	219,700
Furniture and Equipment, Net	47,624	47,145
	-----	-----
	\$ 197,804	\$ 266,845
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY DEFICIT)

Current Liabilities		
Premiums payable to insurance companies	\$ 4,480	\$ 0
Accounts payable and accrued expenses	62,300	41,511
Premium deposits and credit due customers	59,980	293,538
	-----	-----
Total Current Liabilities	126,760	335,049
Other Long-Term Liabilities	6,500	4,000
Shareholders' Equity (Deficit)		
Common stock	2,964	2,964
Retained earnings (accumulated deficit)	61,580	(75,168)
	-----	-----
	64,544	(72,204)
	-----	-----
	\$ 197,804	\$ 266,845
	=====	=====

See accountants' compilation report.

GOW MANAGEMENT SERVICES, INC.

STATEMENTS OF OPERATIONS

Three Months Ended September 30, 1996 and 1995

	1996	1995
REVENUES		
Commission and fees	\$ 233,045	\$ 204,262
OPERATING EXPENSES		
Compensation and employee benefits	137,639	123,897
Other operating expenses	77,009	61,671
	-----	-----
Operating income before income taxes	18,397	18,694
Income taxes	3,438	359
	-----	-----
Net Income	\$ 14,959	\$ 18,335
	=====	=====
Net Income Per Common Share	\$ 5.05	\$ 6.19
	=====	=====
Weighted Average Number of Shares of Common Stock Outstanding	2,964	2,964
	=====	=====

See accountants' compilation report.

S. H. GOW & COMPANY, INC.

FINANCIAL REPORT

DECEMBER 31, 1995

CONTENTS

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS	1
FINANCIAL STATEMENTS	
Balance sheet	2
Statement of operations	3
Statement of shareholders' equity	4
Statement of cash flows	5
Notes to financial statements	6 - 12

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
 S. H. Gow & Company, Inc.
 Buffalo, New York

We have audited the accompanying balance sheet of S. H. Gow & Company, Inc. as of December 31, 1995, and the related statements of operations, shareholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of S. H. Gow & Company, Inc. as of December 31, 1995, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

/s/ Dopkins & Company
 CERTIFIED PUBLIC ACCOUNTANTS

November 9, 1996

S.H. GOW & COMPANY, INC.

BALANCE SHEET
 December 31, 1995

ASSETS

Current Assets

Cash, including \$1,786,221 of restricted funds	\$ 1,790,021
Receivables:	
Premiums	3,666,389
Other	24,256

	3,690,645
Prepaid expenses	54,691

Total current assets	5,535,357
Investments	24,315
Property and Equipment, Net	1,399,220
Intangible assets	45,690
Less accumulated amortization	18,276

27,414

\$ 7,120,177
=====

Other Assets 133,871

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities
Premium payable to insurance companies \$ 3,495,913
Accounts payable and accrued expenses 289,368
Premium deposits and credits due customers 1,822,514
Current portion of long-term debt 86,755

Total current liabilities 5,694,550

Long-term debt 657,444

Shareholders' Equity
Common stock 2,964
Retained earnings 765,219

768,183

\$ 7,120,177
=====

See notes to financial statements.

S.H. GOW & COMPANY, INC.

STATEMENT OF OPERATIONS
Year Ended December 31, 1995

REVENUES
Commissions and fees \$ 4,829,607
Investment income 57,978
Other 157,137

5,044,722

OPERATING EXPENSES
Compensation and employee benefits 3,589,781
Other operating expenses 1,404,943
Amortization of intangibles 9,138
Interest expense 71,191

5,075,053

Net Loss \$ (30,331)
=====

Net Loss Per Common Share \$ (10.23)
=====

Weighted Average Number of Shares of
Common Stock Outstanding 2,964
=====

See notes to financial statements.

S.H. GOW & COMPANY, INC.

STATEMENT OF SHAREHOLDERS' EQUITY
December 31, 1995

	Common Stock	Retained Earnings	Total
Balance at January 1, 1995	\$ 2,964	\$ 847,105	\$ 850,069
Payment of dividends (\$17.39 per share)	-	(51,555)	(51,555)
Net loss	-	(30,331)	(30,331)
	-----	-----	-----
Balance at December 31, 1995	\$ 2,964 =====	\$ 765,219 =====	\$ 768,183 =====

See notes to financial statements.

STATEMENT OF CASH FLOWS
Year Ended December 31, 1995

OPERATING ACTIVITIES	
Net loss	\$ (30,331)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation	127,408
Amortization of intangibles	9,138
Loss on sale of assets	999

	107,214
Changes in operating assets and liabilities:	
Increase in premium receivables	(42,290)
Decrease in prepaid expenses	2,944
Increase in premiums payable to insurance companies	194,605
Increase in accounts payable and accrued expenses	22,493
Decrease in premium deposits and credits due customers	(129,906)
Other operating activities	126,967

Net Cash Provided By Operating Activities	282,027
INVESTING ACTIVITIES	
Purchase of property and equipment	(84,175)
Proceeds from sale of assets	16,575

Net Cash Used In Investing Activities	(67,600)
FINANCING ACTIVITIES	
Principal payments on long-term debt	(82,372)
Dividends	(51,555)

Net Cash Used In Financing Activities	(133,927)

Increase in cash	80,500
Cash at beginning of year	1,709,521

Cash at end of year	\$ 1,790,021
	=====

See notes to financial statements.

Note 1. Nature of Business and Significant Accounting Policies

Nature of business:

The Company is a full service independent insurance agency specializing in property, casualty, and employee benefits for businesses and individuals. The Company has three locations, all of which are in New York State. The Company grants credit to customers, most of whom are also located in New York State.

A summary of the Company's significant accounting policies follows:

Restricted cash:

The Company maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash.

Revenue recognition:

Commission income as well as the related premiums receivable from customers and premiums payable to insurance companies are recorded as of the effective date of insurance coverage or the billing date, whichever is later. Premium adjustments, including policy cancellations, are recorded as they occur. Contingent commissions, override commissions and commissions on premiums billed and collected directly by insurance companies are recorded as revenue when received. Fees for services rendered are recorded as earned. These policies are in accordance with predominant industry practice.

Investments:

The Company has an investment in a foreign stock that is stated at cost, as the market value of this investment is indeterminable at December 31, 1995. During the year ended December 31, 1995, the Company received dividends of \$2,737 from this investment.

Property and equipment:

Assets are stated at cost. Depreciation is computed by the declining-balance methods over the following estimated useful lives:

	Years
Building	29 - 32
Furniture and equipment	3 - 10

Retirement plans:

The Company has a defined contribution pension plan and a profit sharing plan for employees who have met certain eligibility requirements. The Company's contribution to the pension plan is at a rate of 5% of eligible compensation and 10% of the excess of eligible compensation over the Social Security wage base as defined in the Plan. Contributions to the profit sharing plan are discretionary as determined by the Board of Directors.

Aggregate contributions for the year ended December 31, 1995 was \$187,030.

Income taxes:

The Corporation, with the consent of its shareholders, has elected to be taxed under Section 1362 (a) of the Internal Revenue Code (S Corporation) and a similar section of the New York State franchise tax law, which provide that, in lieu of Corporation income taxes, the shareholders are taxed on their proportionate share of the Corporation's taxable income. Therefore, no provision for income taxes has been made in these financial statements.

Also, no provision has been made for any amounts which may be advanced or paid as dividends to the stockholders to assist them in paying their personal income taxes on the income of the Corporation.

Pervasiveness of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the

date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair value of financial instruments:

The following methods and assumptions were used to estimate the fair value of financial instruments:

Long-Term Debt:

The fair value of long-term debt is estimated based on interest rates for the same or similar debt offered to the Company having the same or similar remaining maturities and collateral requirements. The carrying amount of long-term debt approximates fair value.

Note 2. Premium Trust Account

Premiums collected from insureds but not yet remitted to insurance carriers are restricted as to use by law. The Company maintains premium trust accounts with balances as of December 31, 1995 as follows:

Restricted cash	\$1,786,221
Premium receivables	3,666,389

	5,452,610
Premiums payable to insurance companies	(3,495,913)
Premium deposits and credits due customers	(1,822,514)

Excess of restricted assets over applicable liabilities	\$134,183
	=====

Note 3. Cash Value of Life Insurance

The Company is the owner and beneficiary of life insurance policies on the lives of certain officers/shareholders. These policies have an aggregate face value of \$5,000,000. At December 31, 1995, the cash value of these policies was \$90,592 and is included in other assets.

Note 4. Property and Equipment

Property and equipment at December 31, 1995 consist of the following:

Building and land	\$ 1,618,734
Furniture and equipment	1,458,034

	3,076,768
Less accumulated depreciation	1,677,548

	\$ 1,399,220
	=====

Note 5. Long-Term Debt

Long-term debt at December 31, 1995 consists of the following:

Mortgage note payable to a bank in monthly installments of \$7,542 including interest at 9.5% per annum through January 1998, collateralized by a security interest in real property. This real property has a depreciated cost of \$806,305 at December 31, 1995. A final balloon payment of \$588,618 is due in January 1998.	\$ 653,156
---	------------

Term note payable to an insurance company in monthly installments of \$5,255 including interest at 5.5% per annum through July 1997, collateralized by a security interest in equipment. This equipment has a depreciated cost of \$30,807 at December 31, 1995.

	91,043

	744,199

Less current maturities	86,755

	\$ 657,444
	=====

The maturities required on long-term debt at December 31, 1995 are as follows:

Years ending December 31,

1996	\$ 86,755
1997	68,826
1998	588,618

Total	\$744,199
	=====

Cash payments for interest was \$71,191 for the year ended December 31, 1995.

Note 6. Retained Earnings

Retained earnings consist of "C" corporation earnings and "S" corporation earnings. The balance of the "S" corporation accumulated adjustments account for income tax purposes was \$69,094 at December 31, 1995.

Note 7. Rental Income

The Company leases portions of its building under an operating lease agreement. The cost of the rented facilities is included in the balance sheet as a portion of the cost of property and equipment and is not separately determinable.

The lease expires in June 1998 and requires future minimum annual rental income as follows:

Years ending December 31,	
1996	\$ 69,036
1997	69,036
1998	34,518

Total	\$172,590
	=====

Rental income for the year ended December 31, 1995 was \$155,132.

Note 8. Leases

The Company is liable under long-term noncancelable operating leases that relate to its branch sales locations. Certain leases require the Company to pay additional rent for the leased premises. The Company is also liable under a long-term operating lease for an automobile. Total rental expense under these leases for the year ended December 31, 1995 amounted to \$125,240.

Future minimum lease payments under these leases consist of the following:

Years ending December 31,	
1996	\$126,548
1997	122,579
1998	124,400
1999	34,800

Total	\$408,327
	=====

Note 9.Receivable from Affiliate

The Company is affiliated with Gow Management Services, Inc. through common shareholders. Other assets include a \$33,999 noncurrent receivable from Gow Management Services, Inc. Gow Management Services, Inc. provides loss control and claim control services to customers of S. H. Gow & Company, Inc. Transactions with Gow Management Services, Inc. resulted in charges for services resulting in operating expenses of \$110,000 in 1995.

Note 10.Common Stock

Common stock at December 31, 1995 consists of the following:

Class A, par value \$1, voting; 100 shares authorized, 76 shares issued and outstanding	\$ 76
Class B, par value \$1, non-voting; 2,900 shares authorized, 2,888 shares issued and outstanding	2,888

	\$ 2,964
	=====

Note 11.Shareholder Agreements

Three shareholders have entered into a stock purchase and sale agreement which states, among other things, that in the event one of these shareholders dies, the Company is required to buy all the shareholder's stock. The purchase price per share resulting from a death during 1996 will be \$1,864. This agreement can be funded with the proceeds of life insurance policies mentioned in Note 3. In the event one of the shareholder's wishes to sell his shares of the Company, such shares must first be offered to the Corporation and the remaining shareholders.

Note 12.Contingency

The Company is a defendant in a lawsuit brought against it and one of its customers aggregating \$154,000. The Company has agreed to indemnify the plaintiff for any portion of the \$154,000 that the plaintiff cannot recover from the customer. No amount has been accrued in the financial statements as the ultimate amount of loss, if any, cannot presently be determined.

Note 13.Subsequent Event

During 1996, the Company has entered into negotiations to sell certain assets to Gow Management Services, Inc., a related corporation. Gow Management Services, Inc. anticipates then selling all of their stock to an unaffiliated corporation. Negotiations are ongoing and the agreements or sales prices have not been finalized.

S. H. Gow & Company, Inc.

Financial Report
(Reviewed)

December 31, 1994 and 1993

CONTENTS

INDEPENDENT ACCOUNTANT'S REPORT ON THE FINANCIAL STATEMENTS FINANCIAL STATEMENTS	1
Balance sheets	2
Statements of income	3
Statements of shareholders' equity	4
Statements of cash flows	5
Notes to financial statements	6 - 12

INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors
S. H. Gow & Company, Inc.
Buffalo, New York

We have reviewed the accompanying balance sheets of S. H. Gow & Company, Inc. as of December 31, 1994 and 1993, and the related statements of income, shareholders' equity and cash flows, for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of S. H. Gow & Company, Inc.

A review consists principally of inquiries of Company personnel

and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

/s/ Dopkins & Company
 CERTIFIED PUBLIC ACCOUNTANTS

January 31, 1995

S. H. GOW & COMPANY, INC.
 BALANCE SHEETS
 December 31, 1994 and 1993

ASSETS	1994	1993
Current Assets		
Cash, including \$1,705,151 and \$1,890,331, respectively, of restricted funds	\$ 1,709,521	\$ 1,894,240
Receivables:		
Premiums, less allowance for doubtful accounts of \$0 and \$28,960, respectively	3,625,627	3,869,987
Other	22,728	69,013
	-----	-----
	3,648,355	3,939,000
Prepaid expenses	57,635	55,839
	-----	-----
Total current assets	5,415,511	5,889,079
Investments	24,315	24,412
Property and Equipment, Net	1,460,027	1,543,995
Intangible assets	45,690	45,690
Less accumulated amortization	9,138	-
	-----	-----
	36,552	45,690
Other Assets	260,838	220,543
	-----	-----
	\$ 7,197,243	\$ 7,723,719
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities		
Premiums payable to insurance companies	\$ 3,301,308	\$ 3,884,286
Accounts payable and accrued expenses	266,875	277,223
Premium deposits and credits due customers	1,952,420	1,810,061
Current portion of long-term debt	79,925	74,275
	-----	-----
Total current liabilities	5,600,528	6,045,845
Long-term debt	746,646	825,626
Shareholders' Equity		
Common stock	2,964	2,964

Retained earnings	847,105	849,284
	-----	-----
	850,069	852,248
	-----	-----
	\$ 7,197,243	\$ 7,723,719
	=====	=====

See accountants' review report and notes to financial statements.

S.H. GOW & COMPANY, INC.

STATEMENTS OF OPERATIONS
Years Ended December 31, 1994 and 1993

	1994	1993
REVENUES		
Commissions and fees	\$ 4,841,777	\$ 5,015,759
Investment income	51,830	37,614
Other	400,980	215,136
	-----	-----
	5,294,587	5,268,509
OPERATING EXPENSES		
Compensation and employee benefits	3,824,431	3,611,192
Other operating expenses	1,349,245	1,515,622
Amortization of intangibles	9,138	-
Interest expense	80,233	90,232
	-----	-----
	5,263,047	5,217,046
	-----	-----
Net Income	\$ 31,540	\$ 51,463
	=====	=====
Net Income Per Common Share	\$ 10.64	\$ 17.36
	=====	=====
Weighted Average Number of Shares of Common Stock Outstanding	2,964	2,964
	=====	=====

See accountants' review report and notes to financial statements.

STATEMENT OF SHAREHOLDERS' EQUITY
Years Ended December 31, 1994 and 1993

	Common Stock	Retained Earnings
Balance at January 1, 1992	\$ 2,964	\$ 797,821
Net income	----- -	----- 51,463
Balance at December 31, 1993	2,964	849,284
Payment of dividends (\$11.38 per share)	-	(33,719)
Net income	----- -	----- 31,540
Balance at December 31, 1994	\$ 2,964 =====	\$ 847,105 =====

See accountants' review report and notes to financial statements.

S.H. GOW & COMPANY, INC.

STATEMENT OF CASH FLOWS
Year Ended December 31, 1994 and 1993

	1994	1993
OPERATING ACTIVITIES		
Net income	\$ 31,540	\$ 51,463
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	145,747	180,227
Amortization of intangible assets	9,138	-
(Gain) loss on sale of assets	(72)	1,222
	-----	-----
	186,353	232,912
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	290,645	(492,447)
Increase in prepaid expenses	(1,796)	(9,819)
Increase (decrease) in premiums payable to insurance companies	(582,978)	919,952
Increase (decrease) in accounts payable and accrued expenses	(10,348)	95,245
Increase in premium deposits and credits due customers	142,359	639,480
Other operating activities	(40,198)	(44,930)
	-----	-----
Net Cash Provided By (Used In) Operating Activities	(15,963)	1,340,393
	-----	-----
INVESTING ACTIVITIES		
Purchase of property and equipment	(63,307)	(85,806)
Proceeds from sale of assets	1,600	-
	-----	-----
Net Cash Used In Investing Activities	(61,707)	(85,806)
	-----	-----
FINANCING ACTIVITIES		
Principal payments on long-term debt	(73,330)	(77,171)
Dividends	(33,719)	-
	-----	-----
Net Cash Used In Financing Activities	(107,049)	(77,171)
	-----	-----
Increase (decrease) in cash	(184,719)	1,177,416
Cash at beginning of year	1,894,240	716,824
	-----	-----
Cash at end of year	\$ 1,709,521	\$ 1,894,240
	=====	=====

See accountants' review report and notes to financial statements.

Note 1. Nature of Business and Significant Accounting Policies

Nature of business:

The Company is a full service independent insurance agency specializing in property, casualty, and employee benefits for businesses and individuals. The Company has three locations, all of which are in New York State. The

Company grants credit to customers, most of whom are also located in New York.

A summary of the Company's significant accounting policies follows:

Restricted cash:

The Company maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash.

Revenue recognition:

Commission income as well as the related premiums receivable from customers and premiums payable to insurance companies are recorded as of the effective date of insurance coverage or the billing date, whichever is later. Premium adjustments, including policy cancellations, are recorded as they occur. Contingent commissions, override commissions and commissions on premiums billed and collected directly by insurance companies are recorded as revenue when received. Fees for services rendered are recorded as earned. These policies are in accordance with predominant industry practice.

Investments:

The Company has an investment in an unlisted common stock that is stated at cost which approximates market.

During the years ended December 31, 1994 and 1993, the Company received dividends of \$7,973 and \$11,900, respectively.

Property and equipment:

Assets are stated at cost. Depreciation is computed by the declining-balance methods over the following estimated useful lives:

	Years
Building	29 - 32
Furniture and equipment	3 - 10

Retirement plans:

The Company has a defined contribution pension plan and a profit sharing plan for employees who have met certain eligibility requirements. The Company's contribution to the pension plan is at a rate of 5% of eligible compensation and 10% of the excess of eligible compensation over the Social Security wage base as defined in the plan. Contributions to the profit sharing plan are discretionary as determined by the Board of Directors.

Aggregate contributions for both plans for the years ended December 31, 1994 and 1993 were \$209,847 and \$215,046, respectively.

Income taxes:

The Corporation, with the consent of its shareholders, has elected to be taxed under Section 1362(a) of the Internal Revenue Code (S Corporation) and a similar section of the New York State franchise tax law, which provide that, in lieu of Corporation income taxes, the shareholders are taxed on their proportionate share of the Corporation's taxable income. Therefore, no provision for income taxes has been made in these financial statements.

Also, no provision has been made for any amounts which

may be advanced or paid as dividends to the shareholders to assist them in paying their personal income taxes on the income of the Corporation.

Note 2. Premium Trust Account

Premiums collected from insureds but not yet remitted to insurance carriers are restricted as to use by law. The Company maintains premium trust accounts with balances as of December 31, 1994 as follows:

Restricted cash	\$ 1,705,151
Premium receivables	3,625,627
	5,330,778

Premiums payable to insurance companies	(3,301,308)
Premium deposits and credits due customers	(1,952,420)

Excess of restricted assets over applicable liabilities	\$ 77,050
	=====

Note 3. Cash Value of Life Insurance

The Company is the owner and beneficiary of life insurance policies on the lives of certain officers/shareholders. These policies have an aggregate face value of \$5,000,000. At December 31, 1994 and 1993, the cash value of these policies was \$76,028 and \$59,215 at December 31, 1994 and 1993, respectively, and is included in other assets.

Note 4. Property and Equipment

Property and equipment at December 31, 1994 and 1993 consist of the following:

	1994	1993
Building and land	\$ 1,626,275	\$ 1,618,733
Furniture and equipment	1,417,984	1,387,514
	-----	-----
	3,044,259	3,006,247
Less accumulated depreciation	1,584,232	1,462,252
	-----	-----
	\$ 1,460,027	\$ 1,543,995
	=====	=====

Note 5. Long-Term Debt

Long-term debt at December 31, 1994 and 1993 consists of the following:

	1994	1993
Mortgage note payable to a bank in monthly installments of \$7,542 including interest at 9.5% per annum through January 1998, collateralized by a security interest in real property. This real property has a depreciated cost of \$859,185 and \$897,062 at December 31, 1994 and 1993, respectively. A final balloon payment of \$588,618 is due in January 1998.	\$ 679,391	\$ 699,582

Term note payable to an insurance Company in monthly installments of \$5,255 including interest at 5.5% per annum through July 1997,

collateralized by a security interest in equipment. This equipment has a depreciated cost of \$51,346 and \$85,577 at December 31, 1994 and 1993, respectively.	147,180	200,319
	-----	-----
	826,571	899,901
Less current maturities	79,925	74,275
	-----	-----
	\$ 746,646	\$ 825,626
	=====	=====

The maturities required on long-term debt at December 31, 1994 are as follows:

Years ending December 31,

1995	\$ 79,925
1996	89,202
1997	68,825
1998	588,619

Total	\$ 826,571
	=====

Cash payments for interest was \$80,233 and \$90,232 for the years ended December 31, 1994 and 1993, respectively.

Note 6. Retained Earnings

The following is a summary of the components of retained earnings at December 31, 1994 and 1993 for both financial statement and income tax purposes:

	"C" Corporation Retained Earnings	"S" Corporation Retained Earnings	Total
For Financial Statement Purposes:			
Balance, December 31, 1993	\$ 327,656	\$ 521,628	\$ 849,284
Add: Net income	-	31,540	31,540
Less: Distributions to Shareholders	-	(33,719)	(33,719)
	-----	-----	-----
Balance, December 31, 1994	\$ 327,656	\$ 519,449	\$ 847,105
	=====	=====	=====
For Income Tax Purposes:			
Balance, December 31, 1993	\$ 327,656	\$ 20,715	\$ 348,371
Add: Net income	-	58,433	58,433
Less: Distributions to Shareholders	-	(33,719)	(33,719)
	-----	-----	-----
Balance, December 31, 1994	\$ 327,656	\$ 45,429	\$ 373,085
	=====	=====	=====

S Corporation retained earnings at December 31, 1994 included \$81,525 in the Accumulated Adjustments Account and \$(36,096) in the Other Adjustments Account.

The difference between "S" Corporation retained earnings for financial statement purposes and income tax purposes arises primarily from the excess of commission income recorded for financial statement purposes in excess of taxable commission income and accrued bonuses for financial reporting purposes which were not tax deductible until paid.

Note 7. Rental Income

The Company leases portions of its building under

operating lease agreements. The cost of the rented facilities is included in the balance sheets as a portion of the cost of property and equipment and is not separately determinable.

The leases expire at various dates through 1998 and require future minimum annual rental income as follows:

Years ending December 31,

1995	\$ 104,685
1996	69,036
1997	69,036
1998	34,518

Total	\$ 277,275
	=====

Rental income for these leases for the years ended December 31, 1994 and 1993 was \$143,590 and \$199,043, respectively. Included in these amounts is supplemental rental income relating to cost of living adjustments of \$27,022 and \$82,475 for the years ending December 31, 1994 and 1993, respectively.

Note 8. Leases

The Company is liable under long-term noncancelable operating leases that relate to its branch sales locations. Certain leases require the Company to pay additional rent for the leased premises. The Company is also liable under a long-term operating lease for an automobile. Total rental expense under these leases for the years ended December 31, 1994 and 1993 amounted to \$152,967 and \$191,807, respectively.

Future minimum lease payments under these leases consist of the following:

Years ending December 31,

1995	\$ 117,200
1996	117,200
1997	117,200
1998	117,200
1999	34,800

Total	\$ 503,600
	=====

Note 9. Receivable From Affiliate

Other assets includes a noncurrent receivable from an affiliate, Gow Management Services, Inc. Gow Management Services, Inc. provides loss control and claim control services to customers of S. H. Gow & Company, Inc.

Currently, Gow Management Services, Inc. does not have the ability to repay the entire amount owed to the Company, however, management anticipates that income generated over the next several years will be sufficient to enable repayment. Transactions with Gow Management Services, Inc. resulted in charges for services resulting in operating expenses of \$135,000 in 1994 and \$120,000 in 1993.

Note 10. Common Stock

Common stock at December 31, 1994 and 1993 consists of the following:

Class A, par value \$1, voting;
 100 shares authorized, 76 shares issued
 and outstanding \$ 76

Class B, par value \$1, non-voting;
 2,900 shares authorized, 2,888 shares

issued and outstanding

2,888

\$ 2,964
=====

Note 11. Shareholder Agreements

Three shareholders have entered into a stock purchase and sale agreement which states, among other things, that in the event one of these shareholders dies, the Company is required to buy all the shareholder's stock. The purchase price per share resulting from a death during 1995 will be \$1,952. This agreement can be funded with the proceeds of life insurance policies mentioned in Note 3. In the event one of the shareholder's wishes to sell his shares of the Company, such shares must first be offered to the Corporation and the remaining shareholders.

See Accountant's Review Report.

S. H. Gow & Company, Inc.

Financial Report
(Compiled)

Nine Months Ended September 30, 1996 and 1995

CONTENTS

ACCOUNTANTS' COMPILATION REPORT ON THE FINANCIAL STATEMENTS FINANCIAL STATEMENTS	1
Balance sheets	2
Statements of income	3
Statements of shareholders' equity	4
Statements of cash flows	5

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors
S. H. Gow & Company, Inc.
Buffalo, New York

We have compiled the accompanying balance sheets of S. H. Gow & Company, Inc. as of September 30, 1996 and 1995, and the related statements of income, shareholders' equity, and cash flows for the nine months then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting information that is the representation of management in the form of financial statements. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

/s/ Dopkins & Company
CERTIFIED PUBLIC ACCOUNTANTS

December 5, 1996

S.H. GOW & COMPANY, INC.

BALANCE SHEETS
September 30, 1996 and 1995

ASSETS	1996	1995
Current Assets		
Cash, including \$2,039,806 and \$2,640,694, respectively, of restricted funds	\$ 2,079,534	\$ 2,709,866
Receivables:		
Premiums	3,116,151	3,241,895
Other	72,416	293,726
	-----	-----
Prepaid expenses	3,188,567	3,535,621
	34,590	85,820
	-----	-----
Total current assets	5,302,691	6,331,307
Investments	0	24,412
Property and Equipment, Net	1,319,230	1,430,458
Intangible assets	45,690	45,690
Less accumulated amortizaiton	25,130	15,992

	20,560	29,698
Other Assets	98,081	86,359
	\$ 6,740,562	\$ 7,902,234

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities

Premiums payable to insurance companies	\$ 3,340,755	\$ 4,200,412
Accounts payable and accrued expenses	130,459	137,907
Premium deposits and credits due customers	1,396,956	1,583,991
Current portion of long-term debt	78,969	87,696
Total current liabilities	4,947,139	6,010,006

Long-term debt	599,731	677,493
----------------	---------	---------

Shareholders' Equity

Common stock	2,964	2,964
Retained earnings	1,190,728	1,211,771
	1,193,692	1,214,735
	\$ 6,740,562	\$ 7,902,234

See accountants' compilation report.

S.H. GOW & COMPANY, INC.

STATEMENTS OF INCOME

Nine Months Ended September 30, 1996 and 1995

	1996	1995
REVENUES		
Commissions and fees	\$ 3,672,427	\$ 3,766,650
Investment income	40,025	35,384
Other	126,870	127,796
	3,839,322	3,929,830

OPERATING EXPENSES

Compensation and employee benefits	1,958,875	2,050,719
Other operating expenses	1,395,684	1,402,246
Amortization of intangibles	6,854	6,854
Interest expense	49,684	53,790
	3,411,097	3,513,609

Net Income	\$ 428,225	\$ 416,221
------------	------------	------------

Net Income Per Common Share	\$ 144.48	\$ 140.43
-----------------------------	-----------	-----------

Weighted Average Number of Shares of Common Stock Outstanding	2,964	2,964
---	-------	-------

See accountants' compilation report.

S.H. GOW & COMPANY, INC.

STATEMENTS OF SHAREHOLDERS' EQUITY
Nine Months Ended September 30, 1996 and 1995

	Common Stock	Retained Earnings	Total
Balance at January 1, 1995	\$ 2,964	\$ 847,105	\$ 850,069
Payment of dividends (\$17.39 per share)	0	(51,555)	(51,555)
Net income	0	416,221	416,221
Balance at September 30, 1995	----- \$ 2,964 =====	----- \$1,211,771 =====	----- \$1,214,735 =====
Balance at January 1, 1996	\$ 2,964	\$ 765,219	\$ 768,183
Payment of dividends (\$.92 per share)	0	(2,716)	(2,716)
Net income	-	428,225	428,225
Balance at September 30, 1996	----- \$ 2,964 =====	----- \$1,190,728 =====	----- \$1,193,692 =====

See accountants' compilation report.

S.H. GOW & COMPANY, INC.

STATEMENTS OF CASH FLOWS
Nine Months Ended September 30, 1996 and 1995

	1996	1995
OPERATING ACTIVITIES		
Net income	\$ 428,225	\$ 416,221
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	86,610	81,376
Amortization of intangible assets	6,854	6,854
Loss on sale of property and equipment	2,036	2,302
Gain on sale of investments	(52,316)	0
	-----	-----
	471,409	506,753
Changes in operating assets and liabilities:		
Decrease in accounts receivable	502,078	112,734
(Increase) decrease in prepaid expenses	20,101	(28,185)
Increase (decrease) in premiums payable to insurance companies	(155,158)	899,104
Decrease in accounts payable and accrued expenses	(158,909)	(128,968)
Decrease in premium deposits and credits due customers	(425,558)	(368,429)
Other operating activities	35,790	174,382
	-----	-----
Net Cash Provided By Operating Activities	289,753	1,167,391
INVESTING ACTIVITIES		
Purchase of property and equipment	(8,889)	(54,109)
Proceeds from sale of property and equipment	233	0
Proceeds from sale of investments	76,631	0
	-----	-----
Net Cash Provided By (Used In) Investing Activities	67,975	(54,109)
FINANCING ACTIVITIES		
Principal payments on long-term debt	(65,499)	(61,382)
Dividends	(2,716)	(51,555)
	-----	-----
Net Cash Used In Financing Activities	(68,215)	(112,937)
Increase in cash	289,513	1,000,345
Cash at beginning of year	1,790,021	1,709,521
	-----	-----
Cash at end of year	\$ 2,079,534	\$ 2,709,866
	=====	=====

See accountants' compilation report.

S. H. Gow & Company, Inc.

Financial Report
(Compiled)

Three Months Ended September 30, 1996 and 1995

CONTENTS

ACCOUNTANTS' COMPILATION REPORT ON THE FINANCIAL STATEMENTS FINANCIAL STATEMENTS	1
Balance sheets	2
Statements of income	3

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors
S. H. Gow & Company, Inc.
Buffalo, New York

We have compiled the accompanying balance sheets of S. H. Gow & Company, Inc. as of September 30, 1996 and 1995, and the related statements of income for the three months then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting information that is the representation of management in the form of financial statements. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures and statements of cash flows required by generally accepted accounting principles. If the omitted disclosures and the statements of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

/s/ Dopkins & Company
CERTIFIED PUBLIC ACCOUNTANTS

December 5, 1996

S.H. GOW & COMPANY, INC.

BALANCE SHEETS
September 30, 1996 and 1995

ASSETS	1996	1995
Current Assets		
Cash, including \$2,039,806 and \$2,640,694, respectively, of restricted funds	\$ 2,079,534	\$ 2,709,866
Receivables:		
Premiums	3,116,151	3,241,895
Other	72,416	293,726
	-----	-----
	3,188,567	3,535,621
Prepaid expenses	34,590	85,820
	-----	-----
Total current assets	5,302,691	6,331,307
Investments	0	24,412
Property and Equipment, Net	1,319,230	1,430,458
Intangible assets	45,690	45,690
Less accumulated amortization	25,130	15,992
	-----	-----
	20,560	29,698
Other Assets	98,081	86,359
	-----	-----
	\$ 6,740,562	\$ 7,902,234
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities		
Premiums payable to insurance companies	\$ 3,340,755	\$ 4,200,412
Accounts payable and accrued expenses	130,459	137,907
Premium deposits and credits due customers	1,396,956	1,583,991
Current portion of long-term debt	78,969	87,696
	-----	-----
Total current liabilities	4,947,139	6,010,006
Long-term debt	599,731	677,493
Shareholders' Equity		
Common stock	2,964	2,964
Retained earnings	1,190,728	1,211,771
	-----	-----
	1,193,692	1,214,735
	-----	-----
	\$ 6,740,562	\$ 7,902,234
	=====	=====

See accountants' compilation report.

S.H. GOW & COMPANY, INC.

STATEMENTS OF INCOME

Three Months Ended September 30, 1996 and 1995

	1996	1995
REVENUES		
Commissions and fees	\$ 1,315,648	\$ 1,236,080
Investment income	16,082	15,526
Other	82,599	44,888
	-----	-----
	1,414,329	1,296,494
OPERATING EXPENSES		
Compensation and employee benefits	602,517	660,907
Other operating expenses	459,985	458,102
Amortization of intangibles	2,285	2,285
Interest expense	16,307	18,348
	-----	-----
	1,081,094	1,139,642
	-----	-----
Net Income	\$ 333,235	\$ 156,852
	=====	=====
Net Income Per Common Share	\$ 112.43	\$ 52.92
	=====	=====
Weighted Average Number of Shares of Common Stock Outstanding	2,964	2,964
	=====	=====

See accountants' compilation report.

SELECTED FINANCIAL DATA

The following selected financial data for the year ended December 31, 1995 is derived from the audited financial statements of Gow Management Services, Inc. The financial data for periods ended September 30, 1996 and 1995 and the years ended December 31 1994, 1993, 1992 and 1991 are derived from unaudited financial statements. The unaudited financial statements include all adjustments consisting of normal recurring accruals, which Gow Management Services, Inc. considers necessary for a fair presentation of the financial position and the results of operations of these periods. Operating results for the nine months ended September 30, 1996 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 1996. The data should be read in conjunction with the financial statements, related notes and other financial information included herein.

<TABLE>
<CAPTION>

Nine Months Ended Sept. 30	Year Ended December 31
-----	-----

	1996 (UNAUDITED)	1995 (UNAUDITED)	1995	1994 (UNAUDITED)	1993 (UNAUDITED)	1992 (UNAUDITED)	1991 (UNAUDITED)
	(in thousands)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Statement of Income Data:							
Commissions and fees	\$ 709	\$ 641	\$ 980	\$ 924	\$ 768	\$ 650	\$ 681
Total revenues	709	641	980	924	768	650	681
Compensation and employee benefits	486	492	695	663	600	508	456
Other operating expenses	158	152	176	205	152	144	185
Total expenses	644	644	871	868	752	652	641
Income before incme taxes	65	(3)	109	56	16	(2)	40
Income taxes	10	3	33	16	(2)	0	0
Net income	55	(6)	76	40	18	(2)	40

Balance Sheet Data:

Total assets	\$ 198	\$ 267	\$ 209	\$ 263	\$ 145	\$ 165	\$ 170
Long-term debt, less current portion	-	-	-	-	-	-	-
Total shareholders' equity	65	(72)	10	(66)	(106)	(163)	(163)

</TABLE>

SELECTED FINANCIAL DATA

The following selected financial data for the year ended December 31, 1995 is derived from the audited financial statements of S. H. Gow & Company, Inc. The financial data for the nine month periods ended September 30, 1996 and 1995 and the years ended December 31, 1994, 1993, 1992 and 1991 are derived from unaudited financial statements. The unaudited financial statements include all adjustments consisting of normal recurring accruals, which S. H. Gow & Company Inc. considers necessary for a fair presentation of the financial position and the results of operations of these periods. Operating results for the nine months ended September 30, 1996 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 1996. The data should be read in conjunction with the financial statements, related notes and other financial information included herein.

<TABLE>
<CAPTION>

	Nine Months Ended Sept. 30		Year Ended December 31				
	1996 (Unaudited)	1995 (Unaudited)	1995	1994 (Unaudited)	1993 (Unaudited)	1992 (Unaudited)	1991 (Unaudited)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Statement of Income Data:							
Commissions and fees	\$ 3,672	\$ 3,767	\$ 4,830	\$ 4,842	\$ 5,016	\$ 5,150	\$ 5,749
Interest income and other	167	163	215	453	252	192	261
Total revenues	3,839	3,930	5,045	5,295	5,268	5,342	6,010
Compensation and employee benefits	1,959	2,051	3,590	3,824	3,616	3,739	3,879
Other operating expenses	1,402	1,409	1,414	1,359	1,516	1,701	1,986
Interest expense	50	54	71	80	90	63	111
Total expenses	3,411	3,514	5,075	5,263	5,217	5,500	5,976

Net income (loss)	\$ 428	\$ 416	\$ (30)	\$ 32	\$ 51	\$ (158)	\$ 34
	=====	=====	=====	=====	=====	=====	=====

Balance Sheet Data:

Total assets	\$ 6,741	\$ 7,902	\$ 7,120	\$ 7,197	\$ 7,724	\$ 6,095	\$ 7,402
Long-term debt, less current portion	600	677	657	747	826	904	725
Total shareholders' equity	1,194	1,215	768	850	852	801	958

</TABLE>

S. H. GOW & COMPANY, INC. and

GOW MANAGEMENT SERVICES, INC.

MANAGEMENT DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

S. H. Gow and Company, Inc. operates primarily as a Property and Casualty insurance agency, and Gow Management Services, Inc. provides various insurance services, primarily Third Party Administration.

The income of S. H. Gow and Company, Inc. (the Company), is principally derived from the commissions earned from the placement of insurance policies with various insurance carriers. Such commissions are generally a percentage of the premium of the related insurance policy. Commission rates vary among the different carriers and among the different types of policies placed. Recent market conditions have resulted in reduced premiums rates and related commissions for the Company.

The income for Gow Management Services, inc. is principally derived from fees for Third Party Administration and Loss Control contracts. Fees are based on anticipated salaries, related cost and administrative cost in fulfillment of various service contracts.

Management cannot predict the future changes in the market conditions or the effect that they may have on the Company's operations.

RESULTS OF OPERATIONS

The combined operating results for S. H. Gow & Company, Inc. and Gow Management Services, Inc., are as follows:

Total revenues for 1995 were \$6,024,765, a decrease of \$193,915, or 3.1% from 1994. For 1994, total revenues were \$6,218,680, an increase of \$182,130, or 3.0% from 1993.

Commissions and fees for 1995 increased by \$43,780, or .8%. For 1994, commissions and fees decreased by \$17,930 or .3%.

Nonoperating income and other revenues decreased by \$237,695 in 1995 and increased by \$200,060 in 1994. These fluctuations are due mainly to a one time profit for S.H. Gow & Company, Inc., resulting from the dissolution of a related trust.

Total operating expenses for 1995 were \$5,945,773 a decrease of \$185,077 or 3.0% from 1994. For 1994, total operating expenses were \$6,130,850 an increase of \$161,729, or 2.7% from 1993.

Compensation and employee benefits costs, including a Retirement Plan contribution, for 1995 were \$4,284,893, a decrease of \$202,102, or 4.5% from 1994. This decrease was attributable primarily to owners and officers bonuses. For 1994,

compensation and employee benefits costs were \$4,486,995, an increase of \$275,991 or 6.6% from 1993.

For 1995, other operating expenses increased \$26,067, or 1.7% from 1994 because of brokers' fees, increase in insurance cost and bad debts. For 1994, other operating expenses decreased \$113,401, or 6.8% from 1993.

There was no interest expense related to insurance operations for 1995 or 1994. S. H. Gow & Company, Inc. does own the office building of its primary location at 344 Delaware Avenue, Buffalo, New York, and has an outstanding mortgage.

RECENT INTERIM RESULTS

For the nine months ended September 30, 1996, commission and fee income decreased by \$26,474 or .6 % from the nine months ended September 30, 1995. Other revenue increased by \$3,715, or 2.3%.

Compensation and employee benefits for the nine months ended September 30, 1996, decreased \$97,863, or 3.9% from the nine months ended September 30, 1995. This is primarily due to a reduction in existing staff.

Other operating expenses for the nine months ended September 30, 1996, decreased \$1,441 from the nine months ended September 30, 1995.

No provision for income taxes was made on the part of S. H. Gow & Company, Inc. because it is a Sub-Chapter (S) corporation. Gow Management Services, Inc., a C corporation, does accrue for income taxes. For nine months ending September 30, 1996, this amount totaled \$10,364.

CAPITAL RESOURCES

As of September 30, 1996, the Company had total assets of \$6,938,366, and total liabilities of \$5,680,130.

AGREEMENT OF MERGER

OF

HILB, ROGAL AND HAMILTON COMPANY OF BUFFALO

INTO

GOW MANAGEMENT SERVICES, INC.

THIS MERGER AGREEMENT ("Agreement"), to be effective upon filing of a Certificate of Merger on or around January 7, 1997, but to be accounted for as if effective as of 12:01 a.m. on January 1, 1997, or at such other time as may be agreed upon by the parties hereto, is made and entered into by and among HILB, ROGAL AND HAMILTON COMPANY, a Virginia corporation ("Parent"), for itself and as agent for its wholly-owned subsidiary to be formed pursuant to this Agreement, HILB, ROGAL AND HAMILTON COMPANY OF BUFFALO, a Delaware corporation ("HRH Merger Subsidiary"), and GOW MANAGEMENT SERVICES, INC., a Delaware corporation ("Merging Entity"), and the three shareholders of Merging Entity, JEFFREY GOW ("Mr. J. Gow"), MICHAEL GOW ("Mr. M. Gow") and RICHARD MASON ("Mr. Mason"), (with Messrs. Mason, J. Gow and M. Gow hereinafter sometimes collectively referred to as "Shareholders" or any one of the foregoing hereinafter sometimes referred to as "Shareholder"), with reference to the following facts:

A. Shareholders are the owners and holders of all of the issued and outstanding shares of the authorized capital stock (referred to below as the "Common Stock") of Merging Entity which engages in an affiliated

service business to a sister corporation, S. H. Gow & Company, Inc., which operates a general insurance agency.

B. Immediately following the consummation of the transactions contemplated by this Agreement, Merging Entity, which will then be a wholly-owned subsidiary of Parent, will acquire substantially all of the assets and business of S. H. Gow & Company, Inc. pursuant to an Agreement of Purchase and Sale entered into simultaneously herewith.

C. Parent is engaged in the business of owning and operating insurance agencies and will form HRH Merger Subsidiary for the purposes contemplated herein.

D. Shareholders, Parent and Merging Entity have reached an understanding with respect to the merger of HRH Merger Subsidiary into Merging Entity ("Merger") for which Shareholders shall receive that amount of Parent's common stock as the consideration stated herein.

E. The parties hereto intend that this Agreement be characterized as a reverse, triangular statutory merger pursuant to Sections 368(a)(1)(A) and 368(a)(2)(E) of the Internal Revenue Code of 1986, as amended ("Code"), and further be accounted for as a "purchase" in accordance with Accounting Principles Board Opinion Number 16 and other applicable guidelines.

In consideration of the foregoing facts and of the respective representations, warranties, covenants, conditions and agreements set forth below, the parties hereto, intending to be legally bound hereby, agree as follows:

1. PLAN OF MERGER.

1.1 Effective Date. Subject to fulfillment of the conditions precedent in Sections 6 and 7 of this Agreement, Merging Entity and HRH Merger Subsidiary (collectively, "Constituents") will cause a Certificate of Merger to be signed, verified and delivered on or before January 7, 1997 (or at such later time as may be agreed upon by the parties), to the Secretary of State of the State of Delaware ("Effective Date"), as provided by the laws of the State of Delaware. On the Effective Date, the separate existence of each of Constituents shall cease and HRH Merger Subsidiary shall be merged with and into Merging Entity, which shall be the surviving corporation of the Merger (hereinafter referred to as the "Surviving Corporation").

1.2 Corporate Structure of Surviving Corporation.

(a) On the Effective Date, by virtue of the completion of the Merger, and thereafter until amended as provided by law, the name of Surviving Corporation and the certificate of incorporation of Surviving Corporation shall be the name and certificate of incorporation of Merging Entity in effect immediately prior to the completion of the Merger.

(b) On the Effective Date, by virtue of the completion of the Merger, the bylaws of Merging Entity in effect on the Effective Date shall be the bylaws for Surviving Corporation.

(c) On the Effective Date, by virtue of the completion of the Merger, the names and addresses of the directors for Surviving Corporation shall be:

Robert H. Hilb
4235 Innslake Drive, P.O. Box 1220
Glen Allen, Virginia 23060-1220

Andrew L. Rogal
4235 Innslake Drive, P.O. Box 1220
Glen Allen, Virginia 23060-1220

Timothy J. Korman
4235 Innslake Drive, P.O. Box 1220
Glen Allen, Virginia 23060-1220

(d) On the Effective Date, by virtue of completion of the Merger, the officers of Surviving Corporation shall be:

Stephen H. Gow	Chairman
Richard Mason	President
Robert H. Hilb	Vice President
Andrew L. Rogal	Vice President
Dianne F. Fox	Secretary
Timothy J. Korman	Treasurer
Walter L. Smith	Vice President

1.3 Effect of Merger.

(a) On the Effective Date, the assets and liabilities of HRH Merger Subsidiary shall be taken on the books of Merging Entity at the amount at which they shall at that time be carried on the books of HRH Merger Subsidiary, subject to such adjustments to the books of Merging Entity, if any, as may be necessary to conform to the accounting procedures of Parent in the manual provided to Merging Entity and titled "Accounting Policies and Procedures" ("GAAP Policy"). The books of the Constituents, as so adjusted, shall become the books of Surviving Corporation.

(b) On the Effective Date and thereafter, Surviving Corporation shall possess all the rights, privileges, immunities, powers, franchises and authority, both public and private, of each Constituent. All property of every description, including every interest therein and

all obligations of or belonging to or due to each of Constituents shall thereafter be taken and deemed to be transferred to and vested in Surviving Corporation, without further act or deed, although HRH Merger Subsidiary and Merging Entity from time to time, as and when required by Surviving Corporation, shall execute and deliver, or cause to be executed and delivered, all such deeds and other instruments and shall take, or cause to be taken, such further action as Surviving Corporation may deem necessary or desirable to confirm the transfer to and vesting in Surviving Corporation of title to and possession of all such rights, privileges, immunities, franchises and authority. All rights of creditors of each of Constituents shall be preserved unimpaired, limited in lien to the property affected by such liens immediately prior to the Effective Date, and Surviving Corporation shall thenceforth be liable for all the obligations of each of Constituents.

1.4 Conversion of Shares of Common Stock.

(a) All of the outstanding capital stock of Merging Entity comprises the Common Stock, which is owned, collectively, by Shareholders. Each Shareholder owns, free and clear of any liens, encumbrances, restrictions or adverse claims whatsoever except as set forth in Schedule 2.4, the number of shares of Merging Entity set forth below opposite his name and each Shareholder shall receive therefor for each share of Common Stock the number of shares of no par value common stock of Parent as described herein:

Shareholder	Number of Shares		Percentage
	Voting	Nonvoting	
Mr. Jeffrey Gow	34	1,292	44.74%
Mr. Michael Gow	34	1,292	44.74%
Mr. Richard Mason	10	304	10.52%

In exchange for all of the shares of Common Stock, Shareholders shall collectively receive \$300,000 worth of shares of common stock of Parent, valued at the average closing price for such stock over the period December 9, 1996, through December 20, 1996 ("Average Price"), subject to adjustment as provided in Section 13.6 and to all the terms and conditions contained herein. This Agreement shall not be consummated under any circumstances unless 100% of the shares of Common Stock are exchanged for shares of Parent common stock.

(b) The manner and basis of conversion of shares on the Effective Date shall be as follows:

(i) Each share of common stock of HRH Merger Subsidiary which is issued and outstanding on the Effective Date, with all rights with respect thereto, shall become one (1) share of Class A voting common stock, \$1.00 par value, of Surviving Corporation.

(ii) Each share of Common Stock which is issued and outstanding on the Effective Date, with all rights with respect thereto, shall be converted into that number of shares (which number of shares is subject to adjustment as provided in Section 13.6) of common stock, no par value, of Parent to which it is entitled on a pro rata basis. No fractional shares of Parent common stock will be issued as the number of shares to be issued to any Shareholder in accordance with the preceding sentence shall be rounded up or down to the nearest whole number (a fractional share of 0.5 or more will be rounded up; less than 0.5 will be rounded down). Each Shareholder, upon delivery to Parent or its duly authorized agent for cancellation of certificates representing all of his

shares of Common Stock , and subject to the ten percent holdback of shares described in Section 8.6, shall thereafter be entitled to receive certificates representing the duly issued and outstanding number of shares of Parent common stock to which such Shareholder is entitled.

(c) Appropriate adjustment (i.e. to ensure that Shareholders collectively receive \$300,000 of Parent Common Stock) shall be made on the number of shares of Parent common stock to be issued upon conversion if, during the period commencing on November 1, 1996, and ending on the Effective Date, Parent: (i) effects any dividend payable in shares of common stock; (ii) splits or combines the outstanding shares of Parent common stock; (iii) effects any extraordinary distribution on Parent common stock; (iv) effects any reorganization or reclassification of Parent common stock; or (v) fixes a record date for the determination of shareholders entitled to any of the foregoing.

(d) Upon delivery of Common Stock to Parent pursuant to subsection 1.4(b)(ii), Parent shall receive all of the shares of common stock of Surviving Corporation outstanding pursuant to subsection 1.4(b)(i).

(e) After the Effective Date and until its surrender, each certificate comprising Common Stock referred to in subsection 1.4(b)(ii) herein shall be deemed for all corporate purposes, other than the payment of dividends, to evidence ownership of the number of full shares of Parent common stock into which such shares of Common Stock shall have been changed by virtue of the merger. Unless and until any such outstanding certificates of Common Stock shall be so surrendered, no dividend payable to the holders of record of Parent common stock, as of

any date subsequent to the Effective Date, shall be paid to the holders of such outstanding certificates, but upon such surrender of any such certificate or certificates there shall be paid to the record holder of the certificate or certificates of Parent common stock into which the shares represented by the surrendered certificate or certificates shall have been so changed the amount of such dividends which theretofore became payable with respect to such shares of Parent common stock.

1.5 Closing Date. The closing of the transactions contemplated by this Agreement ("Closing") shall take place at the offices of Hodgson, Russ, Andrews, Woods & Goodyear, LLP, located at 1800 One M&T Plaza, Buffalo, New York, at 10:00 o'clock a.m. on January 7, 1997, or at such other place and time as shall be mutually agreed upon by the parties to this Agreement ("Closing Date").

2. REPRESENTATIONS AND WARRANTIES OF SHAREHOLDERS. Shareholders, jointly and severally, represent and warrant to Parent as follows:

2.1 Organization and Standing of Merging Entity. Merging Entity is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware ("Home State") and has full power and authority to carry on its business as it is now being conducted and to own or hold under lease the properties and assets it now owns or holds under lease. Except as set forth in Schedule 2.1 to this Agreement, Merging Entity is not qualified to do business in any state or other jurisdiction other than Home State. Except as set forth in Schedule 2.1 or where failure to qualify to do business would not have a material adverse effect, the nature of the business conducted by Merging Entity

and the character or ownership of properties owned by it do not require Merging Entity to be qualified to do business in any other jurisdiction. Furthermore, except as set forth in Schedule 2.1 to this Agreement, the nature of the business conducted by Merging Entity does not require it or any of its employees to qualify for, or to obtain any insurance agency, brokerage, adjuster, or other similar license in any jurisdiction other than Home State. The copy of the certificate of incorporation, and all amendments thereto, of Merging Entity heretofore delivered to Parent is complete and correct as of the date hereof. The copy of the bylaws, and all amendments thereto, of Merging Entity heretofore delivered to Parent is complete and correct as of the date hereof. The minute book or minute books of Merging Entity contain a complete and accurate record in all material respects of all meetings and other corporate actions of the shareholders and directors of Merging Entity.

2.2 Name. Neither Merging Entity nor any of Shareholders has granted to anyone any right to use the corporate name or any name similar to the corporate name of Merging Entity, except that its sister company, S.H. Gow & Company, Inc., has a similar name.

2.3 Capitalization of Merging Entity. The capitalization of Merging Entity is as follows:

(a) Merging Entity is authorized to issue 100 shares of Class A voting common stock, \$1.00 par value and 2,900 shares of Class B nonvoting common stock, \$1.00 par value. Merging Entity is not authorized to issue, and has not issued, any shares of any other class. All of the shares comprising Common Stock outstanding and owned as of the date hereof are as set forth in Section 1.4(a), supra.

(b) All of the outstanding shares of Common Stock have been duly and validly issued and are fully paid and nonassessable. The issuance of all shares of Common Stock was and has been in compliance with all applicable statutes, rules and regulations, including, without limitation, all applicable federal and state securities laws. There is no existing option, warrant, call or commitment to which Merging Entity is a party requiring the issuance of any additional shares of common stock of Merging Entity or of any other securities convertible into shares of common stock of Merging Entity or any other equity security of Merging Entity of any class or character whatsoever.

(c) No shares of the authorized stock of Merging Entity have ever been registered under the provisions of any federal or state securities law, nor has Merging Entity filed or been required to file any report with any federal or state securities commission, department, division or other governmental securities agency.

(d) No present or prior holder of any shares of the authorized stock of Merging Entity is entitled to any dividends with respect to any such shares now or heretofore outstanding.

2.4 Ownership of Common Stock. Except as set forth in Schedule 2.4, each Shareholder is the record owner, free and clear of any and all liens, encumbrances, restrictions and adverse claims whatsoever, of the number of shares of Common Stock set forth opposite his name in subsection 1.4(a). Each such lien, encumbrance, restriction or adverse claim can and will be removed at or prior to the Closing.

2.5 Authority. Shareholders, individually and collectively, have

full and complete authority to enter into this Agreement and to transfer in accordance with the terms and conditions of this Agreement all of the shares of Common Stock, free and clear of all liens, encumbrances, restrictions and adverse claims whatsoever. The execution, delivery and performance of this Agreement by Merging Entity does not violate, result in a breach of, or constitute a default under, the certificate of incorporation or bylaws of Merging Entity or any material indenture, contract, agreement or other instrument to which it is a party or is bound, or to the best knowledge of Shareholders and Merging Entity, any applicable laws, rules or regulations.

2.6 Subsidiaries and Other Relationships. Merging Entity does not own any stock or other interest in any other corporation, nor is it a participant in any joint entity.

2.7 Financial Statements. Shareholders and Merging Entity have caused to be delivered to Parent a true and complete copy of the audited financial statements of Merging Entity, conformed to GAAP Policy, together with an unqualified opinion and an accountant's consent to use such statements in a Securities and Exchange Commission ("SEC") registration statement, for the calendar year of Merging Entity ended December 31, 1995, and unaudited financial statements for calendar years 1993 and 1994, including, without limitation, balance sheets and statements of income for such period (collectively, "Financial Statements"). In addition, Shareholders and Merging Entity have delivered to Parent a true and complete copy of the unaudited financial statements of Merging Entity for the nine-month period ended September 30, 1996 including, without limitation, a balance sheet and statement of

income for such period then ended ("Interim Statements"). Each of the Financial Statements is true and correct, is in accordance with the books and records of Merging Entity, presents fairly the financial condition and results of operations of Merging Entity as of the date and for the period indicated, and , in the case of the audited statements, has been prepared in accordance with Parent's GAAP Policy consistently applied throughout the periods covered by such statements (including, but not limited to, the establishment of reserves for bad debts and accruals for all outstanding debts and expenses). Furthermore, neither the Financial Statements nor the Interim Statements contains any untrue statement of any material fact or omits to state any material fact required to be stated to make such Financial Statements or Interim Statements not misleading.

2.8 Absence of Undisclosed Liabilities. (The term "Most Recent Balance Sheet," as used in this Agreement, means the balance sheet of Merging Entity at November 30, 1996. Also, the term "Most Recent Balance Sheet Date," as used in this Agreement, means November 30, 1996.) Except as and to the extent specifically reflected, provided for or reserved against in the Most Recent Balance Sheet or except as disclosed in any Schedule to this Agreement, Merging Entity, as of the Most Recent Balance Sheet Date, did not have any material indebtedness, liability or obligation of any nature whatsoever, whether accrued, absolute, contingent or otherwise, and whether due or to become due, including, without limitation, tax liabilities due or to become due, and whether incurred in respect of or measured by the income of Merging Entity for

any period prior to the Most Recent Balance Sheet Date, or arising out of transactions entered into, or any state of facts existing, prior thereto, and none of Shareholders knows of any basis for the assertion against Merging Entity, as of the Most Recent Balance Sheet Date, of any material indebtedness, liability or obligation of any nature or in any amount not fully reflected or reserved against in the Most Recent Balance Sheet or otherwise disclosed in any Schedule to this Agreement.

2.9 No Adverse Change. Since the Most Recent Balance Sheet Date, there has been no material adverse change in the financial condition or results of operations of Merging Entity other than changes occurring in the ordinary course of business or except as otherwise disclosed in any of the Schedules to this Agreement, which changes have not had a material adverse effect on the financial condition, results of operations or business prospects of Merging Entity.

2.10 Taxes. Merging Entity has filed all federal, state and local income, withholding, social security, unemployment, excise, real property tax, tangible personal property tax, intangible personal property tax and all other tax returns and reports required to be filed by it to the date hereof and all of such returns and reports are true and correct in all material respects. All taxes, assessments, fees, penalties, interest and other governmental charges which were required to be paid by Merging Entity on such returns and reports have been duly paid and satisfied on or before their respective due dates. No tax deficiency or penalty has been asserted or, to the best knowledge of each of the Shareholders, threatened with respect to Merging Entity. No federal or state income tax return of Merging Entity has been audited during the past five years

or, to the knowledge of any Shareholder, is proposed to be audited, by any federal or state taxing authority, including, without limitation, the U.S. Internal Revenue Service and the New York Department of Taxation and Finance, and no waiver of any statute of limitations has been given or is in effect with respect to the assessment of any taxes against Merging Entity. The provisions for taxes included in the Most Recent Balance Sheet and in the Financial Statements were sufficient for the payment of all accrued and unpaid federal, state and local income, withholding, social security, unemployment, excise, real property, tangible personal property, intangible personal property and other taxes of Merging Entity, whether or not disputed, for the periods reflected.

2.11 Real and Personal Property Owned by Merging Entity. Merging Entity does not own any real property. Schedule 2.11 consists of a copy of the depreciation schedules filed as a part of the most recent annual Federal income tax returns of Merging Entity (with deletions of any items disposed of prior to the date of this Agreement). Merging Entity also owns various items of disposable type personal property such as office supplies that are not listed in Schedule 2.11. Merging Entity has good and marketable title to all such tangible and intangible personal property, in each case free and clear of all mortgages, security interests, conditional sales agreements, claims, restrictions, charges or other liens or encumbrances whatsoever except as otherwise stated in Schedule 2.11.

2.12 Leases. Schedule 2.12 contains a correct and complete list and brief description of all leases or other agreements under which Merging

Entity is a tenant or lessee of, or holds or operates any property, real or personal, owned by any third party. Merging Entity is the owner and holder of the leasehold estates granted by each of the instruments described in Schedule 2.12 except as otherwise stated in Schedule 2.12. Each of said leases and agreements is in full force and effect and constitutes a legal, valid and binding obligation of the respective parties thereto, enforceable in accordance with its terms. Merging Entity enjoys peaceful and undisturbed possession of all properties covered by all such leases and agreements, and there is not any existing default or event or condition, including the Merger contemplated herein, which with notice or lapse of time, or both, would constitute an event of default under any of such leases or agreements.

2.13 Insurance. Schedule 2.13 contains a correct and complete list, as of the date hereof, of all policies of casualty, fire and extended coverage, theft, errors and omissions, liability, life, and other forms of insurance owned or maintained by Merging Entity. All business operations of Merging Entity are and have been continually insured against errors and omissions. Such policies are in amounts deemed by Shareholders to be adequate. Each such policy is, on the date hereof, in full force and effect, and Merging Entity is not in default with respect to any such policy.

Furthermore, Schedule 2.13 contains a correct and complete list of all group life, group medical and disability or other similar forms of insurance which constitute an obligation of or benefit provided by Merging Entity. Schedule 2.13 also contains a list of any former employees or their dependents who are presently under COBRA continuation

coverage and describes with reasonable particularity the pertinent factors about each such person listed.

With respect to errors and omissions (professional liability) insurance policies listed in Schedule 2.13 (which lists for each such policy the carrier, retrodate, claims made or occurrence policy and limits), prior to the effective dates of such policies, Merging Entity had not, within the prior three (3) years, given notice to any prior insurer of any act, error or omission in services rendered by any agent or employee of such corporation or that should have been rendered by any agent or employee of such corporation arising out of the operations of Merging Entity. With respect to such policies, Merging Entity has given notice of any and all claims for any act, error or omission by any agent or employee of such corporation of which Shareholders have knowledge with respect to professional services rendered or that should have been rendered as required by the terms of such policies (if any such notice has been given, its contents are described in Schedule 2.13). To the best knowledge of Shareholders, Merging Entity has not taken, nor has it failed to take, any action which would provide the insurer with a defense to its obligation under any such policy; neither Merging Entity nor any Shareholder has received from any such insurer any notice of cancellation or nonrenewal of any such policy.

2.14 Insurance Companies. Schedule 2.14 contains a correct and complete list of all insurance companies with respect to which Merging Entity has an agency contract or similar relationship. Except as identified in Schedule 2.14, no Shareholder has any knowledge of any

proposed termination of, or modification to, the existing relations between Merging Entity and any of such insurance companies. Furthermore, except as otherwise set forth in Schedule 2.14, all accounts with all insurance companies represented by Merging Entity or with whom it transacts business are current and there are no material disagreements or unreconciled discrepancies between Merging Entity and any such company as to the amounts owed by Merging Entity.

2.15 Officers and Directors; Banks; Powers of Attorney. Schedule 2.15 contains a correct and complete list of all officers and directors of Merging Entity, a correct and complete list of the names and addresses of each bank in which Merging Entity has any account or safe deposit box, together with the names of all persons authorized to draw on each such account or having access to any such safe deposit box, and a correct and complete list of the names of all persons holding powers of attorney from Merging Entity.

2.16 Compensation and Fringe Benefits. Schedule 2.16 contains a correct and complete list of each officer, director, employee or agent of Merging Entity in the format as set forth in Schedule 2.16. Also, Schedule 2.16 contains a description of all fringe benefits presently being provided by Merging Entity to any of its employees or agents.

2.17 Patents; Trademarks; Copyrights and Trade Names. Merging Entity owns or is possessed of or is licensed under such copyrights (including, without limitation, software) as are used in, and are of material importance to, the conduct of its business. Merging Entity owns no patents, patent applications, trademarks, trademark registrations or applications, trade names (other than its corporate name), copyrights or

copyright registrations or applications.

2.18 Indebtedness. Schedule 2.18 contains a correct and complete list of all instruments, agreements or arrangements pursuant to which Merging Entity has borrowed any money, incurred any indebtedness or established any line of credit which represents a liability of Merging Entity on the date hereof. True and complete copies of all such written instruments, agreements or arrangements have heretofore been delivered to, or made available for inspection by, Parent. Merging Entity has performed in all material respects all of the obligations required to be performed by it to date, and is not in default in any material respect under the terms of any such written instruments, agreements or arrangements, and, to the best knowledge of Shareholders, no event has occurred which, but for the passage of time or the giving of notice, or both, would constitute such a default.

2.19 Employment Agreements and Other Material Contracts. Schedule 2.19 contains (a) a complete list of every employment agreement, independent contractor and brokerage agreement to which Merging Entity is a party, copies of which have been provided to Parent and (b) a list and brief description of all other material contracts, agreements and other instruments to which Merging Entity is a party at the date hereof. Merging Entity is not in default in any material respect under any material agreement, lease, contract or other instrument to which it is a party. To the best knowledge of Shareholders, no party with whom Merging Entity has any agreement which is of material importance to its business is in default thereunder.

2.20 Absence of Certain Events. Since the Most Recent Balance Sheet Date, the business of Merging Entity has been conducted only in the ordinary course and in substantially the same manner as theretofore conducted, and, except as set forth in Schedule 2.20 attached to this Agreement, or in any other Schedule attached to this Agreement, Merging Entity has not, since the Most Recent Balance Sheet Date: (i) issued any stocks, bonds or other corporate securities or granted any options, warrants or other rights calling for the issue thereof; (ii) incurred, or become subject to, any material obligation or liability (whether absolute or contingent) except (A) current liabilities incurred in the ordinary course of business, (B) obligations under contracts entered into in the ordinary course of business and (C) obligations under contracts not entered into in the ordinary course of business which are listed in Schedule 2.19; (iii) discharged or satisfied any material lien or encumbrance or paid any obligation or liability (whether absolute or contingent) other than current liabilities shown on the Most Recent Balance Sheet and current liabilities incurred since the Most Recent Balance Sheet Date in the ordinary course of business; (iv) declared or made any payment of dividends or distribution of any assets of any kind whatsoever to stockholders or purchased or redeemed any of its capital stock; (v) mortgaged, pledged or subjected to lien, charge or any other encumbrance, any of its assets and properties, real, tangible or intangible; (vi) sold or transferred any of its assets, properties or rights, or cancelled any debts or claims, except in each case in the ordinary course of business, or entered into any agreement or arrangement granting any preferential rights to purchase any of its assets,

properties or rights or which required the consent of any party to the transfer and assignment of any of its assets, properties or rights; (vii) suffered any extraordinary losses (whether or not covered by insurance) or waived any extraordinary rights of value; (viii) entered into any transaction other than in the ordinary course of business except as herein stated; (ix) amended its certificate of incorporation or bylaws; (x) increased the rate of compensation payable or to become payable by it to any of its employees or agents over the rate being paid to them at the Most Recent Balance Sheet Date; (xi) made or permitted any amendment to or termination of any material contract, agreement or license to which it is a party other than in the ordinary course of business; or (xii) made capital expenditures or entered into any commitments therefor aggregating more than \$25,000.00. Except as contemplated by this Agreement, or the Schedules referred to in this Agreement, between the date hereof and the Closing Date, Merging Entity will not, without the prior written consent of Parent, do any of the things listed above in clauses (i) through (xii) of this Section 2.20.

2.21 Investigations and Litigation. There is no investigation by any governmental agency pending, or, to the best knowledge of Shareholders, threatened against or adversely affecting Merging Entity, and except as set forth on Schedule 2.21, there is no action, suit, proceeding or claim pending, or, to the best knowledge of Shareholders, threatened against Merging Entity, or any of its businesses, properties, assets or goodwill, which might have a material adverse effect on such corporation, or against or affecting the transactions contemplated by

this Agreement. There is no outstanding order, injunction, judgment or decree of any court, government or governmental agency against or affecting Merging Entity, or any of its businesses, properties, assets or goodwill.

2.22 Overtime, Back Wages, Vacation and Minimum Wages. To the best knowledge of Shareholders, no present or former employee of Merging Entity has any claim against Merging Entity (whether under federal or state law) under any employment agreement, or otherwise, on account of or for: (i) overtime pay for any period other than the current payroll period; (ii) wages or salary for any period other than the current payroll period; (iii) vacation or time off (or pay in lieu thereof), other than that earned in respect of the current fiscal year; or (iv) any violation of any statute, ordinance, rule or regulation relating to minimum wages or maximum hours of work, except as otherwise set forth in Schedule 2.22.

2.23 Discrimination, Occupational Safety and Other Statutes and Regulations. To the best knowledge of Shareholders, no persons or parties (including, without limitation, governmental agencies of any kind) have any claim, action or proceeding, against Merging Entity arising out of any statute, ordinance, rule or regulation relating to discrimination in employment or employment practices or occupational safety and health standards (including, without limitation, The Occupational Safety and Health Act, The Fair Labor Standards Act, Title VII of the Civil Rights Act of 1964, The Civil Rights Act of 1992, The Americans with Disabilities Act, and The Age Discrimination in Employment Act of 1967, as any of the same may have been amended).

2.24 Employee Benefit Plans.

(A) There are no employee benefit plans or arrangements of any type, including but not limited to any retirement, health, welfare, insurance, bonus, executive compensation, incentive compensation, stock bonus, stock option, deferred compensation, commission, severance, parachute, rabbi trust program or plan described in Section 3(3) of the Employee Retirement Income Security Act of 1974 ("ERISA"), maintained by Merging Entity, or with respect to which Merging Entity has a liability, other than those set forth in Schedule 2.24 ("Employee Benefit Plans").

(B) No liability (whether an indebtedness, a fine, a penalty, a tax or any other amount) has been incurred or will be incurred by Merging Entity as a result of its maintenance, operation, participation in or termination of any Employee Benefit Plan, except for regular, periodic, current contributions to any such Employee Benefit Plan.

(C) The consummation of the transactions contemplated by this Agreement will not entitle any individual to severance pay, and will not accelerate the time of payment or vesting, or increase the amount, of compensation due to any individual.

(D) No pending claim or lawsuit has been asserted against Merging Entity with respect to the operation of any Employee Benefit Plan. Merging Entity and Shareholders know of no facts or circumstances which could form the basis for any such claim or lawsuit.

(E) Merging Entity has made full and timely payment of all amounts required to be contributed under the terms of each Employee Benefit Plan and no event or condition exists regarding any of the

Employee Benefit Plans which could be deemed a "reportable event" with respect to which the 30-day notice has not been waived which could result in a material liability to Merging Entity and no event exists which would subject Merging Entity to a material fine under Section 4701 of ERISA.

(F) Merging Entity is not subject to any material liability, tax or penalty and the termination of or withdrawal from any Employee Benefits Plan will not subject Merging Entity to any additional contribution requirement and the execution or performance of the transactions contemplated by this Agreement will not create, accelerate or increase any obligations under any Employee Benefit Plan.

(G) Merging Entity has no obligation to any retired or former employee or any current employee upon retirement under any Employee Benefit Plan.

2.25 Competitors. Except as disclosed in Schedule 2.25, none of Shareholders has any interest, direct or indirect, as an owner, partner, agent, shareholder, officer, director, employee, consultant or otherwise, in any firm, partnership, corporation or other entity that is engaged in the insurance agency business, or any aspect thereof, other than Merging Entity, its sister company, S.H. Gow & Company, Inc., or a corporation listed on a national securities exchange or a corporation whose securities are traded in the over-the-counter market.

2.26 Accounts and Notes Receivable. The reserve for bad debts, if any, contained in the Most Recent Balance Sheet and the Financial Statements was calculated on a consistent basis which, in the light of past experience, is considered adequate. All accounts receivable and all notes receivable of Merging Entity reflected in the Most Recent Balance

Sheet are fully collectible when due at the aggregate amount shown, less the bad debt allowance stated therein, it being the intent of all of the parties to this Agreement that Shareholders are hereby representing and warranting to Parent the full collectibility when due of all of the notes receivable and accounts receivable of Merging Entity in the aggregate amount shown in each such balance sheet, less the bad debt allowance stated therein. All notes receivable, if any, of Merging Entity are due and payable within one year after the Effective Date.

2.27 Permits and Licenses. All material permits, licenses and approvals of all federal, state or local regulatory agencies, which are required in order to permit Merging Entity and its employees and agents to carry on business as now conducted by it, have been obtained by it and are current.

2.28 Common Stock of Parent. Shareholders understand and acknowledge that the common stock of Parent to be received pursuant to this Agreement is subject to Rule 145 of the SEC; any sale or other disposition of such stock shall be made pursuant to the regulations promulgated under Rule 145 and in compliance with all other applicable laws, regulations and interpretations.

2.29 Financing Statements. There are no financing statements or other security interests of any kind filed or required to be filed against Merging Entity's assets or affecting the use of, or title to, such assets. There are no deferred money purchase notes related to Merging Entity's acquisition of any portion of its assets.

2.30 Brokers. Except for fees owing to Marsh, Berry & Company,

Inc., which fees shall be the responsibility of Shareholders, no commission, finder's fee, brokerage fee or similar charge will be incurred by Merging Entity or any Shareholder for the consummation of the transactions contemplated herein.

2.31 Disclosure. Shareholders have each received a copy of Parent's current S-4 registration statement dated February 12, 1992, most recent annual report, Form 10-K and Form 10-Q and will acknowledge receipt of an amendment or supplement to such registration statement when received.

3. ACCESS AND INFORMATION. Throughout the period prior to the Effective Date, Shareholders caused Merging Entity and all its employees to give to Parent, and any and all authorized representatives of Parent (including auditors and attorneys), reasonable access upon prior notice, during normal business hours, to the offices, assets, properties, contracts, books and records of Merging Entity in order to give Parent full opportunity to make such investigations as it deemed appropriate with respect to the affairs of Merging Entity, and further caused Merging Entity, and all of its employees to provide to Parent during such period such additional information concerning the affairs of Merging Entity as Parent may have reasonably requested.

Regardless of any such investigation by Parent, all representations and warranties of Shareholders contained in this Agreement shall remain in full force and effect and no such investigation shall cause or result in a waiver by Parent of any of the representations and warranties of Shareholders contained herein; provided, however, that to the extent that as a result of any such investigation prior to Closing (a) Parent has actual knowledge that any representation or warranty of Shareholders is

untrue and (b) Shareholders do not have actual knowledge that such representation or warranty is untrue, then Shareholders shall have no liability with respect to such untrue representation or warranty.

4. REPRESENTATIONS AND WARRANTIES OF PARENT. Parent represents and warrants to Shareholders as follows:

4.1 Organization and Standing of Parent and HRH Merger Subsidiary. Parent is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Virginia. HRH Merger Subsidiary, will, as of the Effective Date, be duly organized, validly existing and in good standing under the laws of the State of Delaware.

4.2 Authority. Except for: (i) the incorporation of HRH Merger Subsidiary; (ii) the approval of the transactions contemplated hereby by the board of directors of Parent and by the board of directors and shareholder of HRH Merger Subsidiary; (iii) amendment or supplementation of Parent's registration statement pursuant to this Agreement; (iv) approval by the New York Stock Exchange of the listing of the shares of Parent common stock to be issued pursuant to this Agreement; and (v) the filing of a certificate of merger with the Secretary of State of the State of Delaware (each of which actions in (i) through (v) Parent covenants to use its best reasonable efforts to cause to occur prior to the Effective Date), no governmental or other authorization, approval or consent for the execution, delivery and performance of this Agreement, including the issuance of Parent Stock, by Parent or HRH Merger Subsidiary is required. The execution, delivery and performance of this

Agreement by Parent and HRH Merger Subsidiary will not violate, result in a breach of, or constitute a default under, the articles of incorporation or bylaws of any such corporation or any indenture, contract, agreement or other instrument to which such corporation is a party or is bound or any applicable laws, rules or regulations.

Each of Parent and HRH Merger Subsidiary has, or will prior to Closing have, all necessary power and authority and will have taken all action necessary to authorize, execute and deliver this Agreement, and to perform its obligations under this Agreement, including without limitation the obligation of Parent to issue the shares of the common stock of Parent to the Shareholders pursuant to Section 1.4.

4.3 Capitalization of Parent and HRH Merger Subsidiary. As of June 30, 1996, the authorized capital stock of Parent consisted of 50,000,000 shares of common stock, no par value, of which 13,368,868 shares were issued and outstanding, fully paid and nonassessable. The authorized capital stock of HRH Merger Subsidiary will consist of 5,000 shares of common stock, \$1 par value, of which ___ shares will be issued and outstanding, fully paid and nonassessable and owned of record and beneficially by Parent prior to, and as of, the Effective Date. Except for the shares to be subscribed for by Parent pursuant to this Agreement, there are no outstanding options, warrants or other rights to subscribe for or purchase capital stock of HRH Merger Subsidiary or securities convertible into or exchangeable for capital stock of HRH Merger Subsidiary.

4.4 Status of Parent common stock. The shares of Parent common stock to be issued to Shareholders pursuant to this Agreement will, when

so issued, be duly and validly authorized and issued, fully paid and nonassessable and will be registered, when issued, pursuant to Parent's S-4 registration statement and supplement thereto under the Securities Act of 1933.

4.5 Brokers' or finders' fees. No agent, broker, person, or firm acting on behalf of Parent or any of its subsidiaries or under the authority of any of them is or will be entitled to any commission or broker's or finder's fee or financial advisory fee from Parent or HRH Merger Subsidiary in connection with any of the transactions contemplated herein.

4.6 SEC Compliance. Parent has filed with the SEC all forms, reports, schedules, statements and other documents required to be filed by it since January 1, 1993 under the Securities Act of 1933 and the Exchange Act of 1934 (such documents, as amended from time to time, being the "Parent SEC Documents"). Each Parent SEC Document, including without limitation any financial statements or schedules included therein, (a) did not, at the time filed (or, in the case of any Parent SEC Document that has been amended prior to the date hereof, at the time of the filing of such amendment), contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, and (b) at the time filed, complied in all material respects with the applicable requirements of the Securities Act of 1933 and the Exchange Act of 1934. Parent has made available to the Shareholders, or will make available to the Shareholders

before Closing, a supplement to its S-4 registration statement which complies with all applicable SEC rules, together with all other prospectus and other materials and information required to be disclosed pursuant to all applicable federal and state securities laws and regulations, including without limitation such information as is necessary in compliance with Rule 145 to enable Shareholders to sell any shares of common stock of Parent received pursuant to this Agreement.

5. CONDITIONS PRECEDENT TO PERFORMANCE BY PARENT AND HRH MERGER SUBSIDIARY. The obligation of Parent and HRH Merger Subsidiary to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction or fulfillment, on or prior to the Closing Date, of the following conditions precedent, in addition to all other conditions precedent contained in this Agreement, each of which may be waived by Parent:

5.1 Representations. Parent shall not have discovered any material error, misstatement or omission in any of the representations and warranties made by Shareholders contained in this Agreement, or in any financial statement, certificate, Schedule, exhibit or other document attached to or delivered pursuant to this Agreement, and all representations and warranties of Shareholders, or any of them, contained in this Agreement and in any financial statement, certificate, Schedule, exhibit or other document attached to or delivered pursuant to this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same force and effect, except as affected by transactions expressly authorized herein or otherwise approved in writing by Parent, as though such representations and warranties had been made on

and as of the Closing Date.

5.2 Covenants. Merging Entity and Shareholders shall have performed and complied in all material respects with all covenants, agreements and conditions required under this Agreement to be performed or complied with by them on or before the Closing.

5.3 Litigation. No suit, action or proceeding, or governmental investigation, against or concerning, directly or indirectly, Merging Entity, or any of its assets and properties, shall have been instituted or reinstated, nor shall any basis therefor have arisen, that might result in any order or judgment of any court or of any administrative agency which, in the opinion of counsel for Parent, renders it impossible or inadvisable for Parent to consummate or cause to be consummated the transactions contemplated by this Agreement.

5.4 Approval by Counsel. All transactions contemplated hereby, and the form and substance of all legal proceedings and of all instruments used or delivered hereunder, shall be reasonably satisfactory to counsel for Parent.

5.5 Opinion. Parent shall have received a favorable opinion, dated as of the Closing Date, from the law firm of Hodgson, Russ, Andrews, Woods & Goodyear, LLP, counsel for Shareholders and Merging Entity, in form and substance as set forth in Schedule 5.5 and otherwise reasonably satisfactory to counsel for Parent.

5.6 Delivery of Common Stock. There shall be duly delivered for cancellation to Parent at the Closing not less than 100% of the shares of Common Stock issued and outstanding at the time of the Closing, free and

clear of any liens or encumbrances as required to be listed on Schedule 2.4.

5.7 Tail Insurance. Unless notified in writing to the contrary, Shareholders and Merging Entity shall have delivered to Parent, in form reasonably satisfactory to Parent and Parent's counsel, evidence of insurability, to be effective as of the Effective Date, for an extended reporting period for errors and omissions of a minimum three year duration with deductible limits reasonably acceptable to Parent and Parent's counsel, which insurance, if bound, would insure Merging Entity its agents and employees for the extended reporting period for claims arising under errors and omissions occurring prior to the Effective Date. Such tail insurance shall be bound as soon after the Effective Date as possible. The cost for the tail insurance actually bound by, or on behalf of, Merging Entity shall be borne by Merging Entity and shall be reflected on the Merger Balance Sheet (as defined in Section 13.6) as if such coverage had been bound prior to the Effective Date and the Shareholders shall be responsible for any deductible amounts to be paid under such tail policy.

5.8 Related Party Transactions. All "related party" (i.e. a Shareholder, a member of a Shareholder's family, a business or entity affiliated with any of the foregoing) receivables and payables of Merging Entity and any receivables or payables from or to an employee of Merging Entity on favorable terms shall have been removed from the books of Merging Entity for their cash equivalent face amounts.

5.9 Resolutions. Parent shall receive certified copies of resolutions of the board of directors and Shareholders of Merging Entity,

to the extent deemed necessary by, and in form satisfactory to, counsel for Parent, authorizing the execution and delivery of this Agreement by Merging Entity and the consummation of the transactions contemplated hereby.

5.10 Approvals. All statutory requirements for the valid consummation by Merging Entity of the transactions contemplated by this Agreement shall have been fulfilled; all authorizations, consents and approvals of all federal, state, local and foreign governmental agencies and authorities required to be obtained in order to permit consummation by Merging Entity of the transactions contemplated by this Agreement and to permit the business presently carried on by Merging Entity to continue unimpaired immediately following the Effective Date of this Agreement shall have been obtained, except where failure to obtain such approval would not have a material adverse effect.

5.11 Registration Statement. Parent shall have filed an amended or supplemented S-4 registration statement with the SEC.

6. CONDITIONS PRECEDENT TO PERFORMANCE BY SHAREHOLDERS AND MERGING ENTITY. The obligation of Shareholders and Merging Entity to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction or fulfillment on or prior to the Closing Date, of the following conditions, in addition to any other conditions contained in this Agreement, each of which may be waived, collectively, by Shareholders and Merging Entity:

6.1 Representations. Shareholders shall not have discovered any material error, misstatement or omission in any of the representations

and warranties made by Parent contained in this Agreement, and all representations and warranties of Parent contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same force and effect, except as otherwise approved in writing by Shareholders and Merging Entity, as though such representations and warranties had been made on and as of the Closing Date.

6.2 Covenants. Parent shall have performed and complied in all material respects with all covenants, agreements and conditions required under this Agreement to be performed and complied with by Parent and shall have caused all corporate actions necessary for the formation of HRH Merger Subsidiary and for the consummation of this Agreement to have been taken by it and HRH Merger Subsidiary.

6.3 Effective Registration Statement. The registration statement on Form S-4 under the Securities Act of 1933 referred to in Sections 2.31, 4.4 and 4.6 hereof shall have been amended or supplemented and be effective under such Act and not the subject of any "stop order" or threatened "stop order" and the amended or supplemented prospectus shall have been delivered to Shareholders and Merging Entity.

6.4 Prospectus Approval. After delivery and review of the aforementioned amendment or supplement to Parent's S-4 registration statement, Shareholders and Merging Entity shall have approved this Agreement and the consummation of all transactions contemplated thereby.

7. POST-MERGER COVENANTS.

7.1 POST-MERGER COVENANTS OF PARENT. Parent covenants to Shareholders as follows:

A. Collection. To cause Surviving Corporation to use its reasonable business efforts, at least comparable in quality to those of Merging Entity prior to the Effective Date, to collect all notes receivable and accounts receivable as described in Section 2.26.

B. Payment. To pay timely all liabilities of Merging Entity which have been properly reserved for in the Merger Balance Sheet, as defined in Section 7.2.A.

C. Employee Benefit Plans. To take all actions required of it pursuant to Schedule 7.1.C at the times specified therein.

7.2 POST-MERGER COVENANTS OF SHAREHOLDERS. Shareholders, jointly and severally, covenant to Parent as follows:

A. Delivery of Merger Balance Sheet. To cause to be delivered to Parent as soon after the Closing Date as is practicable, and in all events no later than sixty (60) days after the Effective Date, the Merger Balance Sheet, as defined in Section 13.6(a), and its related work papers and other financial documents prepared therefor. The Merger Balance Sheet will be true and correct, will be in accordance with the books and records of Merging Entity, will present fairly the financial conditions and results of operations of Merging Entity as of the date and for the period indicated, will not contain any untrue statement of a material fact nor will omit to state any material fact required to be stated to make the Merger Balance Sheet not misleading.

B. Post-Merger Filings. To cause to be timely prepared and delivered to the Surviving Corporation for filing, at no expense to the Surviving Corporation which has not previously been reserved for on the

Merger Balance Sheet, all federal, state and local tax returns of all kinds required to be filed by Merging Entity for all tax periods ending on or prior to the Effective Date ("Post-Merger Filings"). All Post-Merger Filings will be true and correct in all material respects and, prior to actual filing thereof, Shareholders shall deliver drafts of such filings to Parent for its review.

C. Employee Benefit Plans. To take all actions required of them pursuant to Schedule 7.1.C at the times specified therein.

D. Bind Tail Coverage. To bind the tail coverage referenced in Section 5.7 as soon after the Effective Date as is possible and in no event later than seven (7) days after the Effective Date, and to pay any and all deductibles accruing under such tail policy during the period of three years after the Effective Date. Shareholders acknowledge that Parent shall have the right to bind tail coverage for Merging Entity if Shareholders do not produce an appropriate certificate of insurance within thirty (30) days after Closing. Any costs for such tail coverage shall have been expensed as if such coverage had been bound prior to the Effective Date and shall not be reflected as an asset on the Merger Balance Sheet.

8. SURVIVAL OF REPRESENTATIONS AND WARRANTIES AND INDEMNIFICATION.

8.1 Survival of Representations and Warranties of Parent. All representations, warranties and covenants made herein or pursuant hereto by Parent shall survive the Closing until December 31, 1999.

8.2 Survival of Representations and Warranties of Shareholders. Except for the representations and warranties relating to taxes contained in Section 2.10, which shall survive until one year after the expiration

of the applicable statute of limitations, all representations, warranties and covenants made herein or pursuant hereto by Shareholders shall survive the Closing until December 31, 1999.

8.3 Indemnification Agreement by Shareholders. Shareholders, jointly and severally, shall indemnify and hold harmless Parent and Surviving Corporation, and their respective successors and assigns, from and against and in respect of:

(i) Any loss, damage, liability or deficiency resulting from any misrepresentation, breach of warranty or nonfulfillment of any covenant or agreement on the part of Merging Entity or any Shareholder under the terms of this Agreement; and

(ii) All demands, claims, actions, suits, proceedings, loss, damage, liability, judgments, costs and expenses (including, without limitation, court costs, experts' and reasonable attorneys' fees at the trial level and in connection with all appellate proceedings) incident to any of the foregoing.

Notwithstanding the foregoing, to the extent any amount for which Shareholders would otherwise be liable to indemnify Parent and Surviving Corporation is covered by any tail insurance coverage required to be provided by Shareholders hereunder, Shareholders obligation to indemnify Parent and Surviving Corporation shall be reduced by the amount of any proceeds of any such tail coverage.

8.4 Indemnification Agreement by Parent. Parent shall indemnify and hold harmless Shareholders, and each of them, and their respective heirs and personal representatives from and against and in respect of:

(i) Any loss, damage, liability or deficiency resulting from any misrepresentation, breach of warranty or nonfulfillment of any covenant or agreement on the part of the Parent under the terms of this Agreement; and

(ii) All demands, claims, actions, suits, proceedings, loss, damage, liability, judgments, costs and expenses (including, without limitation, court costs, experts' and reasonable attorneys' fees at the trial level and in connection with all appellate proceedings) incident to any of the foregoing.

8.5 Assertion of Indemnification Claim. Either the Shareholders or Parent, as the case may be (an "Indemnified Party"), shall give notice to the other (an "Indemnifying Party") as soon as possible after the Indemnified Party has actual knowledge of any claim as to which indemnification may be sought and the amount thereof, if known, and supply any other information in the possession of the Indemnified Party regarding such claim, and will permit the Indemnifying Party (at its expense) to assume the defense of any third party claim and any litigation resulting therefrom, provided that counsel for the Indemnifying Party who shall conduct the defense of such claim or litigation shall be reasonably satisfactory to the Indemnified Party, and provided further that the omission by the Indemnified Party to give notice as provided herein will not relieve the Indemnifying Party of its indemnification obligations hereunder except to the extent that the omission results in a failure of actual notice to the Indemnifying Party and the Indemnifying Party is materially damaged as a result of the failure to give notice. The Indemnifying Party may settle or compromise

any third party claim or litigation with the consent of the Indemnified Party which consent may not be unreasonably withheld.

The Indemnified Party shall have the right at all times to participate in the defense, settlement, negotiations or litigation relating to any third party claim or demand at its own expense. In the event that the Indemnifying Party does not assume the defense of any matter as above provided, then the Indemnified Party shall have the right to defend any such third party claim or demand, and will be entitled to settle any such claim or demand in its discretion. In any event, the Indemnified Party will cooperate in the defense of any such action and the records of each party shall be available to the other with respect to such defense.

8.6 Limitation of Amount of Indemnity and Escrow of Parent Common Stock. The indemnity provided by Shareholders to Parent and Surviving Corporation pursuant to Section 8.3 and the indemnity provided by Parent to Shareholders pursuant to Section 8.4 shall in each case be limited to a maximum aggregate amount equal to \$300,000.

Notwithstanding anything in the foregoing to the contrary, Parent shall retain on the Effective Date from the shares of its common stock to be delivered to the Shareholders, according to the percentage ownership each such Shareholder has in Merging Entity, as security for the indemnity provided to it herein, \$30,000 of shares of its common stock, valued at the Average Price ("Escrowed Shares"). By their signatures to this Agreement, each Shareholder has granted to Parent a security interest in his portion of the Escrowed Shares, and has consented to the

escrow provision described herein and has granted unto Parent a continuing limited power of attorney to act over his proportionate number of the Escrowed Shares pursuant to this Agreement, which power of attorney is coupled with an interest and is not revocable until the later of: (i) December 31, 1997; (ii) determination and settlement of any amounts pursuant to Section 13.6; and (iii) determination and settlement of any amounts claimed by Parent as of December 31, 1997, pursuant to Section 8.3 ("Release Date").

Between the Effective Date and the Release Date, Parent shall hold the Escrowed Shares and shall deposit any dividends received thereon in an interest-bearing account. Upon the Release Date, and absent a written directive to the contrary from each such Shareholder not desiring to receive his shares pro rata, Parent shall distribute the Escrowed Shares, less any decrease in such shares pursuant to this Agreement, plus any additional shares issued pursuant to this Agreement, to the Shareholders, pro rata. Dividends on the Escrowed Shares and the interest earned thereon ("Escrow Funds") shall be distributed in the same manner determined according to the immediately preceding sentence. If Escrowed Shares were decreased to satisfy the indemnity provided herein, the Escrow Funds shall be reduced by a percentage equal to the fraction established where the numerator is the number of Escrowed Shares used to satisfy such indemnity and the denominator is the number of Escrowed Shares.

9. EXPENSES. All expenses (including, without limitation, legal, auditing, accounting and other related expenses such as preparation of Post-Merger Filings and the Merger Balance Sheet) incurred in connection

with this transaction by Merging Entity and Shareholders, or any of them, shall be the sole responsibility of Merging Entity or Shareholders (depending upon the nature of the expense), and all expenses incurred by Parent in connection with this transaction shall be the sole responsibility of Parent.

10. DEFAULT.

10.1 Default by Shareholders or Merging Entity. Except as otherwise expressly provided in this Agreement, if Shareholders or Merging Entity, or any of them, shall fail to perform or comply with any material covenant, agreement or condition contained in this Agreement that is required to be performed or complied with by Shareholders or Merging Entity on or prior to the Closing Date, then Parent, after notice to Shareholders and failure to cure within thirty (30) days after notice, shall have the option to seek specific performance of this Agreement or to sue such defaulting party for damages. If Parent elects to sue for specific performance, Shareholders and Merging Entity expressly waive any claim or defense that Parent has an adequate remedy at law.

10.2 Default by Parent. Except as otherwise expressly provided in this Agreement, if Parent shall fail to perform or comply with any material covenant, agreement or condition contained in this Agreement that is required to be performed or complied with by Parent on or prior to the Closing Date, then Shareholders and Merging Entity, at the unanimous option of Shareholders and Merging Entity, after notice to Parent and failure to cure within thirty (30) days after notice, may seek specific performance of this Agreement or may elect to sue for damages.

If Shareholders and Merging Entity elect to sue for specific performance, Parent expressly waives any claim or defense that Shareholders and Merging Entity have an adequate remedy at law.

11. NOTICES. All notices or other communications permitted or required to be given hereunder by any party to any other party shall be in writing and shall be delivered personally or by telecopier, telex or other similar communication or sent by registered or certified mail, postage prepaid:

(a) If to Shareholders or Merging Entity:

Mr. Jeffrey Gow

Mr. Michael Gow

Mr. Richard Mason

With copies to:

Mr. Douglas A. Yoh
Marsh, Berry & Company, Inc.
7466 Auburn Road
Concord, Ohio 44077

Hodgson, Russ, Andrews, Woods & Goodyear, LLP
1800 One M&T Plaza
Buffalo, New York 14203
Attention: Todd M. Joseph, Esq.

(b) If to Parent or HRH Merger Subsidiary:

Mr. Robert H. Hilb, President
HILB, ROGAL AND HAMILTON COMPANY
4235 Innslake Drive
Post Office Box 1220
Glen Allen, Virginia 23060-1220

With copy to:

Walter L. Smith, Esquire
HILB, ROGAL AND HAMILTON COMPANY
4235 Innslake Drive
Post Office Box 1220
Glen Allen, Virginia 23060-1220

Notices delivered personally or by telecopier, telex or other similar communication shall be effective when delivered. Notices forwarded by registered or certified mail shall be deemed effective when received or in any event not later than ten (10) days after deposit in the mails, postage prepaid. Any party wishing to change any above named person or address may do so by complying with the notice provisions of this Section.

12. EXTENSION OF TIME AND WAIVER.

(a) Time is of the essence with respect to this Agreement. However, the parties hereto may, by mutual agreement in writing, extend the time for the performance of any of the obligations of the parties hereto.

(b) Each party for whose benefit a representation, warranty, covenant, agreement or condition is intended may, in writing: (i) waive any inaccuracies in the warranties and representations contained in this Agreement; and (ii) waive compliance with any of the covenants, agreements or conditions contained herein and so waive performance of any of the obligations of the other parties hereto, and any default hereunder; provided, however, that any such waiver shall not affect or impair the waiving party's rights in respect to any other representation, warranty, covenant, agreement or condition or any default with respect thereto.

13. MISCELLANEOUS PROVISIONS.

13.1 Counterparts. Any number of counterparts of this Agreement may be signed and delivered, each of which shall be considered the original and all of which, together, shall constitute one and the same instrument.

13.2 Governing Law. EXCEPT FOR THE MERGER OF HRH MERGER SUBSIDIARY INTO MERGING ENTITY, WHICH SHALL BE GOVERNED BY DELAWARE LAW, THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF VIRGINIA.

13.3 Entire Agreement. This Agreement constitutes the entire Agreement and understanding between the parties hereto with respect to the transactions contemplated hereby, expressly superseding all prior Agreements and understandings, whether oral or written, and no change, modification, termination or attempted waiver of any of the provisions of this Agreement shall be binding unless reduced to writing and signed by the party or parties against whom enforcement is sought.

13.4 Section Headings. The section headings in this Agreement are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

13.5 No Assignment. Neither this Agreement, nor any rights or liabilities hereunder, may be assigned by any party without the prior written consent of all of the other parties.

13.6 Adjustment Based on Merger Balance Sheet.

(a) Determination of Merger Balance Sheet. For purposes hereof, "Merger Balance Sheet" means an unaudited balance sheet of Merging Entity, as of the close of business on December 31, 1996, computed under the GAAP Policy referenced in Section 2.7 hereof and in

accordance with Section 2.26 hereof and after having reconciled any differences between the tax and financial accounting so that Surviving Corporation shall not be responsible for any liabilities unless and to the extent the same are reflected on the Merger Balance Sheet. The Merger Balance Sheet shall be deemed accepted by Parent if no objections thereto are made within fifteen (15) days of delivery. If Parent objects to the Merger Balance Sheet within fifteen (15) days of delivery, then the parties shall have fifteen (15) days to resolve any objections of Parent to the Merger Balance Sheet. If the parties are unable to resolve such differences, one arbitrator shall be selected by Shareholders and one arbitrator shall be selected by Parent. The two arbitrators shall then pick one mutually acceptable arbitrator (the "Arbitrator") to resolve all questions in dispute. The decision of the Arbitrator shall be final and the fees for his services shall be borne fifty percent (50%) by Parent and fifty percent (50%) by Shareholders.

Notwithstanding anything in the foregoing to the contrary, if the Merger Balance Sheet is not submitted within seventy-five (75) days after the Effective Date, then Parent shall submit a Merger Balance Sheet within fifteen (15) days thereafter which shall be final, conclusive and binding on all parties hereto, and not subject to any of the arbitration provisions described above.

(b) Tangible Net Worth . The term "Tangible Net Worth" means the remainder arrived at from the Merger Balance Sheet when total liabilities are subtracted from total assets and intangible assets other than cash, cash equivalents and net receivables are then subtracted from that remainder (total assets - total liabilities - intangible assets

other than cash, cash equivalents and net receivables).

(c) Adjustment. The number of shares to be delivered by Parent to Shareholders pursuant to Section 1.4 shall be adjusted as follows:

(i) If Tangible Net Worth exceeds zero (\$0.00) (with such excess being referred to as "Excess Tangible Net Worth"), then the number of shares shall be increased by the number of shares determined by dividing Excess Tangible Net Worth by the Average Price; and

(ii) If Tangible Net Worth is less than zero (\$0.00) (with such shortfall being referred to as "Insufficient Tangible Net Worth"), then the number of shares shall be decreased by the number of shares determined by dividing Insufficient Tangible Net Worth by the Average Price.

In the event of an increase in the number of shares of common stock of Parent to be issued to Shareholders, such additional shares shall be issued, promptly after determination of such number, by Parent to Shareholders in the same proportion as set forth in Section 1.4(a). In the event of a decrease in the number of shares of common stock of Parent, such shares shall be assigned, promptly after determination of such number, to Parent (at Parent's discretion either from the Escrowed Shares or the Shareholders or both) in the same proportions as set forth in Section 1.4(a), unless Parent shall have received a differing written directive pursuant to Section 8.6.

The value of any shares of Parent common stock to be issued or returned pursuant to this Agreement shall be adjusted to reflect the

occurrence after the Effective Date of any of the events specified in Section 1.4(c).

13.7 Schedules. Schedules referenced in this Agreement are an integral part of this Agreement and are to be deemed a part of this Agreement whether attached hereto on execution of this Agreement or anytime thereafter.

13.8 Nonsolicitation Covenant. Each of the Shareholders, by signature hereto, covenants that he shall not for a period of five (5) years after the Effective Date, directly or indirectly, except on behalf of Surviving Corporation, its successors or assigns, solicit or accept risk management, insurance or bond business from any of the customers of Merging Entity as of the moment immediately preceding the Effective Date. Each of the Shareholders, by signature hereto, acknowledges: (i) that this covenant is ancillary to this Merger Agreement, is integral hereto and is independent of any other provision herein, (ii) that this covenant is reasonably necessary for the protection of Surviving Corporation's legitimate business interests; (iii) that this covenant poses no undue hardship on the Shareholders and is reasonably limited as to duration and scope; and (iv) that this covenant is in addition to any covenants which Shareholders may make in any employment or other agreements executed or to be executed with Surviving Corporation. Further, if any part of this covenant is deemed overbroad or void as against public policy, each of the Shareholders, by signature hereto, acknowledges that such invalid portions shall be severable from this covenant and specifically requests that, upon such event, this covenant be reformed ("blue-pencilled") to permit Surviving Corporation to obtain the maximum permissible benefit

from this covenant.

13.9 Acceptance. The binding date of acceptance of this Agreement shall be the Date on which the last of the parties executes the same.

EXECUTED by Shareholders and Merging Entity at Buffalo, New York, this 7th day of January, 1997.

SHAREHOLDERS:

Jeffrey Gow

Michael Gow

Richard Mason

MERGING ENTITY:

GOW MANAGEMENT SERVICES, INC.

By _____
_____, its

EXECUTED by Parent at Buffalo , New York, this 7th day of January, 1997.

HILB, ROGAL AND HAMILTON COMPANY

By _____
_____, its

AGREEMENT OF PURCHASE AND SALE
BY AND BETWEEN
GOW MANAGEMENT SERVICES, INC.
AND
S. H. GOW & COMPANY, INC.

THIS AGREEMENT, effective as of 12:02 a.m. on January 1, 1997 ("Effective Date"), is made and entered into this ____ day of January, 1997, by and between HILB, ROGAL AND HAMILTON COMPANY, a Virginia corporation ("HRH"), acting on behalf of itself and the wholly owned subsidiary of Seller it will acquire upon completion of a merger on or around January 7, 1997, but will be accounted for as if effective as of 12:01 a.m. on January 1, 1997, GOW MANAGEMENT SERVICES, INC., a Delaware corporation ("Buyer"); S. H. GOW & COMPANY, INC., a Delaware corporation ("Seller"); and Seller's three shareholders, JEFFREY GOW ("Mr. J. Gow"), MICHAEL GOW ("Mr. M. Gow"), and RICHARD MASON ("Mr. Mason"), with Messrs. Mason, J. Gow and M. Gow collectively being referred to herein as "Shareholders".

W I T N E S S E T H:

WHEREAS, HRH is engaged in the business of owning insurance agencies;

WHEREAS, Seller currently conducts an insurance agency business in and around Buffalo, New York;

WHEREAS, simultaneously herewith, HRH and Buyer have entered into an Agreement of Merger pursuant to which HRH will acquire Buyer from

Shareholders, effective upon filing of the Certificate of Merger on or around January 7, 1997, but to be accounted for as if effective as of 12:01 a.m. on January 1, 1997 (the "Agreement of Merger");

WHEREAS, Shareholders desire that Seller sell certain of its assets utilized in that business under the terms hereinafter provided;

WHEREAS, HRH desires that Buyer, after it has been acquired by HRH pursuant to the Agreement of Merger, purchase certain of Seller's assets utilized in such business.

NOW THEREFORE, in consideration of the premises and of the mutual promises and covenants hereinafter set forth, and intending to be legally bound, the parties hereto agree as follows:

PORTIONS OF THIS AGREEMENT ARE SUBJECT TO ARBITRATION.

1. Sale and Assignment of Assets. Subject to the terms and conditions contained in this Agreement, Seller hereby agrees to sell convey, transfer, assign and deliver to Buyer, free and clear of any judgment, mortgage, pledge, lien, conditional sale agreement, security interest, option, or other encumbrance or claim of any nature whatsoever (other than liens which relate to liabilities expressly assumed by Buyer hereunder), all of Seller's right, title and interest in and to the following assets ("Assets"): (i) its insurance customer lists, expiration lists and records, book of business, business records, files and daily reports; (ii) all furniture, fixtures and equipment identified on Schedule 1 attached hereto, all of which are used in, or form a part of, Seller's insurance agency business; (iii) all of its rights and interest in and to its agency agreements with those insurance companies

for which it acts as agent, including all contingency and profit sharing agreements with such companies; (iv) certain maintenance and other agreements listed on Schedule 1; (v) all of its rights or interests in restrictive covenants or other agreements protecting or prohibiting any of the accounts transferred in (i) above from being solicited by others; (vi) cash of Seller in amount equal to "pre-billed" accounts to be assumed by Buyer (i.e., premiums collected with respect to policies which are effective on or after the Effective Date); and (vii) the goodwill of Seller, including, but not limited to, the corporate name of "S. H. Gow & Company, Inc." and any trade names related thereto. Seller shall sign such Bills of Sale in form and substance as set forth in Schedule 1.1, or other documents of assignment or transfer as Buyer shall request.

Buyer is not acquiring, and is hereby expressly excluded from acquiring from Seller, the following assets of the Seller which the Seller retains: (i) except as provided in clause (vi) of the preceding paragraph, cash or other readily liquid working capital on hand as of the close of business of Seller on the day prior to the Effective Date ("Pre-Effective Moment"); (ii) accounts and other receivables as of the Pre-Effective Moment, including commissions earned but not paid on business billed by Seller which was written and having an effective date prior to the Pre-Effective Moment, but excluding direct bill commissions which shall be treated as earned when received; and (iii) prepaid insurance, finance charges, taxes and licenses. Except for those liabilities of Seller listed in Schedule 6.K (the "Assumed Liabilities"), Buyer is not assuming any liabilities of Seller of any kind and shall be fully indemnified therefor.

2. Purchase Price. In consideration for the transfer and assignment of the above-described Assets, the Buyer shall pay to the Seller at the times specified herein the sums referred to in A, B, C, and D (collectively the "Purchase Price"), payable as follows:

A. On the later of the Closing Date or the Effective Date ("Transfer Date"), Buyer shall deliver to Seller the sum of TWO MILLION FOUR HUNDRED SEVENTY-FIVE THOUSAND AND NO/100 DOLLARS (\$2,475,000);

B. On March 3, 1998, Buyer shall pay Seller, before application of any applicable offset or indemnity, that sum determined to be due pursuant to Section 3.A, which amount shall not be greater than \$1,278,450, nor less than \$675,000;

C. On March 2, 1999, Buyer shall pay Seller, before application of any applicable offset or indemnity, that sum determined to be due pursuant to Section 3.B, which amount shall not be greater than \$1,278,450, nor less than \$675,000;

D. On March 1, 2000, Buyer shall pay Seller, before application of any applicable offset or indemnity, that sum determined to be due pursuant to Section 3.C, which amount shall not be greater than \$1,278,450, nor less than \$675,000;

E. Additionally, not as a part of Purchase Price, but as additional consideration to bind their restrictive covenants, Buyer shall disburse at the same time as the payments in B, C and D are made, respectively an aggregate amount of money before application of any applicable offset or indemnity, to Mr. Mason and those individuals named in Section 8.B equal to 49.14243% of the amount by which each of the

payments determined pursuant to B, C and D exceeds \$675,000. For example, if the amount determined to be due Seller pursuant to Section 3.A is \$1,000,000, then the aggregate amount to be distributed among the eligible individuals would be \$159,712.90 $((\$1,000,000 - 675,000) \times .4914243)$). As a second example, if the amount determined to be due Seller pursuant to Section 3.B is the maximum amount of \$1,278,450, then the aggregate amount to be distributed among the eligible individuals would also be the maximum amount of \$296,550. As the third and final example, if the amount determined to be due Seller pursuant to Section 3.C is the minimum amount of \$675,000, then the aggregate amount to be distributed among the eligible individuals would also be the minimum amount of \$0 (zero).

F. The payments referenced in B, C and D above are hereafter referred to as "Buyer's Deferred Obligations." Each of Buyer's Deferred Obligations shall have interest imputed at the lowest applicable federal rate allowed Buyer pursuant to Section 1274 of the Internal Revenue Code of 1986, as amended ("Code"), with respect to such Buyer's Deferred Obligation (for Buyer's Deferred Obligation due March 3, 1998: 5.63%; for Buyer's Deferred Obligation due March 2, 1999: 5.63%; for Buyer's Deferred Obligation due March 1, 2000: 6.10%). Buyer's Deferred Obligations shall contain a right of offset as specified in Sections 3 and 13 hereof.

G. On the Transfer Date, Buyer shall pay to each of the Shareholders, not as a part of the Purchase Price (as herein defined) but as an integral part of the transactions contemplated herein, that sum called for in the Employment Agreement and Covenant Not to Compete for

such Shareholder to receive for covenanting not to compete with Buyer or HRH. These payments have been separately bargained for by the parties and represent full and fair value to each of the Shareholders for his individual covenant not to compete.

H. On the Transfer Date, in exchange for the present payment and the future payments of the Purchase Price to Seller, each at the times specified herein, Buyer shall receive the Assets from Seller free and clear of any lien or encumbrance of any kind whatsoever, other than liens related to the Assumed Liabilities.

3. Abatement of the Purchase Price.

A. Abatement of Purchase Price Based on Year 1 Agency Profit.

(1) As used herein, the term "Year 1 Agency Profit" shall mean the net profit of Buyer for calendar year 1997 ("Year 1"), determined in accordance with generally accepted accounting principles applied on a consistent basis, but subject to Buyer's accounting policies (which shall satisfy generally accepted accounting principles) as set forth from in HRH's Accounting Policies and Procedures Manual previously provided to Seller ("Buyer's GAAP") and applied uniformly in determining the net profit of each subsidiary of HRH, before any provision for federal or state income taxes and before any provision for amortization of any portion of the Assets which are intangible and before any provision for any overhead charge by HRH, as the parent of the Buyer, to the Buyer. Additionally, the parties have reached special agreement with regard to the calculation of Year 1 Agency Profit as it relates to interest income and expense, profit sharing expense, bad debt expense,

depreciation, professional fees, business insurance and other direct corporate costs, and a new producer's salary as set forth in this subsection. Specifically, interest income and expense shall be calculated in the manner described below and, to the extent not inconsistent therewith, in a manner consistent with the pro forma financial statements attached hereto as Schedule 3, such that interest income and expense shall reflect the true operating results and shall not be unnecessarily credited or charged with excessive interest income or expense; profit sharing expense shall be set at 7% of eligible compensation, regardless of the actual number (higher or lower) actually determined to be contributed to HRH's Pension and Profit Sharing Plan; bad debt expense charged against earnings shall be the actual bad debt expense booked according to HRH accounting policy; depreciation charges shall be the actual depreciation charged; the charges against the earnings for professional fees (other than "hearing" legal costs), business insurance and other direct corporate costs shall be \$216,000, regardless of the actual costs incurred therefor by Buyer; Year 1 Agency Profit shall not be charged with up to \$30,000 of a new producer's salary provided that such new producer produces commission income from new accounts, which accounts were not acquired as part of the Assets or from existing customers of Seller or Buyer, equal to at least 50% of such excluded amount; Seller shall reimburse the costs incurred by Buyer with respect to the employment of Stephen H. Gow (except for expenses incurred for benefits provided to all employees of Buyer), and such reimbursed amount shall not be charged as an expense in computing Year 1 Agency Profit; and Seller shall reimburse Buyer \$26,000 with respect to the

lease by Buyer from Seller of certain premises at 344 Delaware Avenue, Buffalo, New York, and such amount shall not be charged as an expense in computing Year 1 Agency Profit.

The Buyer shall cause the Year 1 Agency Profit to be determined, and the amount thereof communicated to the Shareholders, as soon as is reasonably practicable after Year 1, and, in all events, no later than sixty-two (62) days after Year 1. In the event of a disagreement by the Shareholders, collectively, as to the computation of the Year 1 Agency Profit, such disagreement shall be resolved in the manner described in subsection D., below.

(2) To the extent the Year 1 Agency Profit shall be less than \$1,350,000 (with such deficiency being the "Year 1 Deficiency"), then for each \$1 of Year 1 Deficiency, Buyer shall be entitled to reduce the portion of the Purchase Price payable in fourteen months by aggregate amounts of \$1.341 down to a minimum aggregate amount payable of \$675,000. For example, if the Year 1 Deficiency equals \$50,000, the fourteen month payment to be received by Seller would be reduced by \$67,050 to the aggregate amount payable of \$1,211,400. If the Year 1 Deficiency equals or exceeds \$450,000, the fourteen month payment to be received by Seller would be reduced by the maximum amount of \$603,450 to the minimum aggregate amount payable of \$675,000.00.

B. Abatement of Purchase Price Based on Year 2 Agency Profit.

(1) As used herein, the term "Year 2 Agency Profit" shall mean the net profit of the Buyer for calendar year 1998 ("Year 2"), determined in accordance with Buyer's GAAP and applied uniformly in

determining the net profit of each subsidiary of HRH, before any provision for federal or state income taxes, before any provision for amortization of any portion of the Assets which are intangible and before any provision for any overhead charge by HRH, as the parent of the Buyer, to the Buyer. Additionally, the parties have reached special agreement with regard to the calculation of Year 2 Agency Profit as it relates to interest income and expense, profit sharing expense, bad debt expense, depreciation, professional fees, business insurance and other direct corporate costs, and a new producer's salary as set forth in this subsection. Specifically, interest income and expense shall be calculated in the manner described below and, to the extent not inconsistent therewith, in a manner consistent with the pro forma financial statements attached hereto as Schedule 3, such that interest income and expense shall reflect the true operating results and shall not be unnecessarily credited or charged with excessive interest income or expense; profit sharing expense shall be set at 7% of eligible compensation, regardless of the actual number (higher or lower) actually determined to be contributed to HRH's Pension and Profit Sharing Plan; bad debt expense charged against earnings shall be the actual bad debt expense booked according to HRH accounting policy; depreciation charges shall be the actual depreciation charged; the charges against the earnings for professional fees (other than "hearing" legal costs), business insurance and other direct corporate costs shall be \$216,000, regardless of the actual costs incurred therefor by Buyer; Year 2 Agency Profit shall not be charged with up to \$30,000 of a new producer's salary provided that such new producer produces commission income from new

accounts, which accounts were not acquired as part of the Assets or from existing customers of Seller or Buyer, equal to at least 50% of such excluded amount; Seller shall reimburse the costs incurred by Buyer with respect to the employment of Stephen H. Gow (except for expenses incurred for benefits provided to all employees of Buyer), and such reimbursed amount shall not be charged as an expense in computing Year 2 Agency Profit; and Seller shall reimburse Buyer \$26,000 with respect to the lease by Buyer from Seller of certain premises at 344 Delaware Avenue, Buffalo, New York, and such amount shall not be charged as an expense in computing Year 2 Agency Profit.

The Buyer shall cause the Year 2 Agency Profit to be determined, and the amount thereof communicated to the Shareholders, as soon as is reasonably practicable after Year 2, and, in all events, no later than sixty-two (62) days after Year 2. In the event of any disagreement by the Shareholders, collectively, as to the computation of the Year 2 Agency Profit, such disagreement shall be resolved in the manner described in subsection D, below.

(2) To the extent the Year 2 Agency Profit shall be less than \$1,350,000 (with such deficiency being the "Year 2 Deficiency"), then for each \$1 of Year 2 Deficiency, Buyer shall be entitled to reduce the portion of the Purchase Price payable in twenty-six months by aggregate amounts of \$1.341, down to a minimum aggregate amount payable of \$675,000. For example, if the Year 2 Deficiency equals \$50,000, the twenty-six month payment to be received by Seller would be reduced by \$67,050 to the aggregate amount payable of \$1,211,400. If the Year 2

Deficiency equals or exceeds \$450,000, the twenty-six month payment to be received by Seller would be reduced by the maximum amount of \$603,450 to the minimum aggregate amount payable of \$675,000.

C. Abatement of Purchase Price Based on Year 3 Agency Profit.

(1) As used herein, the term "Year 3 Agency Profit" shall mean the net profit of the Buyer for calendar year 1999 ("Year 3"), determined in accordance with Buyer's GAAP and applied uniformly in determining the net profit of each subsidiary of HRH, before any provision for federal or state income taxes, before any provision for amortization of any portion of the Assets which are intangible and before any provision for any overhead charge by HRH, as the parent of the Buyer, to the Buyer. Additionally, the parties have reached special agreement with regard to the calculation of Year 3 Agency Profit as it relates to interest income and expense, profit sharing expense, bad debt expense, depreciation, professional fees, business insurance and other direct corporate costs, and a new producer's salary as set forth in this subsection. Specifically, interest income and expense shall be calculated in the manner described below and, to the extent not inconsistent therewith, in a manner consistent with the pro forma financial statements attached hereto as Schedule 3, such that interest income and expense shall reflect the true operating results and shall not be unnecessarily credited or charged with excessive interest income or expense; profit sharing expense shall be set at 7% of eligible compensation, regardless of the actual number (higher or lower) actually determined to be contributed to HRH's Pension and Profit Sharing Plan; bad debt expense charged against earnings shall be the actual bad debt

expense booked according to HRH accounting policy; depreciation charges shall be the actual depreciation charged; the charges against the earnings for professional fees (other than "hearing" legal costs), business insurance and other direct corporate costs shall be \$216,000, regardless of the actual costs incurred therefor by Buyer; `Year 3 Agency Profit shall not be charged with up to \$30,000 of a new producer's salary provided that such new producer produces commission income from new accounts, which accounts were not acquired as part of the Assets or from existing customers of Seller or Buyer, equal to at least 50% of such excluded amount; Seller shall reimburse the costs incurred by Buyer with respect to the employment of Stephen H. Gow (except for expenses incurred for benefits provided to all employees of Buyer), and such reimbursed amount shall not be charged as an expense in computing Year 3 Agency Profit; and Seller shall reimburse Buyer \$26,000 with respect to the lease by Buyer from Seller of certain premises at 344 Delaware Avenue, Buffalo, New York, and such amount shall not be charged as an expense in computing Year 3 Agency Profit.

The Buyer shall cause the Year 3 Agency Profit to be determined, and the amount thereof communicated to the Shareholders, as soon as is reasonably practicable after Year 3, and, in all events, no later than sixty-two (62) days after Year 3. In the event of any disagreement by the Shareholders, collectively, as to the computation of the Year 3 Agency Profit, such disagreement shall be resolved in the manner described in subsection D., below.

(2) To the extent the Year 3 Agency Profit shall be less

than \$1,350,000 (with such deficiency being the "Year 3 Deficiency"), then for each \$1 of Year 3 Deficiency, Buyer shall be entitled to reduce the portion of the Purchase Price payable in twenty-six months by aggregate amounts of \$1.341, down to a minimum aggregate amount payable of \$675,000. For example, if the Year 3 Deficiency equals \$50,000, the twenty-six month payment to be received by Seller would be reduced by \$67,050 to the aggregate amount payable of \$1,211,400. If the Year 3 Deficiency equals or exceeds \$450,000, the twenty-six month payment to be received by Seller would be reduced by the maximum amount of \$603,450 to the minimum aggregate amount payable of \$675,000.

D. Determination of Agency Profit.

(1) As soon as practicable after Year 1, Year 2 and Year 3, and in all events, no later than sixty-two (62) days after Year 1, Year 2 and Year 3, respectively, Buyer or HRH shall deliver to the Shareholders the determination of the Year 1 Agency Profit, Year 2 Agency Profit and Year 3 Agency Profit ("Profit Statements"). In addition, the Shareholders or any firm or certified public accountants designated by the Shareholders (referred to below as the "Seller's Reviewer") shall be permitted reasonable access to the work papers, schedules, memoranda and other documents used in preparing the Profit Statements.

(2) As soon as is reasonably practicable after delivery to the Shareholders of the Profit Statements, and, in all events, within fifteen business (15) days after such delivery, the Shareholders shall give written notice to the Buyer either to the effect that the Profit Statement is acceptable as prepared or specifying any disagreement with respect to any item in such document. In the event of any disagreement,

the Shareholders, on the one hand, and the Buyer, on the other hand, shall each make a good faith attempt to reconcile the difference; however, if they are unable to reconcile all differences within a period of fourteen (14) days after notification to the Buyer of such disagreement, then the Shareholders, on the one hand, and the Buyer, on the other hand, shall submit all questions in dispute to one of the "Big Six" firms of certified public accountants (other than Seller's Reviewer or the accounting firm normally employed by Seller, HRH or Buyer, if applicable) located at a mutually agreed neutral site, as may be agreed upon by the Shareholders, on the one hand, and the Buyer, on the other hand, or, in default of such agreement, as may be determined by the President at such time of the American Institute of Certified Public Accountants, which chosen accounting firm ("Umpire") shall, within a period of thirty (30) days after submission, determine and report to the Shareholders, on the one hand, and the Buyer, on the other hand, upon all questions in dispute, and the report of the Umpire shall be final, conclusive and binding on the Shareholders and the Buyer. The fees charged by the Umpire shall be equally divided among the Shareholders, on the one hand, and the Buyer on the other hand.

The Profit Statements, as prepared by the Buyer or HRH, or, if varied by agreement between the Shareholders, on the one hand, and the Buyer, on the other hand, or by the report of the Umpire, then as so varied, shall be final, conclusive and binding on the Shareholders and the Buyer.

E. No Commissions Counted Twice. Notwithstanding anything in

the foregoing to the contrary, the accounting for any account for purposes of determining Year 1 Agency Profit, Year 2 Agency Profit and Year 3 Agency Profit shall be done in such a manner as to prevent any commissions which are earned in one year from being counted in two years and in such a manner as to prevent two years of commissions from any such account as being earned in any one year.

4. Allocation of Purchase Price. The Purchase Price shall be allocated at Closing in the manner prescribed under Section 1060 of the Code and the regulations promulgated thereunder. Buyer and Seller intend to allocate the Purchase Price, after imputation of interest, among the Assets as follows:

Expiration Lists	4,867,825
Furniture, Fixtures and Equipment	Adjusted tax basis as of 12/31/96
Goodwill	Balance of Purchase Price

To the extent any payment based on Year 1 Agency Profit, Year 2 Agency Profit and Year 3 Agency Profit is less than the maximum payment called for herein, Buyer and Seller shall first apply such reduction to goodwill. If such reductions eliminate goodwill, then such reduction shall next be applied to the value of the expiration lists. If any payment is made pursuant to the Agreement in excess of the Purchase Price, such excess shall be allocable to goodwill. All adjustments shall be discounted to their present value at the time of such adjustment by using the imputed interest percentage which shall adjust the amount of imputed interest accordingly. Buyer and Seller mutually covenant and agree that for tax purposes each of them will report the purchase and sale consummated hereunder on the basis of the foregoing allocation in

compliance with Section 1060 of the Code.

5. Closing. The closing ("Closing") shall be held at the offices of Hodgson, Russ, Andrews, Woods & Goodyear, LLP on January 7, 1997, at 10:00 a.m. ("Closing Date").

6. Representations and Warranties of Seller and Shareholders. Seller and Shareholders, jointly and severally, hereby represent and warrant to the Buyer and HRH as follows:

A. Except as set forth in Schedule 6.A, Seller has good and marketable title to, and owns, the Assets to be sold, assigned and transferred hereunder, and the Assets are, or will be as of the Effective Date, free and clear from any and all judgments, mortgages, pledges, liens, conditional sales agreements, security interest, options or other encumbrances or claims of every nature and kind whatsoever, other than liens on any Assets transferred subject to any Assumed Liabilities.

B. Seller is a corporation duly organized, validly existing and in good standing as a domestic corporation under the laws of the State of Delaware; Seller possesses all necessary corporate power to enter into this Agreement and to consummate the transactions contemplated hereby; the Shareholders and Board of Directors of Seller have taken, or will have taken by the Closing Date, all necessary corporate actions to authorize the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby; and except as set forth on Schedule 6.B, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will breach or violate any provision of Seller's certificate of

incorporation or bylaws, any statute or ordinance, or any material contract, agreement or other instrument to which Seller is a party or by which it is bound.

C. Except as set forth on Schedule 6.C, no notice, report or other filing is required to be submitted to, and no consent, approval or authorization is required to be received from, any governmental authority or other person or entity in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereunder, except where failure to do so will not have a material adverse effect.

D. Seller is not in default under any material agreement which is being assigned to Buyer hereunder.

E. Except as set forth on Schedule 6.E, there are no judgments, actions, suits, levies, attachments or governmental or administrative agency proceedings pending or, to the best knowledge of Shareholders, threatened against or affecting the Assets or the transactions contemplated by this Agreement, nor are there any such actions pending or, to the best knowledge of Shareholders, threatened between Seller and any of its clients or insurance companies for which it acts as agent.

F. Seller is, and has during the past five years been, in full compliance in all material respects with all licensing and other regulatory laws for the conduct of its present operations (including, without limitation, its property and casualty, personal lines and life businesses) and all of Seller's employees or agents who write any type of insurance for Seller (including the Shareholders) are and have been, in

full compliance in all material respects with all licensing and other regulatory laws such that Seller and Shareholders have no liabilities of any nature related to any failure, whether intentional or inadvertent, to comply with any such laws and which may attach to, or affect the use of, the Assets in a materially adverse manner by the Buyer or HRH. Attached hereto as Schedule 6.F is a complete list of all insurance licenses held by Seller and all states in which it is qualified to transact business.

G. Seller maintains errors and omissions coverage for all of its operations in amounts which it deems to provide adequate coverage; all such policies are described on Schedule 6.G (carrier, retrodate, claims made or occurrence policy, deductible and limits); and except as set forth on Schedule 6.G, neither Seller nor Shareholders have received any notice of any claim against Seller, its agents, employees or directors or any of the Shareholders.

H. (1) Schedule 6.H. contains a true and complete list of each "employee pension benefit plan" (within the meaning of Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") (including without limitation multiemployer plans within the meaning of ERISA Section 3(37)), under which any employee or former employee of Seller has any present or future right to benefits or under which Seller have any present or future liability. All such plans, agreements, programs, policies and arrangements shall be collectively referred to as the "Seller Plans".

(2) Each Seller Plan which is intended to be qualified within the meaning of section 401(a) of the Code is so qualified and has

received a favorable determination letter as to its qualification, or application has been made to the Internal Revenue Service for the issuance of such letter.

(3) No Seller Plan is a multiemployer plan within the meaning of Section 4001(a)(3) of ERISA or is an "employee pension benefit plan" within the meaning of Section 3(2) of ERISA subject to Title IV of ERISA.

(4) Except as disclosed on Schedule 6.H, Seller has no employment agreement with any employee which is not terminable at will and no employee pension, profit-sharing, or other retirement plan.

I. The list of Seller's liabilities, including liabilities for credit receivables and liabilities to insurance companies for all lines of insurance business outstanding as of the Pre-Effective Moment (which liabilities shall be separately stated and referred to as "Credit Receivables" and as "Insurance Company Payables"), attached hereto as Schedule 6.I is complete and correct as of the date hereof and will be updated as soon as practicable after the date hereof to reflect a complete and correct list of such Seller's liabilities as of the Pre-Effective Moment; and other than the Assumed Liabilities, Seller and the Shareholders are and will be responsible for all liabilities of Seller of any type whatsoever accrued as of the Effective Date.

J. Schedule 6.J contains a correct and complete list of all insurance companies with respect to which Seller has an agency contract or similar relationship. Except as identified in Schedule 6.J, no Shareholder has any knowledge of any proposed termination of, or modification to, the existing relations between Seller and any of such

insurance companies. Furthermore, except as otherwise set forth in Schedule 6.J, all accounts with all insurance companies represented by Seller or with whom it transacts business are current and there are no material disagreements or unreconciled discrepancies between Seller and any such company as to the amounts owed by Seller.

K. Except as disclosed on Schedule 6.K, there are no maintenance or other continuing agreements affecting or concerning the use of the Assets or Seller's insurance agency business.

L. Seller has timely filed or will file all tax returns required of it and timely paid all tax liabilities owed by it, such that no tax liabilities to Buyer or HRH of any kind whatsoever could be attached to or associated with the Assets.

M. Seller and Shareholders have caused to be delivered to HRH and Buyer true and complete copies of (1) Seller's 1995 federal and state income tax returns, (2) Seller's audited financial statements for the period ended December 31, 1995 and (3) Seller's compiled financial statements for the nine-month period ended September 30, 1996, and the calendar years ended in 1993 and 1994. Seller and Shareholders shall cause any newly-prepared financial information for periods through the Effective Date (including interim management reports) to be delivered promptly to the Buyer.

Each of the foregoing financial statements is true and correct, is in accordance with the books and records of Seller, presents fairly the financial condition and results of operations of Seller as of and for the periods indicated, and has been prepared, or will be prepared, in

accordance with generally accepted accounting principles consistently applied throughout the periods covered by such statements. All such financial statements do not contain any untrue statement of any material fact nor omit to state any material fact required to be stated to make such financial statements not misleading.

N. Except as disclosed on Schedule 6.A, there are no financing statements or other security interests of any kind filed or required to be filed against the Assets or affecting the use of, or title to, the Assets ("Financing Statements"). Except as further disclosed on Schedule 6.A, there are no deferred money purchase notes related to the Seller's acquisition of any portion of the Assets ("Notes"). Any such liabilities related to the Financing Statements or Notes can and will be paid off at or prior to Closing, except for liens relating to Assets transferred subject to any Assumed Liabilities as further detailed on Schedule 6.A.

O. Other than fees owing to Marsh, Berry & Company, Inc., which fees are the responsibility of Seller and Shareholders, Seller and Shareholders have not employed any broker or finder for the purposes of completing the transactions contemplated herein or for any transaction similar to the transactions contemplated herein such that no commission, finder's fee, brokerage fee or similar charge will be incurred for the consummation of the transactions contemplated herein.

P. Except for the transactions contemplated herein, neither Seller nor Shareholders have entered into any agreement for the sale of the Assets (or any portion thereof) or for the direct or indirect sale or exchange of Seller.

Q. Shareholders and Seller understand and acknowledge that errors and omissions prior to the Effective Date remain their risk exclusively and are not insured under Buyer's or HRH's insurance program, and have been advised to, and will, take out insurance, effective as of the Effective Date to insure each Shareholder and the Seller for claims arising under errors and omissions occurring prior to the Effective Date; and when such insurance is purchased, Shareholders and Seller will furnish all such certificates of insurance to Buyer and HRH as soon as is practicable.

R. Except as identified in Schedule 6.R, Shareholders have no knowledge of any proposed termination of any insurance account presently written or serviced by Seller. Also, except as otherwise set forth in Schedule 6.R, all customer accounts, including, without limitation, those accounts with respect to which Seller financed any premiums, are current. For purposes of this Section, the terms "insurance account" and "customer account" shall be limited to accounts which generate aggregate annual income (commissions and fees) of \$25,000 or more.

The census data for all of Seller's employees as of the date hereof, in the form provided in Schedule 6.S , is true and complete in all material respects.

The foregoing representations and warranties shall survive the Closing until March 1, 2000.

7. Representations and Warranties of Buyer and HRH. Buyer and HRH hereby represent and warrant to the Seller and the Shareholders as follows:

A. Buyer is duly organized, validly existing and in good standing as a domestic corporation under the laws of the State of Delaware; HRH is duly organized, validly existing and in good standing as a domestic corporation under the laws of the Commonwealth of Virginia; each of Buyer and HRH has the corporate power to enter into this Agreement and to consummate the transactions hereby contemplated and has taken all actions necessary to authorize the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

B. This Agreement and the transactions contemplated hereby will not breach or violate any provision of Buyer's or HRH's articles of incorporation or bylaws or any statute, rule, regulation or material agreement to which either is a party or by which either is bound.

C. Neither Buyer nor HRH has employed a broker or finder for the purposes of completing the transactions contemplated hereby.

D. HRH has, and Buyer will have as of each time contemplated for it to make such a payment, adequate financial resources and capability to consummate the transactions contemplated by this Agreement. Neither HRH nor Buyer will be or become insolvent as a result of consummating the transactions contemplated by this Agreement.

E. Except for necessary reports and other filings with the SEC and New York Stock Exchange, each of which has been or will be made prior to Closing, no notice, report or other filing is required to be submitted to, and no consent, approval or authorization is required to be received from, any governmental authority or other person or entity in connection with the execution and delivery of this Agreement or the

consummation of the transactions contemplated hereby.

F. The foregoing representations and warranties shall survive the Closing until March 1, 2000.

8. Conditions Precedent to Performance by Buyer and HRH. The obligation of Buyer and HRH to perform under this Agreement is contingent upon the following conditions being fulfilled at or prior to Closing (or the Effective Date, where stated to be applicable), any of which may be waived in Buyer's or HRH's sole discretion without impairing any right of indemnification or other right or remedy under this Agreement:

A. R. Mason shall have entered into an Employment Agreement and Covenant Not to Compete with Buyer and each of J. Gow and M. Gow shall have entered into a Covenant Not to Compete with Buyer, in form and substance as set forth in Schedule 8.A attached hereto.

B. Each of the individuals listed on Schedule 8.B shall have entered into an Employment Agreement and Covenant Not to Compete with Buyer, substantially in form and substance as set forth in Schedule 8.B attached hereto.

C. Buyer and HRH shall have received from Hodgson, Russ, Andrews, Woods & Goodyear, LLP, counsel to Seller, an opinion in form and substance as set forth in Schedule 8.C attached hereto.

D. The Shareholders and Seller shall have complied in all material respects with all representations, warranties, conditions, covenants and agreements required under this Agreement to be performed or complied with by Seller or the Shareholders on or before the Closing.

E. No suit, action or proceeding, or governmental

investigation, against or concerning, directly or indirectly, Seller, or any of Seller's assets and properties, shall have been instituted or reinstated, nor shall any basis therefor have arisen, that might result in any order or judgment of any court or of any administrative agency which, in the opinion of the counsel for Buyer, renders it impossible or inadvisable for Buyer to consummate or cause to be consummated the transactions contemplated by this Agreement.

F. All transactions contemplated hereby, and the form and substance of all legal proceedings and of all instruments used or delivered hereunder, shall be reasonably satisfactory to counsel for Buyer.

G. The Buyer shall have received certified copies of resolutions of the Board of Directors and Shareholders of Seller, to the extent deemed necessary by, and in form satisfactory to, counsel for Buyer, authorizing the execution and delivery of this Agreement by Seller and the consummation of the transactions contemplated hereby.

H. The escrow provided for in Section 12 hereof shall have been established and funded in accordance with such Section 12.

I. Each of the Shareholders, and, if applicable, all those persons designated in Section 8.B, above, shall have obtained substantially all of the material licenses and other regulatory approvals necessary to operate lawfully the property and casualty, personal lines and life insurance businesses (in a manner similar to the present conduct of such businesses by Seller) to be conducted by Buyer and each of its agents, solicitors and employees.

J. HRH shall have completed the acquisition by merger of

Buyer, except for the actual filing of the Certificate of Merger which shall be submitted for filing on the date of Closing.

8.1. Conditions Precedent to Performance by Seller and Shareholders.

The obligation of Seller and Shareholders to perform under this Agreement is contingent upon the following conditions being fulfilled at or prior to Closing (or the Effective Date, where stated to be applicable), any of which may be waived in Seller's or Shareholders' sole discretion without impairing any right of indemnification or other right or remedy under this Agreement:

A. Buyer shall have entered into an Employment Agreement and Covenant Not to Compete with R. Mason and shall have entered into a Covenant Not to Compete with J. Gow and M. Gow, in form and substance as set forth in Schedule 8.A attached hereto.

B. Buyer shall have entered into an Employment Agreement and Covenant Not to Compete with each of the individuals listed in Schedule 8.B, substantially in form and substance as set forth in Schedule 8.B attached hereto.

C. Buyer and HRH shall have complied in all material respects with all representations, warranties, conditions, covenants and agreements required under this Agreement to be performed or complied with by Buyer or HRH on or before Closing.

D. No material suit, action or proceeding, or governmental investigation, against or concerning, directly or indirectly, Buyer or HRH which has not been previously disclosed to Seller, shall have been instituted or reinstated, nor shall any basis therefor have arisen,

that might result in any order or judgment of any court or of any administrative agency which, in the opinion of the counsel for the Seller, renders it impossible or inadvisable for the Seller to consummate or cause to be consummated the transactions contemplated by this Agreement.

E. All transactions contemplated hereby, and the form and substance of all legal proceedings and of all instruments used or delivered hereunder, shall be reasonably satisfactory to counsel for the Seller.

F. The Seller shall have received certified copies of resolutions of the boards of directors of Buyer and HRH, to the extent deemed necessary by, and in form satisfactory to, counsel for the Seller, authorizing the execution and delivery of this Agreement by the Buyer and HRH and the consummation of the transactions contemplated hereby.

G. HRH shall have completed the acquisition by merger of Buyer, except for the actual filing of the Certificate of Merger which shall be submitted for filing on the date of Closing.

H. Buyer shall have delivered such instruments of assignment and assumption as are necessary to evidence Buyer's assumption of the Assumed Liabilities.

I. Buyer shall have delivered the cash portion of the Purchase Price pursuant to Section 2.A, and the contemplated noncompete payments under the agreements referenced in Section 8.A.

J. Buyer shall have executed and delivered a lease agreement for the premises located at 344 Delaware Avenue, Buffalo, New York substantially in the form attached hereto as Exhibit 8.1.J.

9. Covenants of Seller and Shareholders. Seller and Shareholders covenant and agree that, except as otherwise consented to in writing by Buyer and HRH:

A. Regular Course of Business. Prior to the Transfer Date, Seller will carry on its business diligently and in the ordinary course consistent with past management practices, except as otherwise contemplated by this Agreement.

B. Restricted Activities and Transactions of Seller. Prior to the Transfer Date, except as contemplated by this Agreement, Seller will not engage in any one or more of the following activities or transactions:

(1) except for indebtedness in the ordinary course of business, issue, sell, deliver or agree to issue, sell or deliver any stock, bonds or other corporate securities of which Seller is the issuer (whether authorized and unissued or held in treasury), or grant or issue or agree to grant or issue any options, warrants or other rights calling for the issue thereof;

(2) borrow or agree to borrow any funds or voluntarily incur, or assume or become subject to, whether directly or by way of guarantee or otherwise, any obligation or liability (absolute or contingent) except obligations and liabilities incurred in the ordinary course of business;

(3) except in the ordinary course of business, mortgage, pledge or encumber any part of its assets, tangible or intangible;

(4) sell or transfer, or agree to sell or transfer, any

substantial part of its assets, property or rights; or cancel, or agree to cancel, any substantial debts or claims;

(5) except in the ordinary course of business, enter, or agree to enter, into any agreement or arrangement granting any preferential rights to purchase any of the assets, property, or rights of Seller or requiring the consent of any party to the transfer and assignment of any such assets, property or rights;

(6) except in the ordinary course of business, make or permit any amendment or termination of any material contract, agreement or license to which it is a party;

(7) make any material change in any profit-sharing, bonus, deferred compensation, insurance, pension, retirement or other employee benefit plan, payment or arrangement, except as required by law;

(8) except for minor acquisitions or dispositions effected in the ordinary course of business, merge or consolidate with any other corporation, acquire control of any other corporation or business entity, or take any steps incident to or in furtherance of any of such actions whether by entering into an agreement providing therefor or otherwise;

(9) make any material alteration in the manner of keeping its books, accounts or records or in the accounting practices therein reflected; or

(10) except for transactions not referred in clauses (1) - (9), above, and except in the ordinary course of business, enter into any other material contract, agreement, course of action or transaction.

C. Confidentiality. Seller will, and will use its reasonable

efforts to cause its authorized representatives (including, without limitation, the Shareholders) to, hold in strict confidence and not disclose to any other party without the prior written consent of Buyer and HRH, all information received by them from Buyer or HRH in connection with the transactions contemplated hereby, and the terms of this Agreement, except such information may be disclosed (i) where necessary to any regulatory authorities or governmental agencies, (ii) if required by court order or decree or applicable law, (iii) if it is or becomes publicly available without violation of any covenant of confidentiality or (iv) if it is otherwise contemplated herein.

D. Consents. Seller will use its best reasonable efforts to obtain or make at the earliest practicable date (and, with respect to those consents identified in Section 8.I, before Closing), all consents, estoppel certificates and filings necessary to the consummation of the transactions contemplated hereby which are necessary to be obtained by Seller or which are reasonably requested by Buyer or HRH.

E. Nonsolicitation Covenant. Each of the Shareholders, by signature hereto, covenants that he shall not for a period of five (5) years after the Effective Date, directly or indirectly, except on behalf of Buyer, its successors or assigns, solicit or accept risk management, insurance or bond business from any of the customers of Seller as of the moment immediately preceding the Effective Date. Each of the Shareholders, by signature hereto, acknowledges: (i) that this covenant is ancillary to this Agreement, is integral hereto and is independent of any other provision herein, (ii) that this covenant is reasonably

necessary for the protection of Buyer's legitimate business interests; (iii) that this covenant poses no undue hardship on the Shareholders and is reasonably limited as to duration and scope; and (iv) that this covenant is in addition to any covenants which Shareholders may make in any employment or other agreements executed or to be executed with Buyer. Further, if any part of this covenant is deemed overbroad or void as against public policy, each of the Shareholders, by signature hereto, acknowledges that such invalid portions shall be severable from this covenant and specifically requests that, upon such event, this covenant be reformed ("blue-pencilled") to permit Buyer to obtain the maximum permissible benefit from this covenant.

Change of Name. Immediately after the Closing, Seller and Shareholders will change Seller's corporate name, thereby allowing Buyer to change its name to "S. H. Gow & Company, Inc." Plans. To take the actions required of them in Schedule 9.G at the times specified therein.

10. Covenants of Buyer and HRH. Buyer and HRH covenant and agree that, except as otherwise consented to in writing by Seller and Shareholders:

Confidentiality. Buyer and HRH each will, and each will use its reasonable efforts to cause its authorized representatives to, hold in strict confidence and not disclose to any other party without the prior written consent of Seller and Shareholders, all information received by them from Seller and Shareholders in connection with the transactions contemplated hereby, and the terms of this Agreement, except such information may be disclosed (i) where necessary to any regulatory

authorities or governmental agencies, (ii) if required by court order or decree or applicable law, (iii) if it is or becomes publicly available without violation of any covenant of confidentiality or (iv) if it is otherwise contemplated herein.

Financial Access for Shareholders. From and after the Closing and continuing until the last payment owing from Buyer to Seller pursuant to Section 2 hereof is made, Buyer shall deliver to each Shareholder (i) within 30 days after the end of each calendar quarter, internally prepared financial statements of Buyer for the quarterly period then ended (and year ended, when applicable) in the form required to be provided to HRH, and (ii) upon the request of any Shareholder with at least 30 days prior notice, internally prepared financial statements of Buyer for any specific month in the form required to be provided to HRH, as well as any other financial information reasonably requested by any Shareholder relevant to (i) the payments required under this Agreement, (ii) any tax return of Seller or Shareholders with respect to periods prior to the Effective Date or (iii) any litigation or other legal proceeding involving matters relating to the operation of Seller's business prior to the Effective Date.

Plans. To take the actions required of them in Schedule 9.G at the times specified therein.

11. Accounts and Other Receivables. Seller and Buyer agree that all accounts receivable of Seller as of the Pre-Effective Moment (including commissions earned but not paid on business billed by Seller which was written and having an effective date prior to the Effective

Date, but excluding direct bill commissions not received by Seller prior to the Effective Date) to be attached hereto at Closing (and to be updated, if necessary, as soon thereafter as is practicable) as Schedule 11 belong to Seller and shall be paid to Seller in the manner described below. Buyer shall collect all such accounts receivable for a period of six months after the Effective Date using collection practices and procedures which are substantially the same as those used by other HRH offices to collect their own receivables. If any payment is received without an invoice enclosed or without reference to any specific invoice, and if neither Seller nor Buyer is aware of a dispute as to the oldest balance of such account, then each such payment shall be applied to the oldest balance of that account first. Not later than twenty (20) days after the end of any month, Buyer shall remit to Seller all receivables so collected for Seller, or if the escrow account to be established pursuant to Section 12 is underfunded, then and only to such extent, Buyer shall instead deposit such amounts in such escrow account. This arrangement shall continue until (i) all such existing receivables as of the Pre-Effective Moment have either been paid to Seller or (ii) six months after the Effective Date, whichever occurs first. If at the end of such six month period any of such accounts receivable have not been collected, Seller shall have the right to continue to attempt to collect such amounts for its own account; provided that Seller agrees that it will not litigate any accounts receivable claim without the prior written consent of Buyer and HRH. If Buyer does not grant such approval to Seller within five (5) business days after written request, then Buyer shall purchase such receivable at its face value and Seller shall not

pursue further collection efforts on such receivable.

12. Accounts Payable and Other Liabilities of Seller. Seller and Buyer mutually acknowledge and agree that Buyer is not assuming any of Seller's accounts payable or other liabilities of any kind whatsoever, whether arising prior to, on or after the Effective Date, other than the Assumed Liabilities. A list with Seller's Insurance Company Payables is attached hereto as Schedule 6.I. Seller and Shareholders covenant and agree to pay all liabilities and payables owed by Seller which are related to its insurance business as they become due, other than any such liabilities or payables with respect to which there exists a reasonable basis to dispute the legal obligation to pay such liability or account payable. To ensure full payment of Seller's liabilities, Buyer and Seller agree that an amount equal to the greater of \$450,000 or 100% of Insurance Company Payables ("Escrow Amount"), consisting of (a) \$_____ drawn from the cash payable to Seller at Closing pursuant to Section 2.A and (b) \$_____ to be collected from the accounts receivable of Seller in due course after Closing, shall be held in co-escrow in an interest-bearing account at a financial institution of Seller's choosing (which institution shall be reasonably available to HRH and Buyer, and, for the choice of which, neither HRH nor Buyer shall be liable in any way to Seller or Shareholders) and shall be drawn upon by joint signature of an officer of Buyer and the President of Seller ("Escrow Agents") and used to pay Seller's Insurance Company Payables, Credit Receivables and other accounts payable listed on Schedule 6.I. Receivables of Seller collected by Buyer after the Effective Date may be

deposited into the Escrow Account if and to the extent the Escrow Account is underfunded. When all such liabilities required to be listed on Schedule 6.I have been paid, excluding any such liabilities with respect to which, at Buyer's sole discretion, there is a reasonable basis to dispute Seller's legal obligation to pay, the Escrow Agents shall release the balance of the cash (including interest accrued) to Seller. Evidence of payment of any such liability of Seller shall be in the form of a cancelled check, written receipt from the creditor or other evidence reasonably satisfactory to Buyer that all amounts owed or accrued up to the Effective Date have been paid. The release of the balance of the cash to Seller shall not relieve Seller of its obligation to pay any of its liabilities, including any contested liabilities should Seller be found liable.

13. Indemnification.

A. Indemnification by Seller and Shareholders. Seller and Shareholders covenant and agree that they shall jointly and severally indemnify and hold Buyer and HRH harmless from any and all damages or expenses (including legal costs and reasonable attorneys' fees) which Buyer or HRH may suffer due to (a) any breach by Seller or Shareholders of any representations, warranties, conditions or covenants hereunder or (b) the assertion against Buyer or HRH of any liability or claim relating to the operation of the business of Seller prior to the Effective Date (except to the extent it is an Assumed Liability).

B. Indemnification by Buyer and HRH. Buyer and HRH covenant and agree that each shall jointly and severally indemnify and hold Seller and Shareholders harmless from any and all damages or expenses (including

legal costs and reasonable attorney's fees) which Seller and Shareholders may suffer due to (a) any breach by Buyer or HRH of any representations, warranties, conditions or covenants hereunder, (b) any failure of Buyer or HRH to pay or perform the Assumed Liabilities or (c) the assertion against Seller or any Shareholder or any liability or claim relating to the operation of the business of Buyer from and after the Effective Date.

C. Limitations on Indemnity. Notwithstanding anything to the contrary in this Section 13, the maximum aggregate amount for which Sellers and Shareholders, on one hand, or Buyer and HRH, on the other hand, shall be liable to the other at any time pursuant to this Section 13 shall be limited to the Purchase Price.

D. Right of Offset. Buyer shall be entitled to offset against any of the Deferred Obligations any and all amounts for which Seller and Shareholders are required to indemnify Buyer and HRH pursuant to this Section 13.

Buyer shall not have the right to exercise any right of setoff pursuant to this Section 13.D until (i) with respect to any amount claimed in good faith to be owing directly from Seller or Shareholders to Buyer (including, without limitation, in the event of a breach of a representation or warranty), Buyer has given Seller and Shareholders written notice of such setoff at least fifteen (15) days prior to exercising such right of setoff and either (A) neither Seller nor Shareholders have objected to the amount of the setoff within such 15 day period or (B) if Seller or Shareholders have so objected in good faith to the amount of the setoff, the appropriate amount of setoff has been

determined by good faith discussion between the parties or by arbitration as provided below or (ii) with respect to any amount owing from Seller or Shareholders to Buyer for indemnification of amounts incurred by Buyer to any third person, Buyer shall have been required to make payment to such third Person.

In the event that Seller or Shareholders object in good faith to the amount of any setoff claimed by Buyer pursuant to this Section and Buyer and Seller or Shareholders, acting diligently and in good faith, are unable to mutually agree upon the amount of such setoff within fifteen (15) days after Seller or Shareholders receive notice of the claim for setoff from Buyer, then either Buyer or Seller or Shareholders shall have the right, upon written notice to the other, to submit the dispute to arbitration in accordance with Section 3.D.2 hereof.

14. Miscellaneous.

A. Binding Nature, Assignments. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, guardians, personal representatives, successors and assigns. No amendment, modification, termination or waiver of any provision of this Agreement shall be effective unless the same shall be in writing and signed by all parties hereto.

B. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF VIRGINIA.

C. Headings and Exhibits. The headings of the various Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof. All Schedules and

other documents referred to in this Agreement are an integral part of this Agreement.

D. Notices. Any notices or other communications required or permitted hereunder shall be in writing and delivered at the addresses designated below, or mailed by overnight mail, registered or certified mail, return receipt requested, postage prepaid, addressed as follows, or to such other address or addresses as may hereafter be furnished by any party to the others in compliance with the terms hereof:

If to Buyer or HRH, to:

Mr. Robert H. Hilb, Chairman and
Chief Executive Officer
Hilb, Rogal and Hamilton Company
4235 Innslake Drive
P.O. Box 1220
Glen Allen, Virginia 23060-1220

With a copy to:

Walter L. Smith, Esquire
Hilb, Rogal and Hamilton Company
4235 Innslake Drive
P.O. Box 1220
Glen Allen, Virginia 23060-1220

If to Seller or Shareholders, to:

Mr. Jeffrey Gow

Mr. Michael Gow

Mr. Richard Mason

With a copies to:

Douglas A. Yoh
Marsh/Berry & Company
7466 Auburn Road
Concord, Ohio 44077

Hodgson, Russ, Andrews, Woods & Goodyear, LLP
1800 One M&T Plaza
Buffalo, New York 14203
Attention: Todd M. Joseph, Esq.

All such notices and other communications shall be effective when delivered at the designated addresses or deposited in the mails in conformity with the provisions hereof.

E. Public Releases. Buyer and Seller agree that they will jointly approve public releases or letters to customers or the press concerning the consummation of the transactions contemplated by this Agreement.

F. Casualty Loss. The Seller shall bear the risk of loss, destruction, or damage to the Assets caused by fire or other casualty through Closing Date. Thereafter such risk shall shift to the Buyer.

G. Payment of Fees. Buyer, Seller, HRH and Shareholders shall each pay their own attorneys' fees and other expenses relating to this transaction.

H. Further Instruments and Actions. The parties shall execute and deliver such other documents and instruments as may be reasonably necessary (including, without limitation, obtaining the signatures of spouses) and shall take such further action as may be necessary or appropriate, to carry out the terms and purposes of this Agreement.

I. Right to Modify or Amend. The parties may at any time by

mutual agreement modify or amend this Agreement in any manner as agreed upon by them in writing.

J. Termination. At any time prior to the Closing, the parties may by mutual written agreement terminate this Agreement. In the event this Agreement is so terminated, the parties shall have no liability to each other hereunder.

K. Complete Agreement. This Agreement and the Schedules hereto constitute the entire Agreement between the parties hereto with respect to the transactions contemplated herein. No representation, promise or inducement not included or required to be included herein shall be binding upon any party hereto.

L. Execution and Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall represent one agreement.

M. Severability. Any provision of this Agreement which is invalid, illegal or unenforceable shall be ineffective to the extent of such invalidity, illegality or unenforceability, without affecting in any way the remaining provisions hereof.

N. Understanding of Agreement. Seller, Shareholders, HRH and Buyer acknowledge that each has read and understood the provisions of this Agreement, and that this Agreement entered into voluntarily and after having had all opportunities to seek such advice as each may have wished to receive.

O. Later Acquisitions. Seller and Shareholders acknowledge that a later acquisition by Buyer of another insurance agency could affect the determination of Year 1, Year 2 and Year 3 Agency Profit and

agree to cooperate with Buyer and HRH in making any adjustments as necessary to this Agreement to carry out its intent. Any such acquisition proposed to be consummated prior to March 1, 2000 shall be subject to (a) the prior consent of Mr. Mason and (b) an agreement between Shareholders and Parent as to what adjustments are to be made in the determination of Agency Profit for each of the affected years.

P. Case and Gender. Wherever required by the context of this Agreement, the singular and plural cases and the masculine, feminine and neuter genders shall be interchangeable.

Q. HRH Policy on Post-Acquisition Cash Held by Buyer. Seller and Shareholders acknowledge that they have been informed of the policy of HRH not to allow cash and cash equivalents in excess of what HRH believes to be the appropriate amount of working capital for any of its operating offices to remain in an interest-earning account for the benefit of that office. As such, Seller and Shareholders acknowledge that HRH will cause any such excessive amounts of cash and equivalents to be dividended to HRH, that such dividends would reduce interest earnings attributable to Buyer after the Effective Date, and that HRH has the right to declare such dividends.

R. Nonwaiver. The waiver by any party of any provision of this Agreement shall not operate or be construed as a waiver of any other provisions of this Agreement.

S. Guaranty of HRH. HRH guarantees (a) the timely payment, without any setoff or reduction (except as specifically agreed to herein), of all indebtedness, liabilities and obligations for the payment

of money, regardless of kind, incurred for any purpose, now existing or hereafter arising, direct or indirect, absolute or contingent, similar or dissimilar, related or unrelated, due or not due, contractual or tortious, liquidated or unliquidated or arising by operation of law or otherwise, and (b) the timely performance of all other obligations whatsoever, that are now or hereafter owing by Buyer and Seller or Shareholders pursuant to this Agreement or pursuant to any other agreement, instrument or certificate executed and delivered pursuant to or in connection with this Agreement, or arising in connection with the transactions contemplated hereby. Such guaranty is a continuing guaranty and, to the extent it relates to the payment of any such amount, a guaranty of payment rather than collection. Such guaranty is independent of and in addition to any other collateral or other security for the payment of any such amount or the performance of any such other obligations.

WITNESS the following signatures:

SELLER:

S. H. GOW & COMPANY, INC.

By _____
Its _____

HRH, ON BEHALF OF ITSELF AND
ITS TO BE ACQUIRED COMPANY, BUYER:

HILB, ROGAL AND HAMILTON COMPANY

By _____
Its _____

SHAREHOLDERS:

Jeffrey Gow

Michael Gow

Richard Mason

CONSENT OF DOPKINS & COMPANY, INDEPENDENT ACCOUNTANTS

We consent to the reference of our firm under the caption "Experts" and to the use of our reports dated November 9, 1996 with respect to the financial statements of S. H. Gow & Company, Inc. and Gow Management Services, Inc. included in the Supplement to Prospectus dated February 12, 1992 and related Registration Statement (Form S-4, No. 33-44271) of Hilb, Rogal, and Hamilton Company.

/S/ Dopkins & Company

Buffalo, New York
December 20, 1996