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HILB ROGAL & HAMILTON CO /VA/
Form 10-K
March 26, 2001

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For Fiscal Year Ended December 31, 2000

COMMISSION FILE NO. 0-15981

HILB, ROGAL AND HAMILTON COMPANY
(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction of
incorporation or organization)

54-1194795
(I.R.S. Employer
Identification No.)

4235 Innslake Drive
Glen Allen, Virginia
(Address of principal executive offices)

23060
(Zip Code)

(804) 747-6500
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of Class ----- | Name of Exchange on Which Registered ----- |
|----------------------------|---|
| Common Stock, no par value | New York Stock Exchange |

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No
--- ---

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (ss. 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K [].

State the aggregate market value of the voting stock held by non-affiliates of the registrant.

\$482,658,075 as of March 1, 2001

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Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

| Class ----- | Outstanding at March 1, 2001 ----- |
|----------------------------|---------------------------------------|
| Common Stock, no par value | 13,469,290 |

Documents Incorporated by Reference

Portions of the registrant's 2000 Annual Report to Shareholders are incorporated by reference into Parts I and II of this report.

Portions of the registrant's Proxy Statement for the 2001 Annual Meeting of Shareholders are incorporated by reference into Part III hereof.

PART I

ITEM 1. BUSINESS

The Company

Hilb, Rogal and Hamilton Company (the "Company"), through its network of wholly-owned subsidiary insurance agencies (the "Agencies"), places various types of insurance, including property, casualty, marine, aviation and employee benefits, with insurance underwriters on behalf of its clients. The Agencies operate approximately 80 offices in 22 states. The Company's client base ranges from personal to large national accounts and is primarily comprised of middle-market commercial and industrial accounts. Insurance commissions accounted for approximately 91% of the Company's total revenues in 2000. The Company also advises clients on risk management and employee benefits and provides claims administration and loss control consulting services to clients, which contributed approximately 7% of revenues in 2000.

The Company has historically grown principally through acquisitions of independent agencies with significant local market shares in small to medium-size metropolitan areas. Since 1984, the Company has acquired 190 independent agencies. The Company's prior growth strategy emphasized acquisitions of established independent agencies staffed by local professionals and centralization of certain administrative functions to allow agents to focus on business production. The Company believes that a key to its success has been a strong emphasis on local client service by experienced personnel with established community relationships.

On May 3, 1999, the Company acquired American Phoenix Corporation, the property and casualty brokerage subsidiary of Phoenix Home Life Mutual Insurance Company, its largest acquisition to date. American Phoenix Corporation, based in Hartford, Connecticut, was the 14th largest property and casualty insurance brokerage firm in the United States. With 16 offices located primarily in the Mid-Atlantic states, New England and Florida, American Phoenix Corporation generated approximately \$73 million in revenues in 1998.

The Company's current acquisition program is largely focused on acquisitions which fit into the strategic and regional plans and targets entities which provide a specialty or product expertise which can be exported throughout the Company.

The Agencies act as independent agents representing a large number of

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insurance companies, which gives the Company access to specialized products and capacity needed by its clients. Agencies and regions are staffed to handle the broad variety of insurance needs of their clients. Additionally, certain Agencies and regions have developed special expertise in areas such as professional liability, equipment maintenance and construction and this expertise is made available to clients throughout the regions and Company.

The Company has established direct access to certain foreign insurance markets without the need to share commissions with excess and surplus lines brokers. This direct access allows the Company to enhance its revenues from insurance products written by foreign insurers and allows it to provide a broader array of insurance products to its clients.

While the Agencies have historically been largely decentralized with respect to client solicitation, account maintenance, underwriting decisions, selection of insurance carriers and areas of insurance specialization, the Company maintains centralized administrative functions, including cash management and investment, human resources and legal functions, through its corporate headquarters. Accounting

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records and systems are maintained at each Agency, but the Company requires each Agency to comply with standardized financial reporting and control requirements. Through its internal auditing department, Company personnel periodically visit each Agency and monitor compliance with internal accounting controls and procedures.

The Company has created regional operating units to coordinate the efforts of several local offices in a geographic area to focus on markets, account retention, client service and new business production. The five U.S. regions are the Mid-Atlantic (Pennsylvania, Maryland and Virginia); Northeast (Connecticut, Massachusetts, Maine, New Hampshire, New York and New Jersey); Southeast (Alabama, Georgia and Florida); Central (Oklahoma, Texas, Kansas, Michigan and Illinois) and West (Arizona, California, Colorado, Oregon and North Carolina). Regional management of a sizable mass of coordinated and complementary resources has enabled each Agency to address a broader spectrum of client needs and respond more quickly and expertly than each could do on a stand-alone basis. Additionally, operations were streamlined by merging multiple locations in the same city into a single profit center and converting smaller locations into sales offices of a larger profit center in the same region.

The Company derives income primarily from commissions on the sale of insurance products to clients paid by the insurance underwriters with whom the Agencies place their clients' insurance. The Company acts as an agent in soliciting, negotiating and effecting contracts of insurance through insurance companies and occasionally as a broker in procuring contracts of insurance on behalf of insureds. The Company derived in excess of 92% of its commission and fee revenue in 2000 from the sale of insurance products, principally property and casualty insurance. Accordingly, no breakdown by industry segments has been made. The balance is primarily derived from service fee income related to claims management and loss control services, program administration and workers' compensation consultative service. Within its range of services, the Company also places surplus lines coverages (coverages not available from insurance companies licensed by the states in which the risks are located) with surplus lines insurers for various specialized risks.

Insurance agents' commissions are generally a percentage of the premium paid by the client. Commission rates vary substantially within the insurance industry. Commissions depend upon a number of factors, including the type of

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insurance, the amount of the premium, the particular insurer, the capacity in which the Company acts and the scope of the services it renders to the client. In some cases, the Company or an Agency is compensated by a fee paid directly by the client. The Company may also receive contingent commissions which are based on the profit an insurance company makes on the overall volume of business placed with it by the Company. Contingent commissions are generally received in the first quarter of each year and, accordingly, may cause first quarter revenues and earnings to vary from other quarterly results.

The Company provides a variety of professional services to assist clients in analyzing risks and in determining whether protection against risks is best obtained through the purchase of insurance or through retention of all, or a portion of those risks, and the adoption of risk management policies and cost-effective loss control and prevention programs.

No material part of the Company's business is dependent on a single client or on a few clients, and the Company does not depend on a single industry or type of client for a substantial amount of its business. In 2000, the largest single client accounted for approximately 0.6% of the Company's total revenues.

Operating History and Acquisition Program

The Company was formed in 1982 to acquire and continue an existing insurance agency network. At that time, the Company undertook a program of consolidating agencies, closing or selling unprofitable

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locations and acquiring new agencies. From 1984 to March 1, 2001, a total of 190 agencies have been acquired. One hundred forty of those agencies were acquired using the purchase method of accounting at a total purchase price of approximately \$302.7 million. In a purchase acquisition, the purchase price of an agency is typically paid in cash and deferred cash payments. In some cases, a portion of the purchase price may also be paid in Common Stock and, in the case of the American Phoenix acquisition, the issuance of Convertible Subordinated Debentures. From November 1, 1988 to May 1, 1995, 50 agencies were acquired under the pooling-of-interests method of accounting in exchange for a total of approximately 8.1 million shares of Common Stock of the Company.

The Company has substantial experience in acquiring insurance agencies. Generally, each acquisition candidate is subjected to a due diligence process in which the Company evaluates the quality and reputation of the business and its management, revenues and earnings, specialized products and expertise, administrative and accounting records, growth potential and location. For candidates that pass this screening process, the Company uses a pricing method that emphasizes pro forma revenues, profits and tangible net worth. As a condition to completing an acquisition, the Company requires that the principals be subject to restrictive covenants in a Company prepared form. Once the acquisition is consummated, the Company takes steps to introduce its procedures and protocols and to integrate the agency's systems and employees into the Company.

Competition

The Company participates in a very competitive industry. It is a leading independent insurance agency system serving a wide variety of clients through its network of wholly-owned subsidiaries which operate approximately 80 offices located in 22 states. Many of the Company's competitors are larger and have greater resources than the Company and operate on an international scale.

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In some of the Agencies' cities, because no major national insurance broker has established a presence, the Company competes with local agents and private, regional firms, some of who may be larger than the Company's local Agency.

The Company is also in competition with certain insurance companies which write insurance directly for their customers, and the banking industry, as well as self-insurance and other employer sponsored programs.

Employees

As of December 31, 2000, the Company had approximately 2,200 employees. No employees are currently represented by a union. The Company believes its relations with its employees are good.

Regulation

In every state in which the Company does business, the applicable Agency or an employee is required to be licensed or to have received regulatory approval by the state insurance department in order for the Company to conduct business. In addition to licensing requirements applicable to the Company, most jurisdictions require individuals who engage in brokerage and certain insurance service activities to be licensed personally.

The Company's operations depend on the validity of and its continued good standing under the licenses and approvals pursuant to which it operates. Licensing laws and regulations vary from jurisdiction to jurisdiction. In all jurisdictions, the applicable licensing laws and regulations are subject to amendment

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or interpretation by regulatory authorities, and generally such authorities are vested with general discretion as to the grant, renewal and revocation of licenses and approvals.

ITEM 2. PROPERTIES

Except as mentioned below, the Company leases its Agencies' offices. Information on the Company's lease commitments is incorporated herein by reference to "Note H-Leases" of the Notes to Consolidated Financial Statements in the Company's 2000 Annual Report to Shareholders.

At December 31, 2000, the Company owned buildings in Oklahoma City, Oklahoma and Victoria, Texas from which the Agencies in those cities operate.

ITEM 3. LEGAL PROCEEDINGS

The Company and its Agencies have no material pending legal proceedings other than ordinary, routine litigation incidental to the business, to which it or a subsidiary is a party. With respect to the routine litigation, upon the advice of counsel, management believes that none of these proceedings, either individually or in the aggregate, if determined adversely to the Company, would have a material effect on the financial position or results of operations of the Company or its ability to carry on its business as currently conducted.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

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No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

EXECUTIVE OFFICERS OF THE REGISTRANT

The executive officers of the registrant are as follows:

Andrew L. Rogal, 52, has been Chairman of the Company since January 2000 and Chief Executive Officer since May 1997. He was President of the Company from 1995 until December 1999 and has been a director of the Company since 1989. He was Chief Operating Officer of the Company from 1995 to 1997.

Martin L. Vaughan, III, 54, has been President of the Company since January 2000. He has been Chief Operating Officer and a director of the Company since June 1999. Prior thereto, he was President and Chief Executive Officer of American Phoenix Corporation from 1990 to 1999.

Timothy J. Korman, 48, has been Executive Vice President, Finance and Administration since 1997 and has been a director of the Company since June 1999. He was Executive Vice President, Chief Financial Officer and Treasurer of the Company from 1995 to 1997. He is a first cousin of Robert S. Ukrop, a director of the Company.

Carolyn Jones, 45, has been Senior Vice President, Chief Financial Officer and Treasurer since 1997 and was Vice President and Controller of the Company from 1991 to 1997.

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Walter L. Smith, 43, has been Vice President and General Counsel of the Company since 1991 and Secretary of the Company since 1998. He was Assistant Secretary of the Company from 1989 to 1998.

Vincent P. Howley, 52, has been Vice President, Agency Financial Operations since 1997. He was Vice President-Audit of the Company from 1993 to 1997.

John P. McGrath, 43, has been Senior Vice President - Business and Product Development since June 1999 and was Vice President of the Company from 1998 to June 1999. He has been Vice President of Hilb, Rogal and Hamilton Company of Pittsburgh, Inc. and President of HRH Financial Institutions Group, Inc., subsidiaries of the Company since 1998. He was Director of the Mid-Atlantic Region from 1995 to March 2000 and President and Chief Executive Officer of Hilb, Rogal and Hamilton Company of Pittsburgh, Inc. from 1993 to 1998.

William L. Chaufy, 48, has been Vice President of the Company since 1998. He has been Director of the Central Region since 1997 and was President of Hilb, Rogal and Hamilton Company of Oklahoma, a subsidiary of the Company, from 1989 to 2000.

Michael A. Janes, 41, has been Vice President of the Company since 1998. He has been Director of the West Region since 1997 and Chairman of Hilb, Rogal and Hamilton Company of Arizona, a subsidiary of the Company, since June 1998. He was President of this subsidiary from 1993 to 1998.

Robert B. Lockhart, 50, has been Vice President of the Company since May 1999. He has been Director of the Northeast Region since May 1999. He was President of American Phoenix Corporation of Connecticut from 1996 to 1999.

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Prior thereto, he held various positions at Marsh & McLennan, Inc. from 1975 to 1996.

Benjamin A. Tyler, 52, has been Vice President of the Company since May 1999. He has been Director of the Southeast Region since January 2001. He was Director of the Florida Region from May 1999 to January 2001. He was President of American Phoenix Corporation of Maryland from 1997 until May 1999. From 1994 until 1997, he was Senior Vice President of Marsh & McLennan, Baltimore/Washington. Prior thereto, he was President and Senior Consultant of Inteco, Incorporated from 1981 to 1994.

Steven C. Deal, 47, has been Vice President of the Company since 1998. He has been Director of the Mid-Atlantic Region since March 2000. He was National Director of Select Commercial Operations from 1997 until March 2000 and National Director of Personal Lines from 1998 until March 2000. He has also been Chairman of Hilb, Rogal and Hamilton Company of Virginia, a subsidiary of the Company, since October 1997. He was President of this subsidiary from 1990 to 1997.

Richard F. Galardini, 51, has been Vice President of the Company since 1998. He was National Director of Employee Benefits from 1997 to 2000. He was Executive Vice President and Chief Operating Officer of Hilb, Rogal and Hamilton Company of Pittsburgh, Inc., a subsidiary of the Company, from 1996 to 1997 and was Vice President of this subsidiary from 1992 to 1996.

Karl E. Manke, 54, has been Vice President of the Company since May 1999. Prior thereto, he was Vice President, Sales and Marketing for American Phoenix Corporation from 1993 to 1999.

Henry C. Kramer, 56, has been Vice President, Human Resources since 1997. Prior thereto, he held various human resource positions with Alexander & Alexander, Inc. in Baltimore, Maryland from 1973 to 1997.

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Robert W. Blanton, Jr., 36, has been Vice President and Controller of the Company since May 1998. He was Assistant Vice President and Controller from 1997 to 1998 and was Assistant Vice President of the Company from 1993 to 1997.

Valerie C. Elwood, 39, has been Assistant Vice President of the Company since 1993.

William C. Widhelm, 32, has been Assistant Vice President, Internal Audit since 1999. He joined the Company in 1994 and has held various positions in the auditing department.

All officers serve at the discretion of the Board of Directors. Each holds office until the next annual election of officers by the Board of Directors, which will occur after the Annual Meeting of Shareholders, scheduled to be held on May 1, 2001, or until their successors are elected. There are no family relationships nor any arrangements or understandings between any officer and any other person pursuant to which any such officer was selected, except as noted above.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

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The Company's Common Stock has been publicly traded since July 15, 1987. It is traded on the New York Stock Exchange under the symbol "HRH". As of December 31, 2000, there were 605 holders of record of the Company's Common Stock.

The following table sets forth the reported high and low sales prices per share of the Common Stock on the NYSE Composite Tape, based on published financial sources, and the dividends per share declared on Common Stock for the quarter indicated.

| Quarter Ended | Sales Price | | Cash Dividends Declared |
|---------------|--------------|------------|-------------------------------|
| | High ---- | Low --- | |
| 1999 | | | |
| March 31 | \$19.13 | \$15.56 | \$.160 |
| June 30 | 22.38 | 17.19 | .165 |
| September 30 | 25.06 | 20.88 | .165 |
| December 31 | 29.13 | 24.25 | .165 |
| 2000 | | | |
| March 31 | 28.50 | 25.81 | .165 |
| June 30 | 34.88 | 27.19 | .170 |
| September 30 | 41.94 | 34.38 | .170 |
| December 31 | 41.25 | 36.81 | .170 |

The Company's current dividend policy anticipates the payment of quarterly dividends in the future. The declaration and payment of dividends to holders of Common Stock will be at the discretion of the Board of Directors and will be dependent upon the future earnings and financial condition of the Company.

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The Company's current credit facility with five banks limits the payment of cash dividends and other distributions on the Common Stock of the Company. The Company may not make dividend payments or other distributions exceeding \$10,500,000 for the year ending December 31, 2000; \$11,000,000 for the year ending December 31, 2001; and \$11,500,000 for the years ending December 31, 2002 through the due date of the loan agreement (June 30, 2004.)

ITEM 6. SELECTED FINANCIAL DATA

Information as to selected financial data is incorporated herein by reference to the material under the heading "Selected Financial Data" in the Company's 2000 Annual Report to Shareholders.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Information as to management's analysis of financial condition and results of operations is incorporated herein by reference to the materials under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's 2000 Annual Report to Shareholders.

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ITEM 7A. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

The Company believes that its exposure to market risk associated with transactions using derivative financial instruments is not material.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The response to this item is submitted in a separate section of this report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Except as to certain information regarding executive officers included in Part I, the information required by this item is incorporated by reference to the Company's definitive Proxy Statement for the 2001 Annual Meeting of Shareholders to be filed 120 days after the end of the fiscal year.

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ITEM 11. EXECUTIVE COMPENSATION

Information required by this item is incorporated by reference to the material included on pages 7 through 16 of the Company's definitive Proxy Statement for the 2001 Annual Meeting of Shareholders to be filed 120 days after the end of the fiscal year.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information required by this item is incorporated herein by reference to the material under the headings "Security Ownership of Management" and "Security Ownership of Certain Beneficial Owners" contained in the definitive Proxy Statement for the 2001 Annual Meeting of Shareholders to be filed 120 days after the end of the fiscal year.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information required this item is incorporated herein by reference to the material under the heading "Certain Relationships and Related Transactions" contained in the Proxy Statement for the 2001 Annual Meeting of Shareholders to be filed 120 days after the end of the fiscal year.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

- (a) (1) and (2). The response to this portion of Item 14 is submitted as a separate section of this report.

2000 Exhibits - Index

| Exhibit No. ----- | Document ----- |
|----------------------|--|
| 3.1 | Articles of Incorporation (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3, File No. 33-56488, effective March 1, 1993, hereinafter, the Form S-3) |
| 3.2 | Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to the Company's Form 10-K for the year ended December 31, 1998, File No. 0-15981) |
| 10.1 | Credit Agreement dated as of May 3, 1999, among the registrant, as Borrower, the lenders named therein, First Union National Bank, as administrative agent, PNC Bank, as documentation agent and NationsBanc Montgomery Securities LLC, as syndication agent (incorporated by reference to Exhibit 99.1 to the Company's Form 8-K dated May 3, 1999, File No. 0-15981) |
| 10.2 | First Amendment to Credit Agreement and Waiver, dated March 2000 between the Registrant and First Union National Bank, PNC Bank, Bank of America, N.A., Fleet National Bank and Crestar Bank (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q dated August 11, 2000, File No. 0-15981) |
| 10.3 | Second Amendment to Credit Agreement and Waiver, dated June 27, 2000 between the Registrant and First Union National Bank, PNC Bank, Bank of America, N.A., Fleet National Bank and Crestar Bank |

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(incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q dated August 11, 2000, File No. 0-15981)

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| Exhibit No. ----- | Document ----- |
|----------------------|---|
| 10.4 | Third Amendment to Credit Agreement, dated December 22, 2000 between the Registrant and First Union National Bank, PNC Bank, Bank of America, N.A., Fleet National Bank and SunTrust Bank (incorporated by reference to Exhibit 10.28 to the Company's Form S-4 dated January 23, 2001, File No. 333-50018) |
| 10.5 | Indenture dated as of May 3, 1999 made by and among the registrant and Crestar Bank as Trustee (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q dated May 14, 1999, File No. 0-15981) |
| 10.6 | Risk Management Agreement dated as of May 3, 1999 by and between Phoenix Home Life Mutual Insurance Company and the registrant (incorporated by reference to Exhibit 10.3 to the Company's Form 10-Q dated May 14, 1999, File No. 0-15981) |
| 10.7 | Incentive Stock Option Plan, as amended (incorporated by reference to Exhibit 28.27 of the Form S-3) |
| 10.8 | Hilb, Rogal and Hamilton Company 2000 Stock Incentive Plan, incorporated by reference to Exhibit A of the Registrant's definitive Proxy Statement for the Annual Meeting of Shareholders held on May 2, 2000 |
| 10.9 | Consulting Agreement with Robert H. Hilb (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q for the quarter ended June 30, 1997, File No. 0-15981) |
| 10.10 | First Amendment to Consulting Agreement with Robert H. Hilb (incorporated by reference to Exhibit 10.6 to the Company's Form 10-K for the year ended December 31, 1999, File No. 0-15981) |
| 10.11 | Employment Agreement of Andrew L. Rogal (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q for the |

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quarter ended June 30, 1997, File No. 0-15981)

10.12 Employment Agreement for Martin L. Vaughan, III (incorporated by reference to Exhibit 10.4 to the Company's Form 10-Q dated May 14, 1999, File No. 0-15981)

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| Exhibit No. ----- | Document ----- |
|----------------------|--|
| 10.13 | Hilb, Rogal and Hamilton Company 1989 Stock Plan, as amended and restated (incorporated by reference to Exhibit 10.7 to the Company's Form 10-K for the year ended December 31, 1998) |
| 10.14 | Supplemental Executive Retirement Plan, as amended and restated (incorporated by reference to Exhibit 10.8 to the Company's Form 10-K for the year ended December 31, 1998) |
| 10.15 | Hilb, Rogal and Hamilton Company Outside Directors Deferral Plan, as amended and restated (incorporated by reference to Exhibit 10.11 to the Company's Form S-4 dated January 23, 2001, File No. 333-50018) |
| 10.16 | Hilb, Rogal and Hamilton Company Non-employee Directors Stock Incentive Plan, as amended and restated (incorporated by reference to Exhibit 10.10 to the Company's Form 10-K for the year ended December 31, 1998) |
| 10.17 | Hilb, Rogal and Hamilton Company Executive Voluntary Deferral Plan (incorporated by reference to Exhibit 10.13 to the Company's Form S-4 dated January 23, 2001, File No. 333-50018) |
| 10.18 | Voting and Standstill Agreement dated as of May 3, 1999 made by and among the registrant, PM Holdings, Inc. and Phoenix Home Life Mutual Insurance Company (incorporated by reference to Exhibit 10.5 to the Company's Form 10-Q dated May 14, 1999, File No. 0-15981) |
| 10.19 | Registration Rights Agreement dated as of May 3, 1999 made between the registrant, PM Holdings, Inc. and Phoenix Home Life Mutual Insurance Company (incorporated by reference to |

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Exhibit 10.6 to the Company's Form 10-Q dated May 14, 1999, File No. 0-15981)

10.20 Sale and Quitclaim Agreement between Hilb, Rogal and Hamilton Company of Pittsburgh, Inc. and Harold J. Bigler, Chandler G. Ketchum and Richard F. Galardini (incorporated by reference to Exhibit 10.11 to the Company's Form 10-K for the year ended December 31, 1998, File No. 0-15981)

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| Exhibit No. ----- | Document ----- |
|----------------------|--|
| 10.21 | Form of Change of Control Employment Agreement for the following executive officers: Andrew L. Rogal, Timothy J. Korman, Martin L. Vaughan, III, Carolyn Jones, Walter L. Smith, Vincent P. Howley, Henry C. Kramer, and Robert W. Blanton, Jr. (incorporated by reference to Exhibit 10.12 to the Company's Form 10-K for the year ended December 31, 1998, File No. 0-15981) |
| 10.22 | Form of Change of Control Employment Agreement for the following executive officers: John P. McGrath, Richard E. Simmons, III, William C. Chaufy, Steven C. Deal, Michael A. Janes, Robert B. Lockhart, Benjamin A. Tyler, Karl E. Manke and Richard F. Galardini (incorporated by reference to Exhibit 10.13 to the Company's Form 10-K for the year ended December 31, 1998, File No. 0-15981) |
| 10.23 | Employment Agreement of John P. McGrath (incorporated by reference to Exhibit 10.19 to the Company's Form 10-K for the year ended December 31, 1999, File No. 0-15981) |
| 10.24 | Employment Agreement of Richard F. Galardini (incorporated by reference to Exhibit 10.15 to the Company's Form 10-K for the year ended December 31, 1998, File No. 0-15981) |
| 10.25 | Employment Agreement of Michael A. Janes (incorporated by reference to Exhibit 10.16 to the Company's Form 10-K for the year ended December 31, 1998, File No. 0-15981) |
| 10.26 | Employment Agreement of Timothy J. |

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Korman as amended by Amendment Number One, Amendment Number Two and Amendment Number Three, dated September 1, 1991, September 1, 1993 and January 1, 1995, respectively (incorporated by reference to Exhibit 10.19 to the Company's Form 10-K for the year ended December 31, 1999, File No. 0-15981)

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| Exhibit No. ----- | Document ----- |
|----------------------|---|
| 10.27 | Non-Piracy Agreement of Robert B. Lockhart* |
| 10.28 | Form of Hilb, Rogal and Hamilton Employee Non-qualified Stock Option Agreement with schedule of optionees and amounts of options granted* |
| 10.29 | Form of Hilb, Rogal and Hamilton 2000 Restricted Stock Agreement with schedule of grantees and amounts of restricted stock granted* |
| 10.30 | Form of Split-Dollar Agreement for the following named executive officers: Andrew L. Rogal, Timothy J. Korman and John P. McGrath* |
| 10.31 | Form of Split-Dollar Agreement for the following named executive officers: Martin L. Vaughan, III, and Robert B. Lockhart* |
| 13 | 2000 Annual Report to Shareholders* |
| 21 | Subsidiaries of Hilb, Rogal and Hamilton Company* |
| 23 | Consent of Ernst & Young LLP* |

* Filed Herewith

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the fourth quarter of 2000.

(c) Exhibits

The response to this portion of Item 14 as listed in Item 14(a)(3) above is submitted as a separate section of this report.

(d) Financial Statement Schedules

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The response to this portion of Item 14 is submitted as a separate section of this report.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant, Hilb, Rogal and Hamilton Company, has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HILB, ROGAL AND HAMILTON COMPANY

By: /s/ Andrew L. Rogal

Andrew L. Rogal, Chairman
of the Board and Chief
Executive Officer

Date: March 26, 2001

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

| Signature ----- | Title ----- | Date ----- |
|---|--|---------------|
| /s/ Andrew L. Rogal ----- Andrew L. Rogal | Chairman of the Board and Chief Executive Officer and Director (Principal Executive Officer) | March |
| /s/ Carolyn Jones ----- Carolyn Jones | Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer) | March |
| /s/ Robert W. Blanton, Jr. ----- Robert W. Blanton, Jr. | Vice President and Controller (Principal Accounting Officer) | March |
| /s/ Robert H. Hilb ----- Robert H. Hilb | Chairman Emeritus and Director | March |
| /s/ Martin L. Vaughan, III | President, Chief Operating Officer and | March |

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| | | |
|--|---|-------|
| ----- Martin L. Vaughan, III | Director | |
| ----- /s/ Timothy J. Korman ----- Timothy J. Korman | Executive Vice President, Administration and Finance and Director | March |
| ----- /s/ Robert S. Ukrop ----- Robert S. Ukrop | Director | March |

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| | | |
|--|----------------|----------|
| Signature ----- | Title ----- | Da -- |
| ----- /s/ Thomas H. O'Brien ----- Thomas H. O'Brien | Director | March |
| ----- /s/ J.S.M. French ----- J.S.M. French | Director | March |
| ----- /s/ Norwood H. Davis, Jr. ----- Norwood H. Davis, Jr. | Director | March |
| ----- /s/ Theodore L. Chandler, Jr. ----- Theodore L. Chandler, Jr. | Director | March |
| ----- /s/ Anthony F. Markel ----- Anthony F. Markel | Director | March |
| ----- /s/ Robert W. Fiondella ----- Robert W. Fiondella | Director | March |
| ----- /s/ David W. Searfoss ----- David W. Searfoss | Director | March |

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ITEM 8, ITEMS 14 (a) (1) AND (2) AND (d)
INDEX OF FINANCIAL STATEMENTS AND
FINANCIAL STATEMENT SCHEDULES
FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
FINANCIAL STATEMENT SCHEDULES
CERTAIN EXHIBITS
YEAR ENDED DECEMBER 31, 2000
HILB, ROGAL AND HAMILTON COMPANY
GLEN ALLEN, VIRGINIA

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HILB, ROGAL AND HAMILTON COMPANY AND SUBSIDIARIES
INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

The report of independent auditors is included on page 19 of this Form 10-K and the following consolidated financial statements of Hilb, Rogal and Hamilton Company and subsidiaries, included in the Company's 2000 Annual Report to Shareholders are incorporated by reference in Item 8 of this report:

Consolidated Balance Sheets, December 31, 2000 and 1999

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Statement of Consolidated Income,
Years Ended December 31, 2000, 1999 and 1998
Statement of Consolidated Shareholders' Equity,
Years Ended December 31, 2000, 1999 and 1998
Statement of Consolidated Cash Flows,
Years Ended December 31, 2000, 1999 and 1998
Notes to Consolidated Financial Statements

The following consolidated financial statement schedule of Hilb, Rogal and Hamilton Company and subsidiaries is included in item 14(d):

Page Number

Schedule II Valuation and Qualifying Accounts..... 20

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

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Report of Ernst & Young LLP, Independent Auditors

Shareholders and Board of Directors
Hilb, Rogal and Hamilton Company

We have audited the accompanying consolidated balance sheets of Hilb, Rogal and Hamilton Company and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2000. Our audits also included the financial statement schedule listed in the Index at Item 14(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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

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presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hilb, Rogal and Hamilton Company and subsidiaries at December 31, 2000 and 1999, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As explained in Note B of the consolidated financial statements, in 2000 the Company changed its method of accounting for policy cancellations.

/s/ Ernst & Young LLP

Richmond, Virginia
February 9, 2001

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HILB, ROGAL AND HAMILTON COMPANY AND SUBSIDIARIES

SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS

| Col. A | Col. B | Col. C Additions ----- | Col. D |
|--|--------------------------------------|-------------------------------------|--|
| Description | Balance at Beginning of Period | Charged to Costs and Expenses | Charged to Other Accounts (Describe)* Deductions (Describe)** |
| Year ended December 31, 2000: Allowance for doubtful accounts | \$1,456,000 | \$1,307,000 | \$89,000 \$974,000 |
| Year ended December 31, 1999: Allowance for doubtful accounts | 1,505,000 | 402,000 | 377,000 828,000 |
| Year ended December 31, 1998: Allowance for doubtful accounts | 2,299,000 | 560,000 | 44,000 1,398,000 |

* Recoveries (\$62,000) and other adjustments (\$27,000)

** Bad debts written off