



**SpringtreeGroup**

SERVING THE AGENT & BROKERAGE COMMUNITY

# Insurance Agency Financing Solutions

The average age of an insurance agency owner is 59, and most are looking toward retirement in the near future. Experts estimate three out of four agencies in the U.S. will transition in the next ten years. These transition events include perpetuation, buy-outs, mergers, book purchases, and agency sales. The challenge is that few lenders will finance deals in this space, leaving owners and prospective buyers without the means to fund a transaction.

Springtree Group is uniquely qualified to help agencies with annual revenues under \$5 million, offering a broad range of options for mergers, acquisitions and transition financing. With a commitment to strict confidentiality and established relationships with multiple lenders, STG can provide unique lending tools to help you structure a successful business transfer.

Insurance agencies earning less than \$5 million annually face a unique dilemma when seeking financing. Although solid and stable yearly revenues may provide a comfortable living for the agency owners, traditional lenders do not understand the insurance world and are averse to underwriting these deals.

An independent or captive agency typically has few hard assets in the business to borrow against. Consequently, banks either won't lend to agents, or they will ask the agency owner to put up personal assets as tangible collateral, which puts the owner at personal risk.



## What Sets Springtree Apart

Springtree Group provides a strong mix of multiple lenders that are experienced and interested in lending to insurance industry clients and understand the unique aspects of the insurance world, including agency commission flows, reoccurring revenues, book persistency, and contract values. Our expertise offers several benefits to agency buyers and sellers:

- ✓ Our lending product portfolio mix delivers a specialized group of custom-built loan packages for agents and brokers.
- ✓ Most of our loans are 10 year notes with interest rates in the 6% range and no prepayment penalties.
- ✓ With our broad lending product mix of loan packages, we maximize the probability of finding the right loan for your circumstances.
- ✓ Equity, seller notes, commissions, cash flow, personal guarantees and hard assets can be used in the collateral mix.
- ✓ We work to provide debt financing that is not attached to your personal assets and with the least amount of additional buyer cash in the deal.
- ✓ Most of our loan programs are cash flow based.

Springtree Group provides the strongest array of agency M&A and lending tools available to support acquisition, perpetuation and operational needs in any part of the country.

**To discuss your agency financing needs, call 972.395.8811.**



**SpringtreeGroup**  
SERVING THE AGENT & BROKERAGE COMMUNITY