



SpringtreeGroup
SERVING THE AGENT & BROKERAGE COMMUNITY

Insurance Agency Financing Solutions

The average age of the American insurance agency owner is 59, and 75% of them plan to retire in the next ten years. Despite the pool of interested buyers eager to purchase these healthy agencies, few lenders will finance deals in this space, leaving buyers without the means to fund their endeavors.

Springtree Group is uniquely qualified to assist agencies with annual revenues of less than \$5 million through our broad range of options for mergers, acquisitions, and transition financing. We are committed to strict confidentiality, and due to long-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 agency typically has few hard assets in the business against which to borrow. Consequently, banks either won't lend to their proprietors, or they will ask the agency owner to put up personal assets as tangible collateral. Should they agree to these terms, the owner leaves themselves in a high-risk position.

Due to the complexity of such acquisitions and the niche financing required to facilitate them, advisor-led transactions close at significantly higher multiples (or ratios of value to items listed on your agency's financial statements) than those conducted without. In the last financial year, we saw sellers of agencies valued at \$1 million and below who did work with skilled advisors net earnings 55% greater than sellers who failed to do so.



What Sets Springtree Apart

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

- ✓ 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.
- ✓ 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 mid-single digit range and carry 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 detached from your personal assets and with the least amount of additional buyer cash in the deal.
- ✓ Most of our loan programs are cash flow based.

**To discuss your agency's unique financing needs,
call 972.395.8811.**



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