

THE ULTIMATE EXIT STRATEGY FOR YOUR AGENCY

IS YOUR AGENCY READY TO TURN
CHANGE INTO OPPORTUNITY?



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SEEING YOUR AGENCY TODAY WITH THE EYES OF TOMORROW

If you could see your agency today with the eyes of tomorrow, what would be the view? Too many agency principals have no idea.

Even if selling your agency is not an immediate priority, the day will eventually come and you want to be prepared to leave your agency and employees in great hands while getting the value you deserve.



WHEN SHOULD YOU START
PLANNING?

START NOW.

Dont say "Theres still time"
or "Maybe next time"
Because there's also the
concept of "It's too late"

The biggest mistake that sellers make, is waiting too long to sell."The worst stories we've heard involve selling at significantly reduced values due to a sudden death, serious illness, loss of a key employee or decline in the overall business of the agency. "In one instance, a seller sold at 25% of what they would have gained from the sale just 4 years before. Don't be this seller! Be the one that sells at the height of sales and profits.

In general, sell when all things are at their peak as the peak won't last forever. The reality is, if you're at all inclined , it's never been a better time to put your agency on the market - you'd better act fast.





ASSESSING YOUR AGENCY

"You spend most of your day identifying areas of risks that your clients should continue addressing, why wouldn't you do the same for your business?"

HOW MUCH IS YOUR AGENCY WORTH?

Take a step back and view your agency from a buyer's perspective. The following factors should be carefully examined before pricing and placing your agency on the market.

- Revenue history
- Brand and reputation
- Technology platform
- Client Retention Rate
- Employee quality and productivity
- Cash and asset management



AVOIDING THE DUE DILIGENCE DISASTER

"BY FAILING TO PREPARE, YOU ARE PREPARING TO FAIL."

As the seller of your agency, you need to make sure that you accurately portray your agency and that you can follow through on any promises and warranties.

Typical items that occur during the due diligence phase may include:

- Providing the buyer tax returns / P&L statements
- Cash receipts and or/ supporting billing information of direct-billed items.
- Titles and evidence of ownership
- Licenses
- A listing of your employees, their duties, designations and respective salaries
- Experience reports
- Existing Liens and Leases

Additional questions that may come up include:

- Do you have an agency management system?
- Are you doing all of the bookkeeping/tax reporting or do you have a CPA performing these duties?
- Have you previously/currently involved in any pending lawsuits?
- Is your business brokered?
- Do you have written agreements with carriers, consolidators and brokers?

Many other questions and requests will come up during the due diligence process beyond what is listed above. The bottom line is, there could be a multitude of issues that could be uncovered during this process. Not properly preparing for the sale of your agency is an expensive gamble. Preparation is key to unlocking the highest value of your agency and getting to the closing table.

CLOSING PREPARATIONS

FORMAL AGREEMENT AND PRE-CLOSING

A formal, final agreement is the culmination of the negotiations. It contains all the details of the deal: the price, the terms of the deal, when the business or assets will be turned over, whether they will be held by an escrow agent, and other important items. Usually, the agreement goes through many drafts and is finalized for the pre-closing and then signed at the closing.

At the pre-closing, there are many details to attend to. Both the seller and the buyer will want to make sure that all the proper documentation is in place to finalize the deal at the closing. Again, the extent and type of documentation will depend on whether it's a stock or an asset sale.

"THE FINISH LINE IS JUST THE BEGINNING OF AN EXCITING NEW RACE."

FINAL CLOSING

Closing is when the deal is completed. It's a paper-intensive process. At this time, you'll want to make sure:

- All documents are signed and notarized if required (such as deeds and lease assignments)
- The sale proceeds are disbursed properly in accordance with the terms of agreement
- Documents are recorded such as deeds and certificates of title to motor vehicles and other equipment or property.





As one of the largest independent agencies in the northeast, with decades of acquisition experience, our agency:

- Prides ourselves on maintaining complete confidentiality throughout the entire process, with the utmost care to keep any knowledge of a pending transaction solely between you and Kaplansky executives.
- Has the strength and stability of a large insurance company, but with the local, personalized service of a small company.
- Is highly motivated, well- funded, and has sufficient resources for attractive acquisitions. We have the means and desire to offer you a substantial premium above what over agencies will offer.

THE KAPLANSKY DIFFERENCE

While many buyers offer earn-outs or seller financing, the majority of our acquisitions are done on a cash, non-retention basis.

BUILD YOUR PLAN TODAY, TO PROTECT YOUR FUTURE TOMORROW.

We recognize that you have worked hard to build and protect your agency. When you sell it, you want to make the proper decision to ensure your employees and your livelihood are protected.

No matter where you are in your perpetuation process Kaplansky Insurance is here to support you every step of the way. We will provide the guidance and perspective of a qualified and experienced agency to help you avoid costly mistakes and capitalize on opportunities.

We welcome the opportunity to have a confidential discussion to learn more about your agency.

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