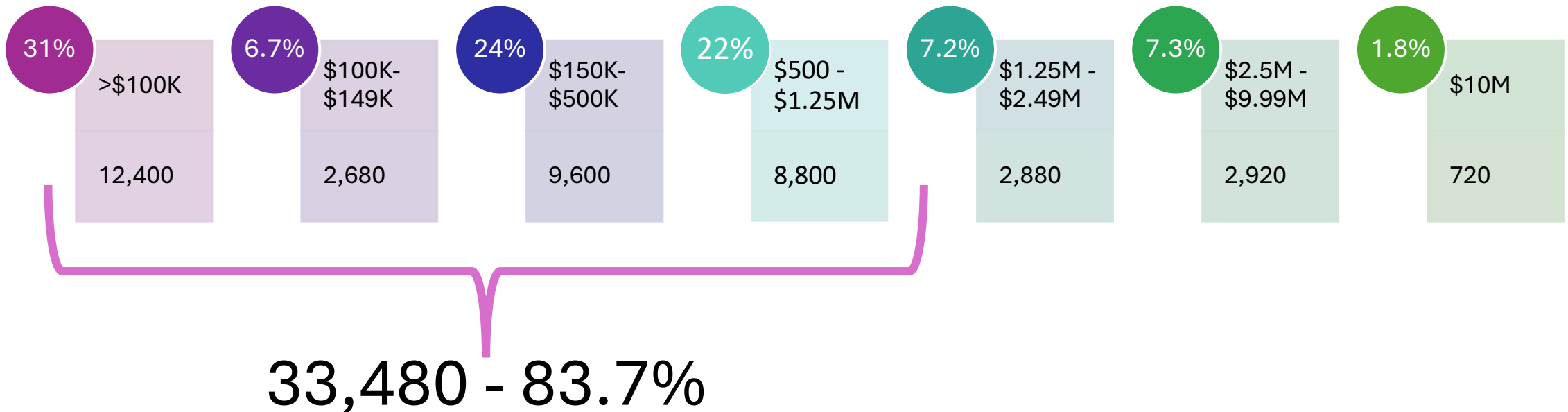


The background of the slide is a complex financial chart. It features a grid of dashed lines in various colors (blue, green, purple). Overlaid on this grid are several data series: a prominent candlestick chart with green and blue bars, and several smooth, colored trend lines (blue, purple, green) that follow the general movement of the data. The overall color palette is dark and technical, with shades of blue, green, and purple.

Network's Impact on Agency's Value

Number of Agencies by Size



Agency Networks



61%



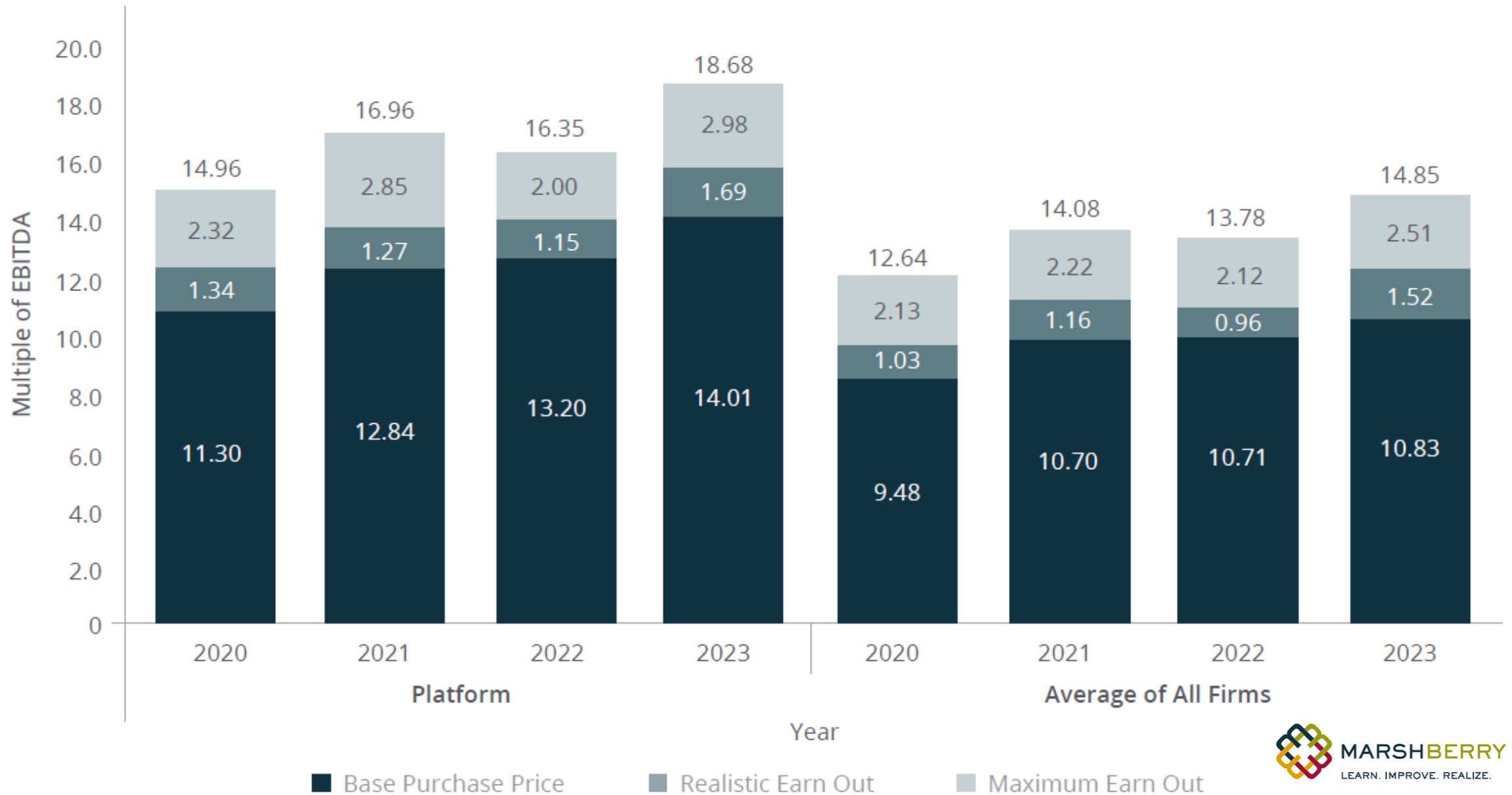
22,000

AGENCIES

M&A Announced Deals MarshBerry Report - 2023



Announced Year





GROWTH



PROFITABILITY



SIZE



STRENGTH



QUALITY



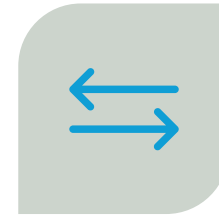
STAFF



TECHNOLOGY



STRATEGIC FIT



TRANSFERABILITY



Fair Market Value vs. Price

FMV is the price that an asset would sell for on the open market. It is the amount that would be agreed on between a hypothetical willing buyer and a willing seller, with neither being required to act, and both having reasonable knowledge of the relevant facts.

Sale Price is impacted by demand, synergies, and fit between a specific buyer and seller.

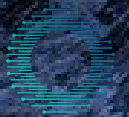


INTERNAL VS EXTERNAL

FMV is where the conversation on price begins.

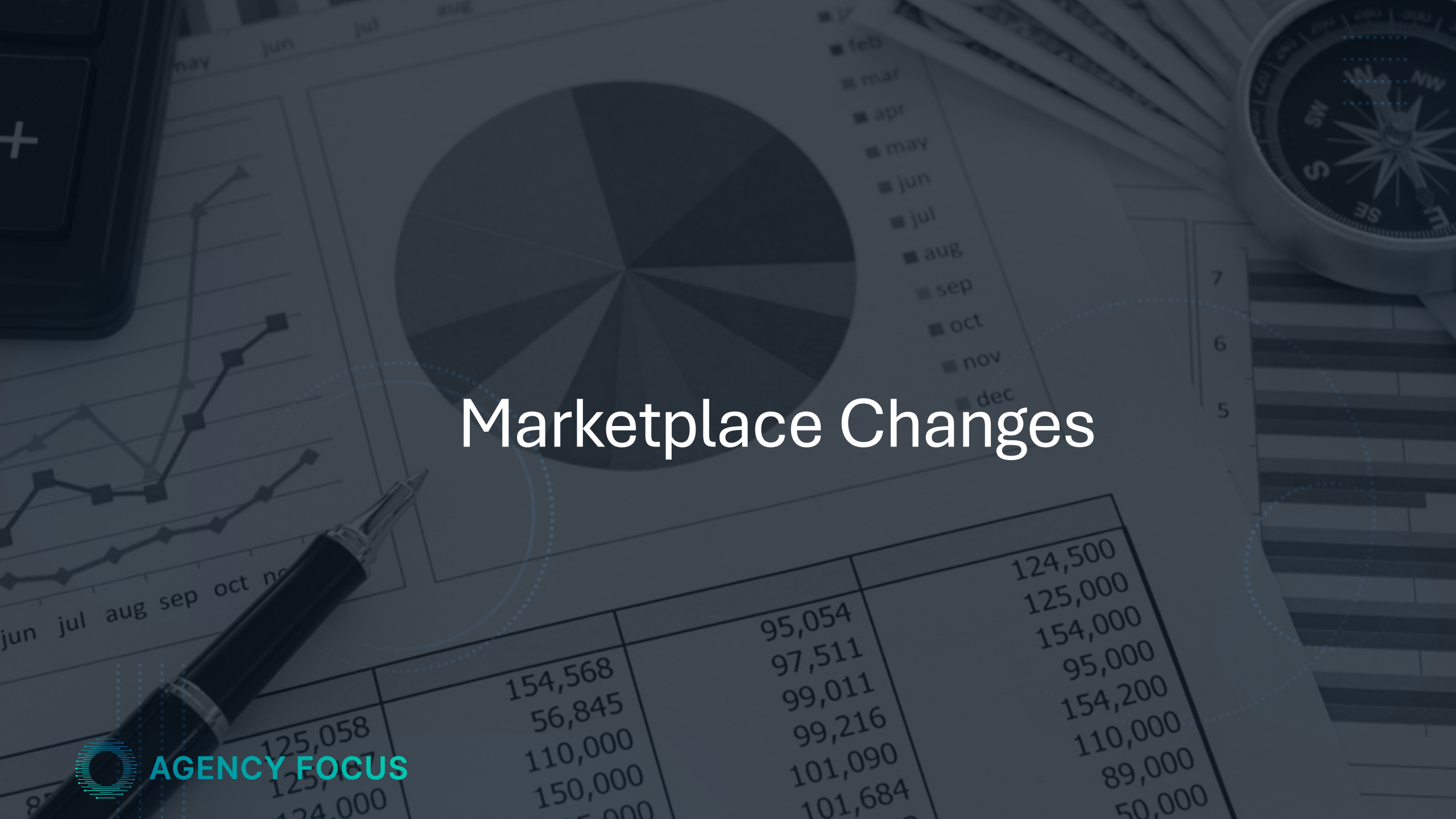
- External Sale is usually higher
- Internal Sale is usually lower
- What price is fair to both parties?
- What is feasible for the agency?
- What is the timing?
- What are the funding options?
- What are the synergies with external sale?

The value of any agency is based on the expected profits/cashflow.



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Marketplace Changes



Interest Rate Trend

30-Year Fixed-Rate Mortgage Average Since June 2021

For new purchase loans with an 80% LTV, a 700–760 FICO score, and no discount points



Silver Tsunami

- Half of the workforce over age of 52
 - Average age Owner - 56
 - Average age of producer 54
 - Average age service 52
- Talent is the #1 concern





Remote & Hybrid Working

74% of professionals expect to be able to work remotely

97% state that they do NOT want to work full-time in office.

- You will offer it or compete against it



Explore Utilizing Virtual Assistants

 ascend


Nationwide

 ITC
insurance websites

 RPOST

SALT

GLOVEBOX

 TARMIKA
insurance rater


lead marketplaces


AUREUS
ANALYTICS


PRONAVIGATOR

 Xanatek
Simple, Powerful Technology to Grow Your Agency

 Relay





insurtech companies

 Vertafore®
agency management systems

 agentsync

INSURED MINE


Agencyzoom
sales pipelines

 APPLIED
policy management systems

 HAWKSOFT®

 Ask Nicely

simplyeasier
PAYMENTS

more than just talk
lightspeed

IVANS®
INSURANCE SOLUTIONS
carrier policy download

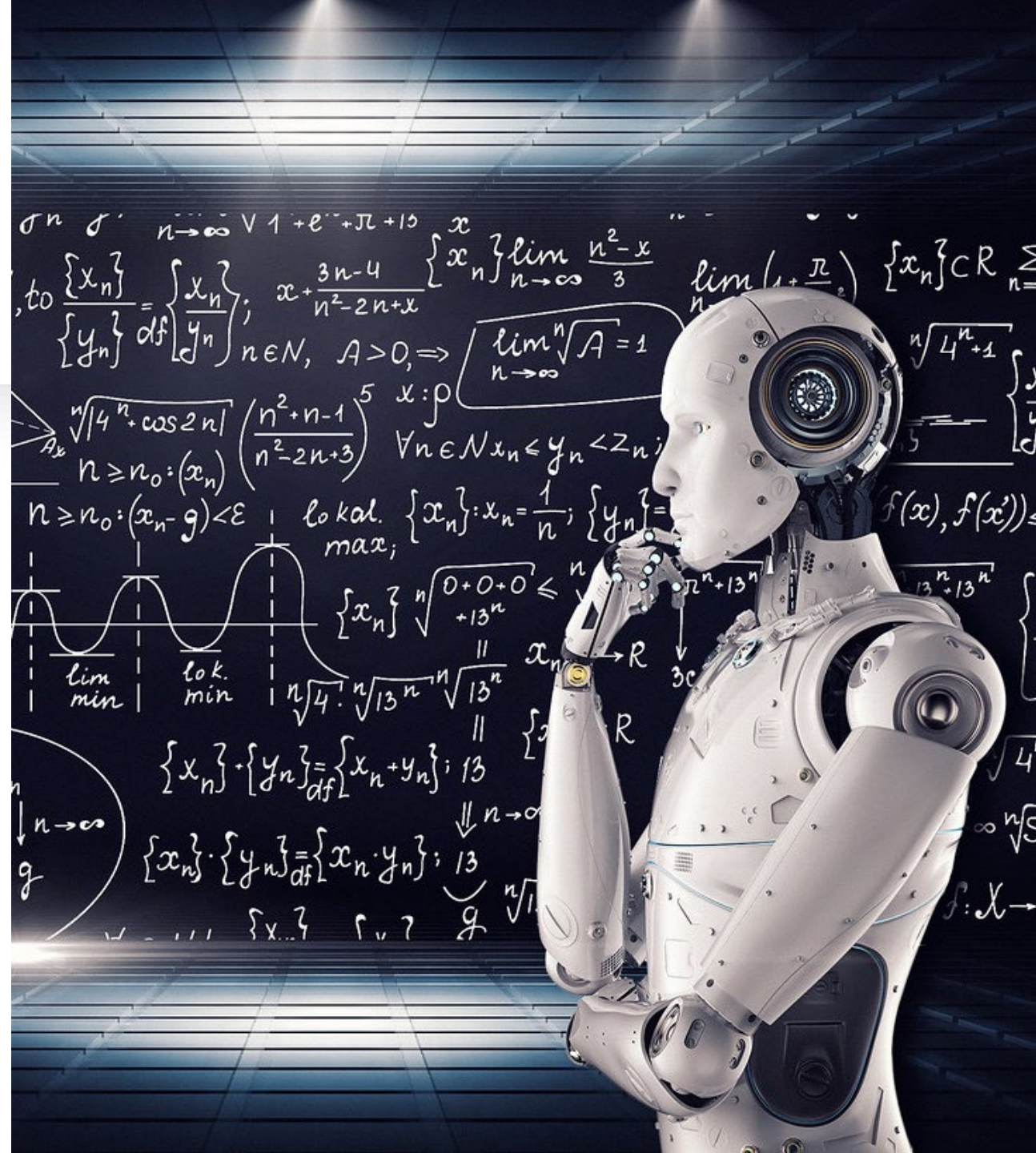
Better.
agency
insurance CRMs

ennabl

 ActiveWords

Artificial Intelligence & Machine Learning

- Improving Customer Service
- Increasing efficiency
- Providing Product Recommendations
- Segmenting Audiences
- Analyzing Customer Satisfaction
- Identifying fraud





Hard Market

Average agency is seeing 15%+ increase in Premiums - AmBest
60% Change in Appetite
No more than 25% with a single carrier

Is now the High?

How are Agents Responding?

- Networks
- Implementing retention strategies
- Rethinking/Shift in focus
- Exploring technology
- Create capacity & increase efficiency
- Redefining goals
- Selling



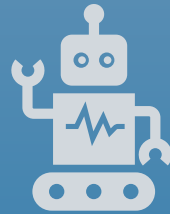
Positioning for Growth & Scale



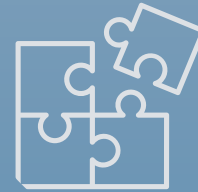
Know Your
Numbers



Redefining
the Team



Technology



Niche



Networks



Buy

PANIC!

Buy

SELL

Buy

SELL

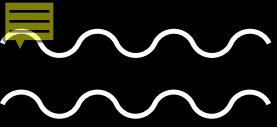
FOMO

SELL

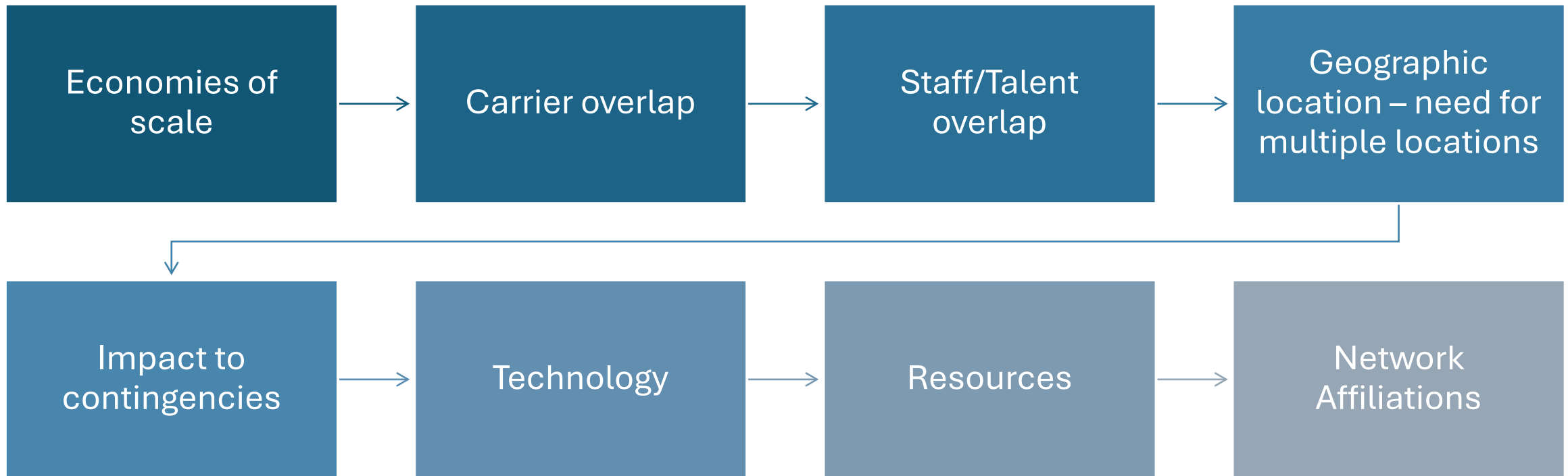
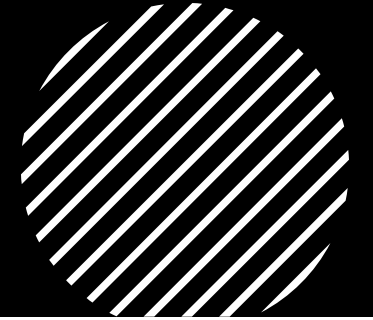
Networks Clusters & Alliances

An aerial night view of a city with a complex network of glowing yellow lines overlaid, representing a global or digital network. The lines connect various points across the city, with some lines forming arcs and others being straight. The city lights are visible in the background, and the sky is dark with some clouds.

Creating a Competitive Advantage in Acquisitions



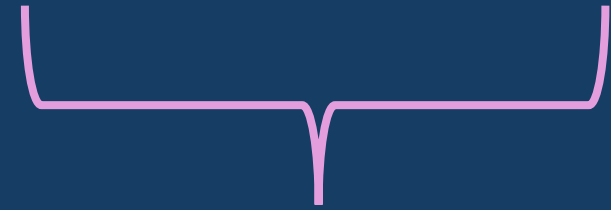
Synergies to Consider



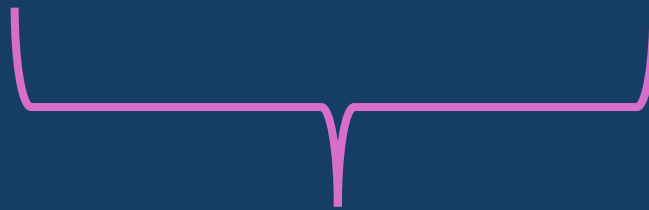
Network Relationship Game Changers

- Carrier Alignment & Depth
- Aggregation & Contingency Opportunity
- Marketplace inside the network
- Cultural Fit
- Resources
 - Technology, services, and support inside the network

$$\text{EBITDA} \times \text{Multiple} = \text{Value}$$



Performance & Owner
Decisions



Market Factors
Risk in the Agency



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A network diagram is constructed on a dark, textured surface. It consists of several vertical pins of varying heights, connected by thin, light-colored string. The connections form a complex web of triangles and other geometric shapes, representing a network structure. The background is a dark, slightly blurred surface, possibly a table or a board.

Not all Networks are created equal

Possible Disadvantages of a Network Relationship

- Restricts the number of buyers
- Agent does not understand ownership or terms of the contract
- Exit Fees & First Right of Refusal
- Competition to keep the book when it is sold outside the network





Not all buyers are right for
every seller.

A group of colorful wooden human figures standing in a line, representing diversity. The figures are in various colors including blue, yellow, green, red, and brown. The text is overlaid on the center of the image.

Biggest Factor
What is important to you?



The value of an agency and the strength of an acquirer can be greatly impacted by its network relationship.

- **Understanding what drives value**
- **Knowing the options**
- **Planning puts you in control**
- **Time can be your friend or enemy**



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