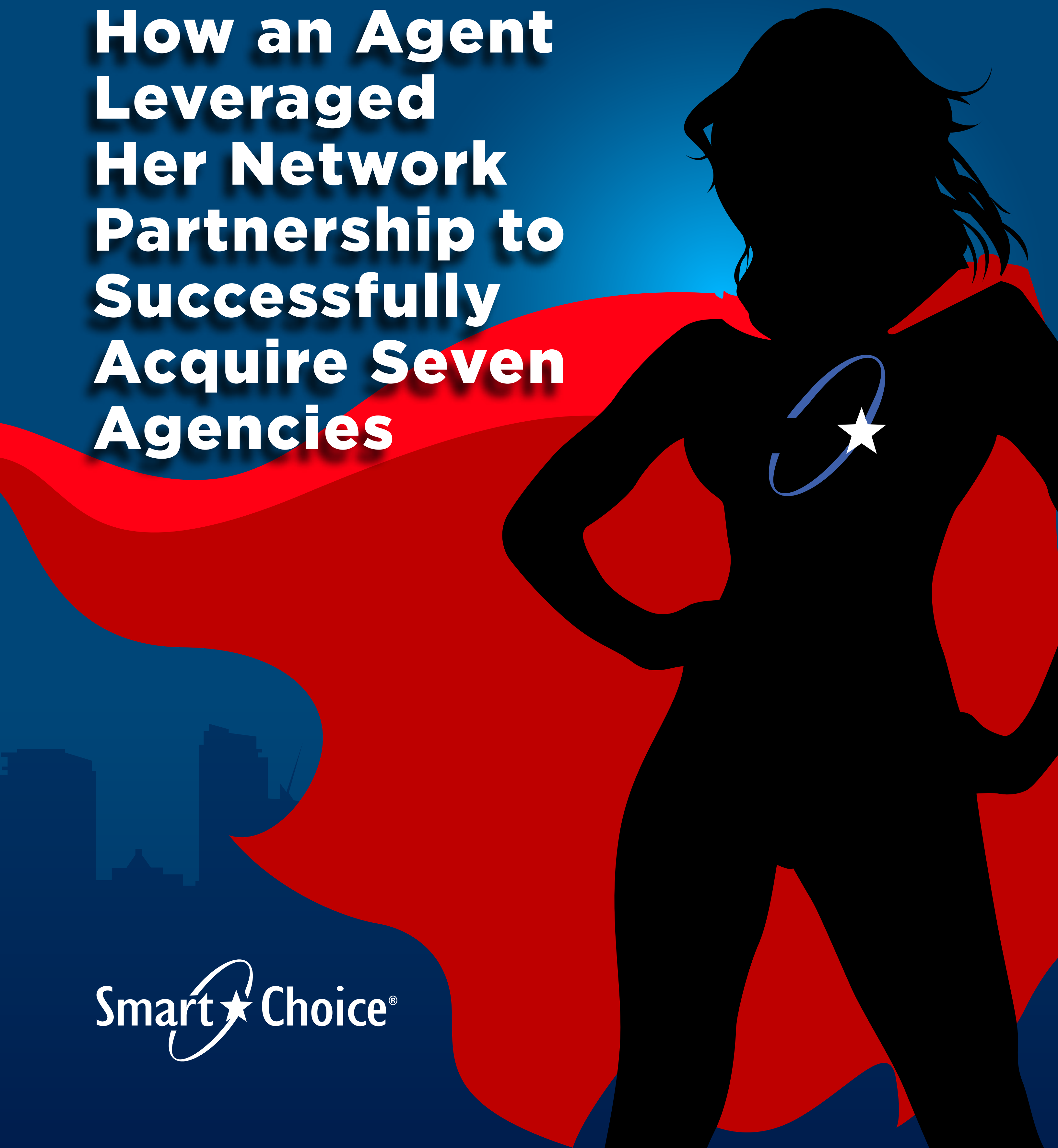
SUPERHERO AGENT SUCCESS STORY

How an Agent Leveraged Her Network Partnership to Successfully Acquire Seven Agencies



Smart Choice®

Insurance agency acquisitions are a common way to accelerate growth and increase revenue. If you want to expand your business, you'll probably reach a point when buying another agency is the only logical way forward. Finding an agency that's a good fit can be challenging, but a network can help you find the right match and get the financing you need.

Meet Lee Ann Pridgeon

Lee Ann Pridgeon is the owner of AllCare Insurance Services. Like many people who wind up in the industry, Lee Ann didn't plan to become an insurance professional. She fell into the industry, and ultimately realized it was the right career for her.

Once she had dedicated herself to insurance, she needed to find ways to grow. Over the years, she's done that with incredible success — and with the help of the Smart Choice network.

The First Acquisition

Lee Ann's very first acquisition happened in 2008, and it was of an insurance agency she knew well. After all, she had worked there for 15 years before seizing the opportunity to purchase it.

The agency also happened to be part of the Smart Choice network. Having worked at the agency for years, Lee Ann was already very familiar with the benefits of the network, including how it could facilitate access to carriers while providing excellent commissions. What she might not have realized at the time, however, was how instrumental the network could be for her future acquisitions and growth.

When it Rains, it Pours

Lee Ann was now the owner of her own insurance agency. Acquiring additional agencies would be a great way to expand her business and increase her revenue. However, she probably didn't imagine it would happen so fast.

Soon, she was presented with the chance to buy not one, not two, but three more agencies, all of which were part of the Smart Choice network. It was an opportunity she knew she had to seize, so she started arranging for the financing needed to close the deal.

While she was still in the process of getting financing, she was approached with yet another opportunity to buy a different agency in the Smart Choice network. She closed all deals.

Then, before another year had passed, she got yet another offer to buy a Smart Choice network agency. At this point, she already had her financing in order, so she was able to close immediately.

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A Different Kind of Opportunity

So far, all of the agencies that Lee Ann had acquired had been part of the Smart Choice network, including the very first agency she purchased. Then, in 2019, she had the chance to purchase an agency that was not part of the Smart Choice network. She recognized this for what it was — a different type of opportunity, and one she couldn't pass up.

"All my purchases had been Smart Choice agencies up to that point," Lee Ann explains. "But my newest location was not a Smart Choice agency, and I saw that as an opportunity for me to move it into the Smart Choice system to expand the markets for that agency."

Why The Network Made Sense

Because all of Lee Ann's other agencies were part of the network, it made sense to add this one. That way, she would have consistency across all of her agencies. But consistency wasn't the only advantage, or even the most important one. By moving the new agency to the Smart Choice network, Lee Ann was able to reap two essential benefits:

First, she could get more carrier appointments and expand the agency's book. One of the main — and most widely known — advantages of a network is that it can increase access to carriers. Insurance carriers often have high production requirements that keep newer and smaller agents out. Even more established agents may be cut off from certain lines of business. Without access to these carriers and their products, independent agents can't offer their clients the products they need to grow their book of business. Networks solve this problem by providing access to carriers.

The newly acquired agency didn't have a lot of carrier appointments. By moving the agency to the network, Lee Ann was able to increase the agency's markets and rapidly grow its book of business.

Second, she could increase profitability. There's a common (but understandable) misconception that having a direct contract is always better. It's easy to see why people might make this assumption, and with organizations that take a big cut for themselves, it could be true. However, a good network can offer solid commissions and profit sharing, and it can actually be more profitable to move contracts to a network.

When Lee Ann crunched the numbers, this is exactly what she found: Moving the agency's direct contracts to Smart Choice provided greater profitability.

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Support for the Seller and the Buyer

Agency acquisitions are common, but that doesn't mean they're always easy. A network can help support both sides of the transaction to make the process go more smoothly.

As the seller, you've worked hard to build your book of business over the years, and you know that you've created something of value. Maybe you're ready to retire or dealing with health issues. Either way, you need to sell your business. You want to find a buyer who will continue your hard work, make sure your clients are taken care of and give you a fair offer. A network can help find a buyer who meets your criteria.

As a buyer, you're also interested in finding a good match. Once you find it, you need to secure financing. And let's face it — whether you're trying to purchase your first agency or your fifth, securing the necessary financing can be a hurdle. If you go about it the wrong way, you could jeopardize your personal assets. A network can help here, too.

When Lee Ann looked at her financing options, she decided that Live Oak Bank was her best choice. Live Oak Bank partners with Smart Choice to offer members of the network access to funding based on future revenue — not personal assets. These are non-SBA loans that keep the agency owner's personal and business assets separate.

Working Smarter Not Harder

Between 2015 and 2020, Lee Ann acquired seven agencies, giving her a total of eight agencies in her portfolio.

These acquisitions helped Lee Ann grow and diversify her book of business, expanding into new lines. "When I first started, 99% of our business was personal lines," Lee Ann says. "I'm happy to say we're now at about a 70/30 split. We have three full-time commercial lines agents, so we're working hard to build up our business on that side."

The insurance industry can be cutthroat. There's a lot of competition, and growth can require a lot of work. Lee Ann found a way to work smarter, not harder, with the support of the Smart Choice network. Smart Choice has helped Lee Ann find agencies to acquire, secure the funding needed to close the deal and maximize profitability.

Are you ready to grow your business?

Contact Smart Choice