

Full-Service Insurance Brokerage Firm Serving Business and Retail Clients as well as the Wholesale Market Through a Network of 1,000+ Brokers

Est. 2008 Revenue

\$4,250,000

Est. 2008 EBITDA

\$867,000

Location

Northeast U.S.

eMerge M&A, Inc. currently represents a retail and wholesale insurance brokerage firm offering individual and group health, life, and statutory disability insurance policies. The Company provides its services to diverse markets. Wholesale commercial customers (18,517 policies in place) accounted for approximately 55 percent of gross commissions earned in 2006 while retail and business customers (1,715 policies) contributed 45 percent.

The Company is licensed in 20 states nationwide. However, the Company's wholesale business is limited to 2 northeast states, which are 2 of 5 states nationwide that maintain statutory short-term disability programs. The retail business has a significantly broader geographic reach.

Company Highlights

- ◆ The Company wholesales statutory insurance (DBL and Workers Comp) business through a network of 1,000+ brokers, buoyed by an exclusive relationship with a major carrier providing special set-asides that enable the Company to offer wholesale agents a *higher commission* than competitors and providing higher earnings for the Company
- ◆ The Company functions as a "one stop shop" for statutory insurance needs for DBL and Workers Comp. This is the first and only general agency in its market offering both DBL and Workers Comp together
- ◆ The Company has extensive contact and a diverse retail base of business customers that could be *cross-sold* other related products such as property and casualty policies. The Company is a ready made distribution platform for retail and wholesale products

◆ Statutory Disability

The Company represents 12 carriers, which are "A" or "A+" rated by A.M. Best. The policies are sold through a network of 1,000+ brokers. The Company currently writes coverage principally for two of five statutory states. To date, the Company has written 18,500+ policies, representing in excess of \$40 million in annual premiums. A major carrier has established special commission set asides to incent the 1000+ broker

♦ Business and Retail Products

The Company's retail business offers customers a wide range of individual and group products, including employee benefits, life, health, disability, and retirement plans. Approximately 60% of policies written are employee benefit products, with the balance of business derived from individual health and life policies.

Products and Services Offered Include:

- ♦ Employee Benefits
- ♦ Business Owner, Officer, and Executive Fringe
- ♦ Individual Life Plans
- ♦ Individual Accident and Health Plans
- ♦ Estate Planning
- ♦ Senior Care Programs

Financial Summary

FYE December 31	Actual			Projected		
	2005	2006	2007	2008	2009	2009
Sales (In \$ Thousands)	2,994	3,192	3,757	4,250	4,500	4,750
% Growth	3.4%	5.4%	19.0%	13.1%	5.9%	5.6%
Cost of Goods Sold	912	976	964	1,105	1,170	1,235
Operating Expenses	1,515	1,693	2,064	2,277	2,365	2,448
EBITDA	567	487	729	867	965	1,067

Why Buy This Company?

- Perfect add-on to *complement and supplement* a Property and Casualty brokerage firm on a wholesale and retail basis.
- Access to over *1,000 outlets* for any *bank, brokerage or financial services firms* that wants to sell additional products through the extensive outlet
- Increase in statutory benefits will increase premiums and therefore commissions providing a virtually assured increase in earnings with *no additional cost* to acquire these earnings.

eMerge M&A

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