

HOW TO COMPARE BUYER OFFERS FOR YOUR INSURANCE AGENCY

A Practical Framework for Evaluating Value, Certainty, Obligations, Risk, and Fit.



Put Every Offer on **the Same Scorecard**

When several buyers submit proposals, normalize the offers into the same categories: headline enterprise value, cash at closing, earnout or contingent consideration, rollover equity, escrow or holdback, seller financing, deferred payments, and other material consideration. A common format makes differences visible.



Start with Cash at Closing

Cash at closing is one of the clearest measures of transaction certainty. A higher headline value with less cash at closing may expose the seller to more post-closing performance or investment risk than a lower offer with greater upfront consideration.

Identify Every **Contingent Dollar**

For earnouts and other future payments, ask: What must happen? How is it measured? Who controls the outcome? Review performance definitions, measurement periods, thresholds, caps, and the operational decisions that could affect results.

Evaluate Rollover Separately

Do not treat rollover equity exactly like cash. Understand the security or ownership interest, governance and information rights, dilution risk, capital structure, expected holding period, and potential liquidity events. Rollover can offer upside, but it also carries investment risk.

Compare Your Obligations

Review how long each buyer expects you to remain, your post-close role, compensation, production requirements, restrictive covenants, and consequences of early departure. Two offers with similar financial terms can create very different personal commitments.

Consider the Business **After Closing**

Compare each buyer's plans for employees, agents, customers, brand, office footprint, technology, carrier relationships, and operating model. If continuity and legacy matter to you, these should be explicit parts of the evaluation.



Assess **Execution Risk**

A strong proposal is only valuable if the buyer can close. Consider financing certainty, diligence requirements, carrier or regulatory approvals, transaction experience, and the proposed closing timeline. The seller should understand the risk of terms changing between LOI and closing.

Look at the **Net Result**

The final comparison should answer five questions: What do I receive at closing? What might I receive later? What risks are attached? What am I committing to? What will the partnership look like after closing? That is a more useful framework than simply ranking offers by headline price.

Price, Terms, **Partner**

The goal is not merely to identify the buyer offering the largest number. It is to identify the transaction that best aligns with the seller's financial goals, people, legacy, desired role, and tolerance for future risk. Compare the price. Compare the terms. Compare the partner.

SunCoast Consulting Group

Helping Agency owners understand their true value, prepare for transactions, and make informed decisions.