

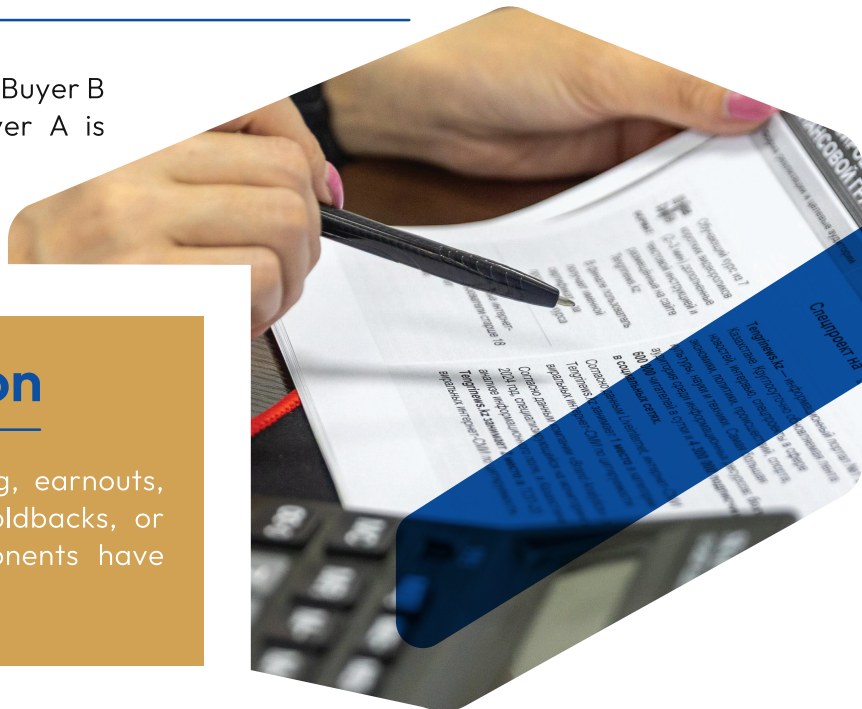
WHY THE HIGHEST OFFER ISN'T ALWAYS THE BEST OFFER

What Insurance Agency Owners Should Look at Beyond the Headline Purchase Price.



The Biggest Number Can Be Misleading

Imagine two offers: Buyer A offers \$10 million and Buyer B offers \$9 million. It is tempting to assume Buyer A is automatically better. But a headline purchase price does not tell you how much is paid at closing, how much is contingent, or what obligations come with the deal.



Unpack the Consideration

A purchase price can include cash at closing, earnouts, rollover equity, seller financing, escrows, holdbacks, or other deferred consideration. Those components have different levels of certainty and risk.

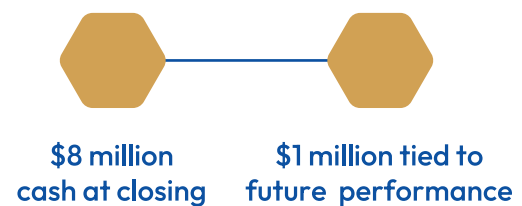
Certainty Has Value

Consider an illustrative comparison.

Buyer A offers \$10 million:



Buyer B offers \$9 million:



The lower headline offer provides more cash at closing. That does not automatically make it better, but it changes the comparison significantly.

Earnouts Need Careful Review

An earnout may depend on revenue, EBITDA, retention, production, or other post-closing targets. Sellers should understand what must happen, how performance will be measured, and how much control they will retain over the factors that influence the result.

Rollover Equity Is an Investment

Rollover equity can provide future upside if the acquiring organization grows and later achieves a successful exit. But it is not guaranteed cash. Sellers should understand the entity, ownership rights, dilution risk, expected holding period, and path to liquidity.



Your Post-Closing Role Matters

A transaction may require the seller to remain for years, accept employment or production requirements, work under new compensation terms, or agree to restrictions after departure. Your time, flexibility, and control have value too.

People and Legacy Matter

For many agency owners, employees, agents, customers, carrier relationships, and culture are part of the decision. A buyer's plans for the organization can matter long after the closing wire arrives.

Compare Your Obligations

The highest offer may ultimately be the best offer - but it should win because the entire transaction is stronger, not simply because the number at the top of the page is larger. Don't just compare the price. Compare the deal.

SunCoast Consulting Group

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