

Investor Preview



Overview

Fawn Lake Partners intends to buy an independent insurance agency, focused primarily on selling home and auto (ie, personal lines) insurance in the greater Boston or Chicago area. The acquisition will serve as platform for two experienced full-time operators to generate significant organic and inorganic growth, with a target 5-year exit at substantial multiple expansion into the active M&A environment that exists up market.



Market primer

Straightforward business model

Revenue: carrier commission
Expenses: salary, marketing, admin

Large, fragmented market

\$185B revenue, \$32B profit
Top 4 companies = 12.4% market revenue

Low-touch recurring cashflows

Renewal rates > 90%, usually with minimal customer interaction

Recession resistant

Non-discretionary product with stable 2.7% industry growth

Aging ownership

4 in 10 owners expect an ownership transition in next 5 years

Proven consolidation playbook

700+ transactions in 2022 driving upward trend of EBITDA multiples
Acquisitions below PE threshold create arbitrage opportunity



Acquisition criteria

Strong alignment with owner on values and culture to allow a smooth, authentic transition

Personal lines focused portfolio to support analytical and process optimization opportunities

Located in **greater Boston** or **Chicago** allowing for an on-site owner

History of stable profitability demonstrating strong operational foundation

Large national **carrier appointments** to support ease of scale

Established team of producers that can be retained to ensure business continuity and support growth plans

Adjusted EBITDA greater than \$250K, ensuring operational stability

Target purchase multiple less than 8x to support financing structure and facilitate multiple arbitrage



Financial projections

Acquisition objectives

- 6-8x multiple
- Moderate debt leverage
- LP equity issued as 1:1 preferred and common stock
- High PIK rate on preferred stock

Exit targets

- LP Targets: 30% IRR, 2.5x MOIC
- \$2-3M EBITDA after 5 years through organic and inorganic growth
- 12-18x exit multiple

Operator profiles



Kevin Goldsmith
Managing Partner
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Kevin is an insurance industry veteran, having spent a decade at a large insurance carrier as a credentialed actuary and data scientist. He has extensive experience as a leader of large teams focused on financial analysis, building rating algorithms, and helping organizations make data-driven strategic decisions. **Kevin holds a BS in Mathematical Business, Wake Forest University. Certified FCAS, CPCU.**



Aaron Green
Managing Partner
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As an experienced consultant, Aaron has worked with clients across a variety of industries, partnering with organizations to implement strategies to improve efficiency, productivity and profitability. His project experience includes operating model strategy, E2E supply chain, M&A and ERP Integration, cost optimization, and process re-design. **Aaron holds an MBA from Fuqua School of Business, Duke University and a BS, Business Management, Wake Forest University.**