

# Insurance Mergers & Acquisitions

Executive Conferences for Insurance Agencies

## Four Cities—One Vital Topic

- ▶ **Orlando** April 14th—Walt Disney World Dolphin
- ▶ **New York City** April 28th—Westin Times Square
- ▶ **Los Angeles** May 11th—Hyatt Regency Century Plaza
- ▶ **Chicago** May 18th—The Sutton Place Hotel

**SAVE  
\$100**

Register before  
3-31-11 with  
reference code



Seminar is Presented by:

# HALES & COMPANY

Hales & Company Inc. | Hales Capital Securities | Member FINRA/SIPC

Securities related transactions are conducted through Hales Capital Securities – Member FINRA/SIPC.

## Dear Colleague,

M&A in the insurance industry is a daunting topic. But it's one that leaders and decision makers in every agency must understand.

In today's environment, strategies for internal perpetuation, accessing capital, and pursuing mergers and acquisitions must be considered.

What if I told you that you could gather invaluable insights into all of this, all in one place and all in a single day? One day! Well, that's what I'm writing to tell you.

The National Underwriter Company has organized four, single-day conferences around the country, enabling you to gather the information and insight you need to understand the intricacies of insurance M&A, and quickly set successful short- and long-term strategies.

Topics to be covered include:

- ▶ Economic and Industry Overview
- ▶ M&A Review and Outlook for the Future
- ▶ Understanding Agency Valuation
- ▶ Buying or Selling - Effective M&A Strategies
- ▶ Transaction Multiples, Earn Outs, and Deal Structure
- ▶ Understanding the Legal Process in an M&A Transaction
- ▶ Private Equity Funding and Other Non-Traditional Capital Sources
- ▶ Perpetuation and ESOP Strategies
- ▶ Healthcare Reform and Compliance Update
- ▶ Employee Benefit Strategies

Your exclusive early-bird rate\* saves you \$100, and gives you full access to all conference proceedings for only \$399. With that, you also receive your own copy of the *2011 Insurance Agency Mergers & Acquisitions and Growth Strategies* book, a \$285 value on its own!

**It could take you months or years to gather the information you'll receive in a single day at one of our Spotlight on Insurance M&A conferences.**

I hope to see you in Orlando, New York, Los Angeles, or Chicago.

Sincerely,



**Robert J. Lieblein**  
Managing Partner  
Hales & Company

\*Limited-time offer, expires March 31, 2011.

Mention your reference code on the address label to take advantage of the discount rate.

# SESSIONS

## Economic and Industry Overview

We will discuss the economic, industry, and political challenges that are reshaping the insurance distribution system today. Learn how issues such as the economic crisis, prolonged soft market, healthcare reform, and deteriorating organic growth rates impact your agency, the overall industry, and the M&A marketplace.

## M&A Review and Outlook for the Future

2010 was a rebound year in M&A with a total of 258 transactions; the fourth biggest year ever! The future looks bright for both buyers and sellers. We will analyze prior year results and current trends that will impact the overall M&A market for all parties and provide guidance as to how you can successfully navigate today's complex market.

## Now What's My Agency Worth?

Agency valuation is an art, not a science. Valuation is not as simple as using a rule of thumb like multiple of revenue or EBITDA. During this session we will go into detail about how an agency is valued, what are the value drivers, how value is different based upon who the buyer is (third-party sale or internal perpetuation), and what the implications are of stock versus cash, C versus S corp, and personal goodwill. Finally, we will demonstrate how pro forma adjustments are determined, what is "reasonable and normal" and how a buyer looks at such adjustments when they determine deal valuation and structure.

## Transaction Multiples, Earn Outs, and Deal Structure

During 2010, transaction multiples increased from the lows of 2009. However the M&A world is still complex and separating the "truths from the myths" in valuations and deal structures is half the battle in today's market. We will discuss specific market challenges such as how healthcare reform impacts the valuation of employee benefit agencies, and other related issues, such as how size and scale, buyer demand, and other matters impact guaranteed payments, baseline purchase price, and earn outs.

## Understanding the Legal Process in an M&A Transaction

Buyers and sellers often experience surprises and frustration during the legal process of the transaction. This session led by Michael Griffin, a Partner with Edwards Angell Palmer & Dodge, will help you navigate the legal aspects of the transaction process, including: (1) how to prepare your agency for sale; (2) letters of intent; (3) negotiation of purchase agreements and key provisions such as representations and warranties and indemnification provisions; (4) employment agreement, non-competes and non-solicitation; (5) the due diligence process; and (6) closing the deal. This is a **must attend** session for buyers and sellers, whether you are considering an internal perpetuation or third-party sale.

## Employee Benefit Update: Six in Sixty Minutes

Peter Marathas, a Partner with Proskauer and one of the leading benefit and ERISA attorneys in the country will discuss the Top 6 compliance concerns for group health brokers and their clients. Now that the dust has settled a bit on healthcare reform, what are the Top 6 concerns group health brokers and their clients should be concerned with in 2011? We will focus on the top compliance issues for brokers from a business perspective, and a few general compliance concerns that face their clients in 2011. The session will conclude with a brief review of the Top 10 Questions asked by our national client base about National Healthcare Reform and Health Plan Compliance during 2010.

## An Entrepreneur's Guide to Raising Capital

In today's challenging economic environment, raising capital is no easy task for any organization. Sources for both equity and debt include private equity firms, commercial lenders, specialty lenders, venture capital, and insurance companies. We will discuss the various types of capital available, common misconceptions, and the four basic steps required to raise capital: (1) the Business Plan; (2) the Financial Plan; (3) the Capital Structure; and (4) the Execution.

## Selling or Buying - Effective M&A Strategies

Successful transactions do not just happen. For every success there are probably twice as many failures. We will discuss the successes and failures so that you can learn the do's and don'ts of selling your agency or buying an agency and how you can effectively consummate a winning strategy for all parties.

## Developing and Implementing Successful Internal Perpetuation Strategies

Most firms sell to a third-party because they have not effectively planned for internal perpetuation. This session will focus on the various options for perpetuating your agency internally, the pros and cons for each method and most importantly, how to develop and successfully implement your strategy, including valuation, structure, and transition issues.

## Succession Planning Using an Employee Stock Ownership Plan

Find out if an ESOP is right for your perpetuation strategy. You will learn the basics of ESOP succession planning including: the tax and other benefits to the sellers, the Company, and the employees-transaction structure; the impact of an ESOP on corporate governance and control; and basic ESOP valuation. An ESOP attorney, ESOP trustee, and ESOP valuation expert will cover these and other issues and answer your questions about this powerful and flexible succession planning tool.

## Business Strategies to Succeed in the New World of Healthcare Reform

The business model for the successful employee benefit consultant is transforming quickly based on the passage of the Patient Protection and Affordable Care Act of 2010, along with the market convergence of human resources, employee benefits, and payroll. To succeed and prosper in this new world, employee benefit consultants need to develop and implement new strategies. We will present the essential strategies and action items that are key for future success, including organizational, compensation, key services and resources, and other strategies to differentiate yourself in the market and create a competitive advantage as the industry goes through significant transformation.

# AGENDA

### REGISTRATION – 7:30 a.m.

Registration Opens  
Continental Breakfast Available

### CONFERENCE BEGINS – 8:15 a.m.

### SESSIONS – 8:15 a.m. – 12:00 p.m.

### LUNCH

Complimentary Lunch and Networking

### SESSIONS – 1:00 – 4:00 p.m.

### CONFERENCE ENDS – 4:30 p.m.

Reception immediately following seminar

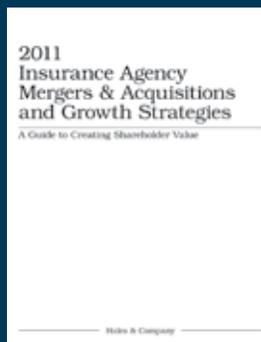
### WHO SHOULD ATTEND?

- ▶ Insurance professionals who are considering buying an agency or selling, or perpetuating their own agency
- ▶ Agency owners who are looking for new ways to significantly increase revenue and profits on a consistent basis
- ▶ Employee benefit professionals
- ▶ Bank-owned insurance agency executives
- ▶ Attorneys, CPAs, and tax advisors involved in insurance agency mergers and acquisitions
- ▶ Industry professionals in charge of membership training and education with national or state organizations/associations

### UPDATED TO INCLUDE:

- ▶ Healthcare Reform Update and Key Compliance Issues for 2011
- ▶ Navigating the Capital Markets: An Entrepreneur's Guide to Raising Capital

*(Registration includes a copy of the 2011 Insurance Agency M&A and Growth Strategies book.)*



## 3 WAYS TO REGISTER

### Online

[www.nuco.com/MandA](http://www.nuco.com/MandA)

### Phone

800-831-8333

### Email

[summitevents@sbmedia.com](mailto:summitevents@sbmedia.com)

Hotel rooms are limited. Reserve early.

800-831-8333 | [www.nuco.com/MandA](http://www.nuco.com/MandA)

# FEATURED SPEAKERS

## **Louis Caltavuturo, Partner** **Hales & Company – New York, NY**

Mr. Caltavuturo joined Hales & Company in 2004 and has over 20 years of experience as a banker and regulator to the financial services industry, with an emphasis on the insurance, bank and healthcare sectors. Prior to joining the firm, he was with Fox-Pitt, Kelton Inc. where he focused on advisory projects and equity capital raising for the insurance and healthcare sectors worth in excess of \$10 billion. He has extensive structured finance and lending experience from Deutsche Morgan Grenfell, as well as regulatory experience during assignments at the Federal Reserve Bank of New York. He graduated as an Alumni Memorial Scholar from Colgate University with concentrations in Economics and International Relations and has earned an MBA from Columbia Business School.

## **Michael J. Fletcher, Partner** **Hales & Company – New York, NY**

Mr. Fletcher joined Hales & Company in 2004 and has significant corporate finance and mergers and acquisitions experience. Prior to joining the firm, he served as a vice president with Deloitte & Touche Corporate Finance, focusing on insurance company merger and acquisition transactions. Prior to that he was with Philo Smith & Co., where he focused on mergers and acquisitions assignments across all sectors of the insurance industry. In addition Mr. Fletcher has worked in the corporate finance departments of FleetBoston Robertson Stephens and Regent Associates. He graduated Magna Cum Laude from Boston University with a degree in Economics and earned an MBA from Babson College.

## **Audra M. Szollosy, Senior Vice President** **Hales & Company – Harrisburg, PA**

Ms. Szollosy has over 19 years of insurance and financial services experience. With Hales & Company for over six years, Ms. Szollosy is recognized for her expertise in managing both buy- and sell-side transactions. In addition, Audra is a featured columnist for two insurance industry publications. Prior to joining Hales, Ms. Szollosy held various portfolio management, research, and client development positions with the Pennsylvania Public School Employees' Retirement System, T. Rowe Price, and several other financial institutions. She holds an MBA with a concentration in Finance from the Sellinger School of Business and Management at Loyola University Maryland and also an undergraduate degree in Accounting from the University of Delaware.

## **Meredith S. Sheinfeld, Associate** **Hales & Company – Harrisburg, PA**

Ms. Sheinfeld has over 7 years of financial analysis experience. Prior to joining Hales, Meredith was a Treasury Analyst with The Bon-Ton Stores, Inc. where she specialized in financial modeling and acquisition forecasting and valuation. Ms. Sheinfeld holds an MBA from The Pennsylvania State University and also an undergraduate degree in Finance with a minor in Economics, graduating with High Distinction, from Penn State.

## **Michael T. Griffin, Partner** **Edwards Angell Palmer & Dodge LLC**

Michael practices in the area of insurance and reinsurance law and general corporate law. He provides strategic corporate and regulatory advice to domestic and international clients from all segments of the insurance and reinsurance industry, including producers, brokers and third-party administrators. Michael has represented clients in the formation, acquisition, sale, and licensing of insurers, reinsurers, producers, captive insurance companies, and risk retention groups.

## **John Stretton, Partner** **Edwards Angell Palmer & Dodge LLC**

John is a member of the firm's Litigation and Labor & Employment Group. John has successfully defended employers in lawsuits involving wrongful termination and discrimination claims on the basis of age, sex, sexual harassment, disability, religion, race, and national origin as well as equal pay claims and claims under the FLSA. In addition to providing training sessions for clients, John often counsels clients on various employment law issues, such as employment handbooks, hiring and termination, wage and hour laws, and trade secret and confidentiality claims. John also has extensive experience drafting and negotiating executive employment agreements, which often include confidentiality, non-solicitation, and non-competition clauses. John litigates in both federal and state courts, arbitration forums, and before local administrative agencies.

## **Peter J. Marathas, Jr., Partner** **Proskauer Rose LLP**

Peter J. Marathas, Jr., Esq., is a partner with Proskauer Rose LLP. Proskauer is a leading, international law firm, with over 750 lawyers in offices across the U.S. and around the world. Proskauer also features among the largest Employee Benefits and Executive Compensation practice centers in the country, with approximately 60 lawyers providing services to clients of all types and sizes throughout the country. Mr. Marathas has developed the leading independent broker compliance consultation practice in the country. He works with his broker clients on all matters concerning compliance, for both them and their clients. Mr. Marathas is also one of the leading experts on the Patient Protection and Affordable Care Act.

## **Merri Ash, Vice President First Bankers Trust Services, Inc. – Retirement Plan Consulting**

Merri has over 36 years experience in Employee Benefits. Merri acts on behalf of FBTS as an institutional trustee for Employee Stock Ownership Plans. Her prior work experience includes Senior Trust Officer with SunTrust Bank, Employee Benefits Consultant with the Wyatt Company, Benefits Manager with the Jonathan Corporation (an ESOP Company), and Team Leader/Sr. Benefits Consultant with the National Automobile Dealers Association. Merri is a former Chairperson for the Administrative Advisory Committee of the ESOP Association. She has been a member of the Board of Governors for the National ESOP Association since 2007, and of the Board of Trustees for the Employee Ownership Foundation since 2009. With FBTS since 2002, Merri was promoted to Vice President January 1, 2006.

## **Steven B. Greenapple, Principal** **SES Advisors, Inc.**

Steven B. Greenapple is a principal of SES Advisors, Inc., a financial consulting firm that specializes in Employee Stock Ownership Plans, and a partner at Steiker, Fischer, Edwards & Greenapple, P.C., a law firm specializing in ESOPs. Steve has practiced corporate law for over 25 years and has been involved with ESOPs for more than 20 years. He represents plan sponsors, trustees, and business owners in transactions that establish and amend ESOPs, increase ESOPs' share ownership, use ESOPs to acquire other businesses, and terminate and buy out ESOPs. He also represents plan sponsors in connection with Department of Labor and IRS audits and represents both plan sponsors and ESOP trustees in correcting problems with ESOP plans and transactions. Steve is a frequent speaker at conferences and seminars and is a member of NCEO and The ESOP Association, where he currently serves as the Vice President, Metropolitan New York area, of the New Jersey/New York Chapter and is a member of the Legislative and Regulatory Committee.

## Insurance M&A

### VITAL M&A TOPICS— COVERED ALL IN ONE DAY:

- » Economic and Industry Overview
- » M&A Review and Outlook for the Future
- » Understanding Agency Valuation
- » Buying or Selling - Effective M&A Strategies
- » Transaction Multiples, Earn Outs, and Deal Structure
- » Understanding the Legal Process in an M&A Transaction
- » Private Equity Funding and Other Non-Traditional Capital Sources
- » Perpetuation and ESOP Strategies
- » Healthcare Reform and Compliance Update
- » Employee Benefit Strategies

**HALES CAPITAL SECURITIES**  
MEMBER FINRA / SIPC

## FEATURED SPEAKERS



### **Robert J. Lieblein, Managing Partner Hales & Company – Harrisburg, PA**

With over 25 years of experience, Mr. Lieblein has been involved in more than 150 mergers & acquisitions and is known as one of the industry's leading financial advisors. He has written numerous articles for industry publications and is a frequent speaker for industry trade groups and associations. Mr. Lieblein is a Certified Public Accountant and spent

13 years with KMPG as a Senior Manager in the firm's Financial Services practice. Rob also is the co-founder of Wharton Capital Partners, a private equity firm involved in starting and acquiring companies since 1997. Mr. Lieblein earned degrees in accounting, mathematics and computer science from Shippensburg University.



### **John J. Kraska, Managing Partner Hales & Company – New York, NY**

Mr. Kraska has over 10 years experience in the industries of insurance, healthcare and financial services as a private equity investor, investment banker and actuary. He has advised on over 75 transactions representing over \$1 billion in aggregate value. Prior to joining Hales in 2001, he served as Managing Director of Firemark Investments, a \$200

million private equity investment firm specializing in the insurance industry, where he developed a strong track record investing in a wide range of middle market and venture capital transactions in insurance, healthcare and financial services. Mr. Kraska began his career as an actuary at Aetna, Inc. and Equitable Cos. (now AXA Financial). He is a Phi Beta Kappa and Summa Cum Laude graduate of the University of Pennsylvania and The Wharton School where he received degrees in mathematics and finance.

Seminar is Sponsored by:

**Agent & Broker**  
Your Source for Agency Success

**National Underwriter**  
P&C  
THE LEADER IN PROPERTY & CASUALTY NEWS

**EDWARDS  
ANGELL  
PALMER &  
DODGE**

**Vertafore**  
Unleash your potential

**Proskauer**