

REAGANVIEW

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October 26, 2023

More Evidence of the Evolution of Insurance Brokerage

Lawley, one of the largest, fastest growing brokers in the Northeast, announced on Monday that it has taken a minority equity investment from Pritzker Private Capital ("PPC"), a leader in family direct investing.

Founded in 1945, Lawley is based in Buffalo and has over 500 employees. The firm has branch offices spread across New York, New Jersey, and Connecticut and will continue to be led by Bill Lawley, Jr., Chris Ross, and Mike Lawley. PPC's investment will support Lawley in expanding into new markets and scaling its service offerings to customers, while also providing a pathway for continued independence for the next generation of employee-owners. Both Lawley and PPC are delighted with the partnership.

Minority equity investments in privately-held insurance brokers have become more common in recent years, stimulated by the success of firms like IMA, Higginbotham, and Unison, who have taken on one or more outside minority investors. The outside investment then positioned them to be an attractive landing spot for highly visible, quality peer brokers.

These highly visible peer brokers were themselves searching for an answer to the "seller's dilemma" – how could they get the benefits of partnering with a larger firm, but without the negatives that come with selling-out? The independents with minority equity believe they've solved this dilemma. They can provide a "holy grail" opportunity to remain at an employee-owned independent which offers:

- A market valuation competitive with those offered by the most aggressive buyers
- An employee-owned and client-centric culture that more naturally aligns with their own values
- An equity opportunity for the seller's employees that can go as broad and deep as desired, with a "buy-in, rather than sell-out" mindset and with roll-over equity amounts that can be customized by individual
- Opportunities for current and emerging leaders to expand their role and growth opportunity
- A collaborative philosophy of resource-sharing and teamwork
- A lack of bureaucratic big company policies and procedures

Reagan Consulting was the exclusive financial advisor to Lawley and has advised other firms in similar processes, including IMA in their successful capital raise in 2020. While the minority equity investment is not appropriate for every privately-held firm, it is a powerful tool that has emerged as outside investors have become increasingly attracted to the uniquely awesome attributes of insurance brokerage.

Congrats to our friends at Lawley and PPC - best wishes for an exciting and successful partnership!

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