

Case Studies in Agency Financing

Case #8: BNC Insurance Agency: Construction Specialist Agency Puts on New Addition

Summary: *Two captive agents who shared an office started BNC Insurance Agency from scratch in 2000 to gain access to a wider choice of carriers and advocacy for their clients. Adding people and products, the two agency principals grew the agency into a “Best Practices” firm with a specialty in construction insurance and risk management. The firm recently purchased a peer agency using guidance and funding from InsurBanc.*

With more than 600 clients in its construction insurance practice, it makes sense that BNC Insurance Agency of Rye Brook, N.Y., would be skilled at designing and planning an addition.

Indeed, the firm’s deal to add an agency worked out just the way the firm drew it up: BNC’s fall 2014 acquisition of a peer firm went off without redesign or regret. The independent agency worked with InsurBanc to gain financing for the agency acquisition.

“As far as acquisitions go it worked out very well,” recounted Brian Colby of BNC Insurance, who started BNC in 2000 along with partner Onofrio (“Noff”) Colabella. The business partners, who shared an office when they both worked for a captive insurer, formed BNC to gain wider access to product and carrier choice, better advocacy for clients, and to develop and deliver additional value-added products and resources to clients.

The transaction made sense in a number of ways: BNC was located just 10 miles away from the



acquired firm, which was formed in 1947 and based in the nearby New York suburb of New Rochelle, N.Y. The two firms also had in common a construction insurance specialty and an agency technology system.

“We are a growth-oriented firm,” pointed out Colby. “And there really are only a couple ways you can grow: You can either grow organically or you can grow inorganically. The organic part, which is from within—that’s what we have been doing through the years.”

With more than 50 staff, including seven producers, it’s the “sales culture” of the firm that drives success, said Colby. “We are all in our own way, shape or form looking to grow the company through sales. It just streams throughout the entire company.”

“I think the real key for us is constant planning, measuring our results and adjusting to make sure we meet our goals,” Colby pointed out.

Colby explained: “A huge piece of our growth has been in our niche, which is our construction division, by far our largest unit.” The agency also enjoys a diversified book of commercial lines business (which makes up 75 percent of revenues)



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Owners' Profile

Who: Brian Colby and Onofrio (“Noff”) Colabella, CIC, principals of BNC Insurance Agency

What: Growing through acquisition of a peer firm in the New York region to add to their diversified business base including a construction niche.

How: Working with InsurBanc to finance the acquisition loan and gain access to a line of credit for working capital.

along with personal lines and employee benefits clients. “We’re very in tune to how to write construction in New York. We are deeply entrenched in the construction associations as well as the deliverables needed to set us apart. We represent just about every carrier out there that is writing construction in the New York area.”

But the agency leaders wanted more growth, and saw a good opportunity with their recent acquisition. The scale of it, though, required the facilitation of external financing, because it brought a 40 percent addition to BNC’s revenues. The firm also sought a bank line of credit for working capital.

“I knew [InsurBanc] specialized in lending to the M&A marketplace for insurance agencies” from seeing trade magazine ads and speaking to others in the industry, explained Colby. Having earlier met David Tralka, InsurBanc’s CEO, at an industry conference, Colby turned to him when exploring how to finance the acquisition. “We reached out to four or five lenders and had conversations with them prior to making a final decision to move forward with InsurBanc.”

The lending officers at InsurBanc were “fantastic from day one,” commented Colby. “We just really connected from the start. What I did notice from

InsurBanc is they are very much in tune with the independent insurance agent, and they know what to look for in an insurance operation when they are underwriting a loan. This is something most commercial banks don’t understand.”

Added Colby: “The terms that InsurBanc brought forward to us were extremely competitive.”

With the acquisition in the rear-view mirror—along with a complicated process of combining two firms with different legal structures—BNC aims for further growth, both through organic growth and acquisition. “For our next acquisition, InsurBanc will be the first call I’m making. They really do a great job,” emphasized Colby.

“The team that we worked with over there was really on the money with everything. If there were any questions I had, they answered them right away. I knew if I sent them an email with a question, within two hours I had the exact answer I needed. And they really understood what to look for. They asked some really, really good questions when they underwrote the loan. The process was great. On the other side, having our financials in good order was also a key factor in moving the process along in a timely manner so that we could provide them with the information they needed.”



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