

## **Bell/PDAIS Sale FAQs**

### **Was Bell/PDAIS sold because the agency was not doing well?**

Bell was doing fine prior to the sale. In fact, its overall book of business and financial performance is what made it attractive to buyers. But insurance agencies are merging and consolidating all over the country, as the bigger companies thus created have more resources with which to compete effectively. And the offer PDA received was simply too attractive to turn down.

### **How then could PDA actually be better off financially by selling if Bell was doing well? Wasn't it creating revenue for PDA?**

In a nutshell, Bell was generating some revenue for PDA, but the amount that actually wound up in the PDA budget as Bell sought to grow was fairly modest. The agency was doing well for its size but could only grow so much, so fast. As part of Alera, Bell will now have additional resources that should make it more competitive and capable of growing business much faster. Alera was essentially willing to pay a hefty sum for that potential, and those funds can in turn be invested and provide a revenue stream to PDA that's more than sufficient to offset the loss of revenue from Bell.

### **PDAIS has always been touted as a great member benefit. Isn't selling Bell/PDAIS essentially eliminating a member benefit?**

Hardly. Alera very much wants Bell to continue to service and grow its business with PDA members. And as part of the terms of the sale, Alera has signed an endorsed vendor agreement with PDA. Among other things, this agreement incentivizes Alera (Bell) to serve that market of PDA members and allows Bell to continue using the PDAIS name. If anything, this may be an enhanced benefit to members since the larger agency can get more deals with more carriers, resulting in more options and potential savings for PDA members.

### **Can I still call the same number and talk to the same people about my insurance needs?**

With rare exception, yes. One member of the Bell team decided to retire rather than continue with the agency following the sale, and none were let go. So almost all the same people are there. And while there will be some shuffling of physical offices, there are no plans at this time

to change the phone number or web site address. In fact, members who miss the announcement of the sale and never read these FAQs will likely never know anything is different!

### **Why didn't PDA tell members about this before the sale went through?**

Basically, that wasn't possible. Before PDA could even discuss possible terms with potential buyers, non-disclosure agreements had to be executed. And, the terms of the deal approved by the PDA Board of Trustees included a provision allowing Alera to determine when the sale would be announced. As is evidently typical with acquisitions in this industry, Alera did not want a public announcement until after the sale had been finalized. And Alera considered PDA members outside of leadership positions to be part of the public. PDA had no choice but to abide by that.

### **So, just how much did PDA get for Bell?**

There are many things that have to be factored in to calculate how much PDA will net in this transaction, and not all of those have been quantified just yet. For example, though a stock purchase (which this was) has a much lower tax impact for PDA than an asset acquisition would have, the expectation is that at least some portions of the sale proceeds will be subject to taxes. But the exact amount is a complicated calculation that will be left to a CPA. Not all brokers fees have been calculated yet either, though the rough amount is known. For now, members should rest assured that the final net to PDA will be several million dollars, and that a full accounting of the final net will be made available to members in PDA's regular financial disclosures.