

A Nearly 200-Year-Old Agency Takes Steps to Preserve Its Independence



Chase, Clarke, Stewart & Fontana, one of the oldest and largest insurance agencies in Springfield, Massachusetts, faced a dilemma: how to stay independent when two of its partners were retiring. Could the agency afford to buy out both partners at the same time? As it turns out, it could, thanks to timely financing from InsurBanc, a division of Connecticut Community Bank NA.

Chase, Clarke, Stewart & Fontana is a full-service insurance agency in Springfield, Massachusetts, with a history that dates back to 1827. Over the years, CCSF has grown through the acquisition of smaller local agencies, always keeping its roots in the community and maintaining its independence.

In 2017, CCSF found itself at a crossroads. Two of its five partners were nearing the agency's mandatory retirement age of 66, and CCSF's bylaws required that they retire their shares in the company.

As partner Ray Lukas explains, "We had been able to buy out retiring partners before, either through bank financing or an internal buyout, but we had never been faced with two retirements. We weren't sure we could do it. How would we handle the partners' clients, and could we afford to do a buyout?"

At the same time, CCSF knew there were large national brokerages which expressed interest in purchasing smaller agencies, and the multiples were attractive. While selling to a larger firm would allow the partners to maximize their earnings, CCSF also wanted to explore options that could keep the agency independent.

Prior to starting his own agency, which merged with CCSF in 2004, Lukas worked for a large financial services company in Boston. "I knew what it was like to work in a cubicle, where the only thing that matters are the numbers, you don't have an identity and you aren't in control of your destiny," he says. "That weighed on my mind as we discussed the agency's future."

In the end, CCSF was able to come up with a perpetuation plan that was favorable to everyone involved. "We raised the acquisition price for an internal buyout to make it more appealing for the retiring partners, plus we offered a two-year brokerage agreement," Lukas says. "Then we set out to see if we could get the financing."

'InsurBanc spoke our language'

Lukas turned right away to InsurBanc... [read the full case study at Insurbanc.com](#).