



IBAO Finds Buyout Solution for its Brokers through Joint Financing

BMO Bank of Montreal and FMRP Introduce New Buyout Financing Option for Insurance Brokers

TORONTO, March 19, 2008, BMO Bank of Montreal and Farm Mutual Reinsurance Plan Inc. (FMRP) just announced yesterday that they have launched a joint financing program designed to assist with the perpetuation of independent insurance brokerages. Having first initiated the partnership, the Insurance Brokers Association of Ontario (IBAO) applauds the move.

“There will be increased demand for buyout financing as more and more of our brokers approach retirement age,” said IBAO CEO Randy Carroll. “It only makes sense that two longstanding supporters of independent insurance brokerages, FMRP and BMO Bank of Montreal, are involved in offering brokers a solution to perpetuation financing—and we are grateful for that.”

According to a joint release by BMO Bank of Montreal and FMRP which quotes a Cookson Walker Consulting survey, it is estimated that by 2012, 300 privately owned brokerages amounting to \$900 million in value at today’s prices will be changing ownership in Ontario.

In conjunction with BMO Bank of Montreal, who will provide buyout financing to qualifying brokers, FMRP will assist with creative financing structures. Their combined product will appeal to individuals seeking ownership as well as brokerages looking to expand through acquisitions.

Last year, it was IBAO who encouraged that the two companies come together and find a solution to the buyout financing demand that would benefit all parties.

FMRP is the reinsurance arm of 60 regional Mutual insurers operating in rural areas Canada-wide, and in so doing enables its members to participate on an equal footing with much larger players in the insurance industry. FMRP also acts as a group representative on government and industry issues, providing members with a unified and powerful voice on issues affecting them. FMRP and its members have long formed integral roles in the communities that they serve.

BMO Bank of Montreal has maintained a longstanding specialized financial services program for property and casualty insurance brokers. Over the last ten years BMO Bank of Montreal has grown its market share to become the top bank for property and casualty insurance brokers in Canada, having assisted many brokerage buyers reach their ownership aspirations.

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The Insurance Brokers Association of Ontario (IBAO) is a ‘not for profit’ association that represents and serves the interests of over 10,000 independent Property & Casualty Insurance Brokers in the Province of Ontario.

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