



PRONTO [®] INSURANCE

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Franchised Units:	49	In Business Since:	1997	Royalty:	\$1.8K min.
Company-Owned Units:	<u>135</u>	Average Franchise Fee:	\$25K	IFA Member:	Yes
Total Operating Units:	184	Total Investment Range:	\$53.1 – 94.1K	Term of Initial Contract:	5 Years

If you are looking for a franchise business opportunity that's fast-paced, in-demand, and growing by leaps and bounds, Pronto Insurance could be just the opportunity you've been waiting for. Personal property and liability insurance is a multi-billion dollar industry!

Only a Pronto Insurance franchise offers you these important advantages:

A lower-cost investment

The overhead for starting a Pronto franchise is less than many traditional franchises. There is no high cost for equipment, inventories, or a large staff. Click for a complete [investment breakout](#).

Broad product mix

Pronto Franchise Owners have the opportunity to sell to all of our proprietary product lines, offering you maximum potential for return on your investment. You will have multiple lines of insurance products to sell that are competitively priced and are designed for the non-standard consumer market.

Proven marketing programs

Our marketing is laser-focused on the Hispanic market and is designed to create brand awareness and drive business to your location again and again.

A dedication to innovation

Pronto Insurance was founded by the Varela family, who opened their first location in 1997. We began franchising in Texas in 2009 and expanded into California in 2017. In 2018, we acquired two more companies, one more in California and one in Florida. We currently have 270+ locations across Texas, California and Florida.

In mid-2018 A.J. Gallagher, one of the world's largest commercial brokerage firms acquired 100% of Pronto. With A.J. Gallagher as our partner, the opportunities are literally unlimited. We offer our value-focused customers a whole new way to buy non-standard insurance, homeowners and commercial insurance. Our high-profile retail locations give customers what they want: great prices, friendly customer service, and fast, efficient service. Our franchisees are involved and acknowledged in the communities they serve, and our business is recognized nationally as a great franchise to own. We have been selected by Entrepreneur magazine as one of the *Top 50 Franchises for Minorities* for the third consecutive year.

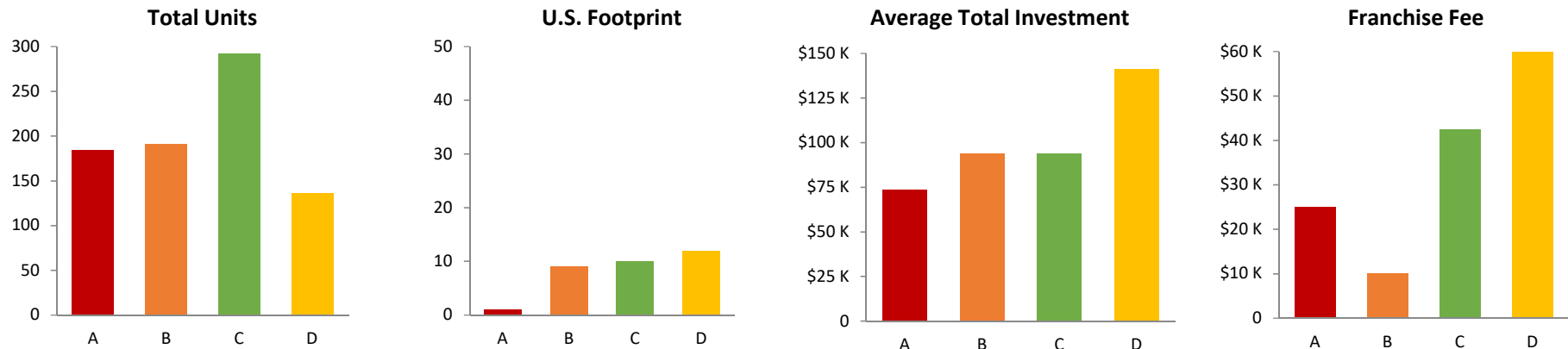
FranCompare™ Franchise Recognition Program 2019

Insurance Agencies Industry

	Company Name (DBA)	Legal Name	Final Score
A	Pronto Insurance	Pronto Franchise, LLC	811
B	Fiesta Auto Insurance	Fiesta Insurance Franchise Corporation	794
C	Goosehead Insurance	Goosehead Insurance Agency, LLC	727
D	Brightway Insurance	Brightway Insurance, Inc.	645

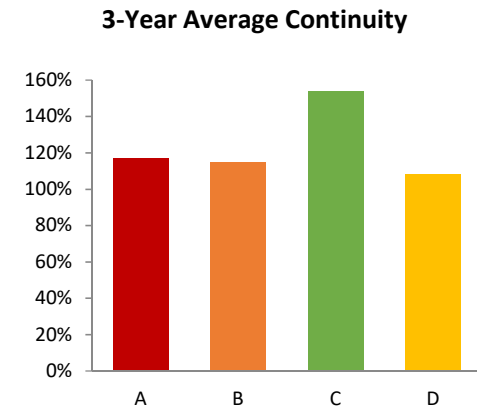
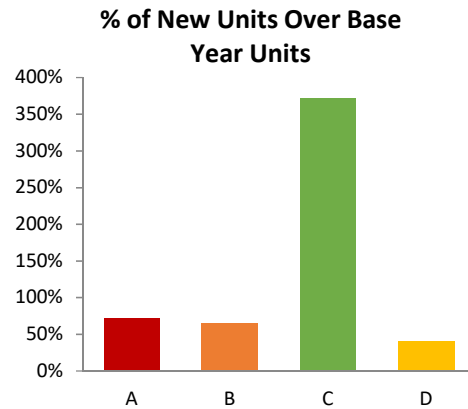
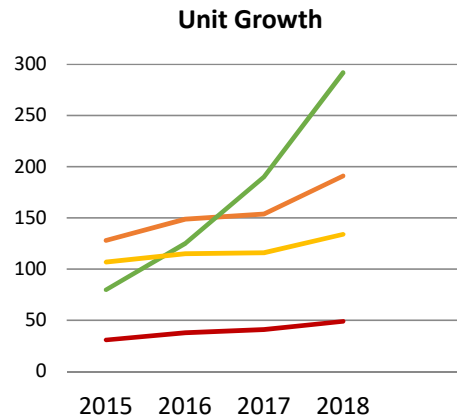
Key Unit Investment Variables

30%



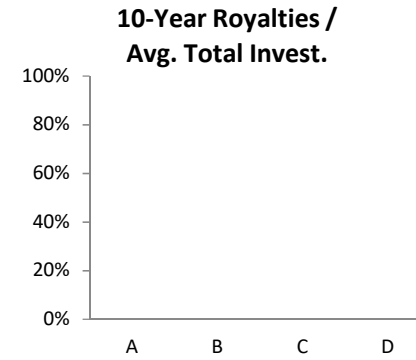
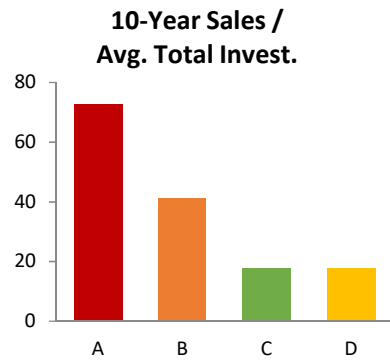
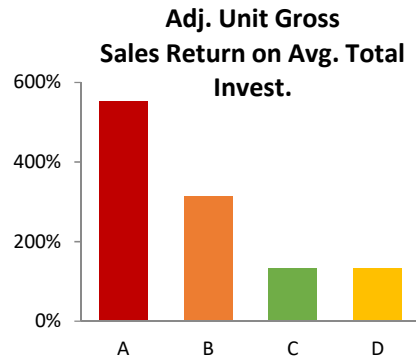
- **Total Units** is a valuable measure if recent growth was accompanied by proper support. Meteoric growth, however, with the help of third parties, frequently means franchisees are left to fend for themselves while management focuses on growth for its own sake.
- The greater the **Footprint/Geographical Coverage**, the better all franchisees are served. Only U.S. states are included.
- For the purpose of the Franchise Matrix™ analysis, the **Average Total Investment** is used in all cases.
- The **Franchise Fee** should not significantly exceed the franchise fee of its primary competitors.

	Pronto Insurance		Fiesta Auto Insurance		Goosehead Insurance		Brightway Insurance		
Weighting for Primary FDD Variables (300 Points)	Data	Score	Data	Score	Data	Score	Data	Score	Max. Score
Year-End Total Franchised Units	49		191		292		134		
Year-End Total Company-Owned Units	135		0		0		2		
Year-End Total Units	184	45	191	45	292	50	136	40	50
% of Franchised Units	26.6%		100.0%		100.0%		98.5%		
% of Company-Owned Units	73.4%	5	0.0%	0	0.0%	0	1.5%	5	10
U.S. Footprint (# of U.S. States)	1	2	9	15	10	15	12	26	35
Total Low Investment	\$53,075		\$67,052		\$60,000		\$122,700		
Total High Investment	\$94,100		\$120,599		\$128,000		\$160,325		
Average Total Investment Per Unit	\$73,588		\$93,826		\$94,000		\$141,513		
Low Unit Size Estimate (Square Feet)	800		750		200		900		
High Unit Size Estimate (Square Feet)	1,500		1,200		1,200		1,300		
Average Unit Size (Square Feet)	1,150		975		700		1,100		
Average Total Investment Per Square Feet	\$64		\$96		\$134		\$129		
Average Franchise Fee (Single Unit)	\$25,000	35	\$10,000	39	\$42,500	20	\$60,000	10	40
Average Annual Royalty Fee (On-Going After Trial Period)	\$1,800 Minimum	90	\$30/Tax Return Preparation	90	50.0%	90	15% of Sales Commissions on New Business	90	90
Term of Initial Contract (Years)	5	10	5	10	10	20	5	10	35
Term of First Contract Renewal (Years)	5	6	5	6	5+5	11	5	6	20
Average Transfer Fee (Single Unit)	\$15,000	5	No Data	0	\$24,438	2	\$60,000	1	10
Year Incorporated	1997	10	1999	10	2003	9	2003	9	10
Franchising Since	2009		2007		2003		2007		
Issuance Date of FDD (Issue Date)	4/20/2018		7/31/2018		4/13/2018		1/22/2018		



- **3-Year Compound Annual Unit Growth** measures the unit growth from base year to end of 2017. Assuming proper support on the part of the franchisor, higher growth is rewarded. Steady and controlled **Unit Growth** are preferred over meteoric growth. Negative unit growth raises red flags.
- **% of New Units Over Base Year Units** is the Total End of 2017 Units divided by Base Year Beginning Units.
- **3-Year Average Continuity Rate** is an important and commonly used metric within the franchising industry that measures the success of a franchise system over its most recent past. Continuity rate is determined for each year by dividing end-of-year total units by beginning-of-year total units and dividing the 3 annual rates by 3 to arrive at an average. If there are a high number of closures or non-renewals within a franchise, the continuity rate will generally result in a rate of less than 100%, as will a system that cannot support its growth and, accordingly, its franchisees are failing. A high continuity rate is evidence of strong support systems. Continuity rates of over 100% were rewarded and ones with less than 100% were penalized.

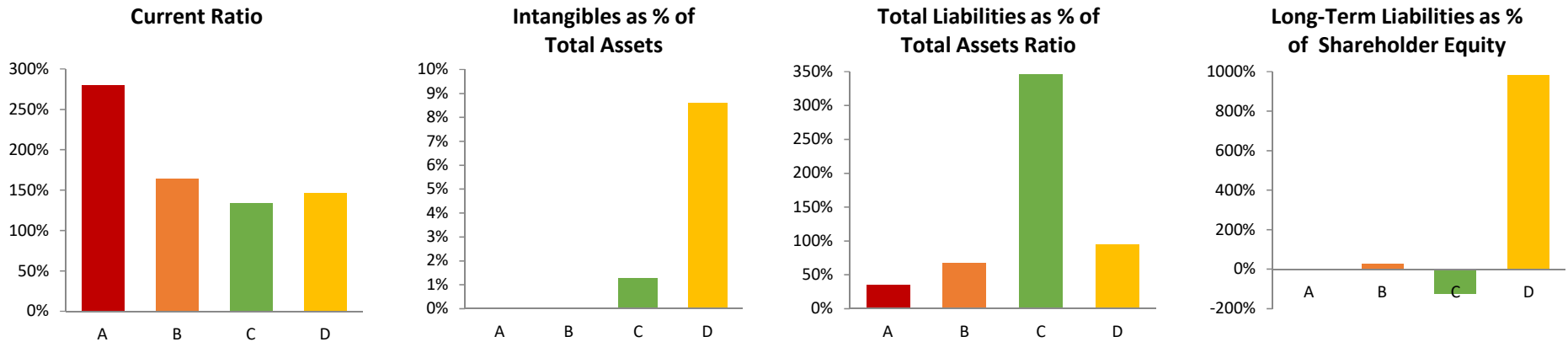
	Pronto Insurance		Fiesta Auto Insurance		Goosehead Insurance		Brightway Insurance		
Weighting for Primary FDD Variables (250 Points)	Data	Score	Data	Score	Data	Score	Data	Score	Max. Score
Base-Year Beginning Franchised Units	31		128		80		107		
New Franchised Units Over Following 3 Years	22		83		297		43		
Total Franchised Units at the End of Year 3	49		191		292		134		
% of New Units Over Base Year Units	71.0%	35	64.8%	30	371.3%	40	40.2%	20	40
3-Year Compound Annual Unit Growth	16.5%	35	14.3%	33	54.0%	69	7.8%	28	70
3-Year Average Continuity Rate	116.7%	135	114.6%	130	154.0%	140	108.0%	120	140



- Adjusted Unit Gross Sales by itself is not as important as **Adjusted Unit Gross Sales as percentage of the Average Total Investment**. Sales and profits must be evaluated as a function of the total investment.
- Whereas a modest difference in year 1 sales as a function of the average investment might be considered of minor importance, a 10-year time horizon puts these differences into perspective.
- Similarly, while a modest difference in year 1 royalty rates between franchisors might be considered of minor importance, cumulative **Royalty** payments over a 10-year time frame as a percentage of Average Total Investment put these differences into perspective.

	Pronto Insurance		Fiesta Auto Insurance		Goosehead Insurance		Brightway Insurance		
Weighting for Primary FDD Variables (350 Points)	Data	Score	Data	Score	Data	Score	Data	Score	Max. Score
Company-Wide Average Gross Sales or Revenue	\$405,958		\$293,478		\$125,236		\$189,356		
Period Operated	2 Years		Over 24 Months		Over 2 Years		Over 2 Years		
Calculation Based on # of Units Evaluated	9 of 49		150 of 191		51 of 198		103 of 134		
Calculation Based on Franchised or Company-Owned Units	Franchised		Franchised		Producer		Franchised		
% Adjustment*	100%		100%		100%		100%		
Adjusted Average Gross Sales or Revenue	\$405,958		\$293,478		\$125,236		\$189,356		
Adjusted Unit Gross Sales Return on Avg. Total Investment	551.7%	175	312.8%	175	133.2%	125	133.8%	125	175
Cum. 10-Year Gross Sales (Compounded at 5% Growth / Year)	\$5,361,401		\$3,875,901		\$1,653,965		\$2,500,784		
10-Year Sales / Average Total Investment	72.9	75	41.3	75	17.6	45	17.7	45	75
10-Year Total Royalty Payments	\$18,000		N/A		\$826,983		\$375,118		
10-Year Royalties / Average Total Investment	Can't Compare	50	Can't Compare	50	Can't Compare	50	Can't Compare	50	50
Detailed Income Statement (EBITDA All Units Optimal)	0%	0	0%	0	0%	0	30%	15	50

* To adjust stated Average Gross Sales to a "standard" of greater than 2 years, the following adjustments were applied:
 Over 1 Year = 115%; Over 2 Years = 100%; Over 3 Years = 95%; Over 4 Years = 90%; Over 5 Years = 85%.



- The **Current Ratio (or Working Capital Ratio)** is a liquidity ratio that reflects the franchisor's ability to pay back its short-term liabilities. A ratio of less than 1 raises a red flag as to whether a franchisor can pay its short-term obligations when due.
- **Intangibles**, including **Goodwill**, are long-term assets represented by non-physical assets. Franchisors whose brands are household names may justify a higher value for intangibles than a relatively new brand with limited experience in the marketplace.
- **Total Liabilities as percentage of Total Assets Ratio** reflects the long-term strength of the franchisor's balance sheet. Over time, one would expect the percentage to decrease. A lower percentage is preferred over a higher percentage.
- **Long-term Liabilities as percentage of Shareholder Equity** reflects the franchisor's long-term capital structure. Over time, one would expect the percentage to decrease. A lower percentage is preferred over a higher percentage.

Balance Sheet Items (\$000)	Pronto Insurance		Fiesta Auto Insurance		Goosehead Insurance		Brightway Insurance		Max. Score
	Data	Score	Data	Score	Data	Score	Data	Score	
Weighting for Primary FDD Variables (100 Points)	Data	Score	Data	Score	Data	Score	Data	Score	Max. Score
Ending Date for Financials (Closing Date on Balance Sheet)	12/31/2017		4/30/2018		12/31/2017		12/31/2017		
Current Assets	\$935		\$12,741		\$7,719		\$9,827		
Intangibles & Goodwill	\$0		\$0		\$216		\$1,261		
Other Assets	\$29		\$534		\$8,772		\$3,550		
Total Assets	\$964		\$13,275		\$16,707		\$14,638		
Current Liabilities	\$334		\$7,772		\$5,767		\$6,721		
Long-Term Liabilities	\$0		\$1,162		\$52,072		\$7,187		
Total Liabilities	\$334		\$8,934		\$57,840		\$13,908		
Shareholders' Equity	\$629		\$4,341		-\$41,133		\$730		
Total Liabilities & Shareholders' Equity	\$964		\$13,275		\$16,707		\$14,638		

Key Financial Ratio (%)s	Pronto Insurance		Fiesta Auto Insurance		Goosehead Insurance		Brightway Insurance		Max. Score
	Data	Score	Data	Score	Data	Score	Data	Score	
Weighting for Primary FDD Variables (100 Points)									
Current Ratio (or Working Capital Ratio)	279.9%	25	163.9%	24	133.8%	22	146.2%	22	25
Intangibles & Goodwill as % of Total Assets	0.0%	20	0.0%	20	1.3%	19	8.6%	18	20
Total Liabilities as % of Total Assets Ratio	34.6%	33	67.3%	25	346.2%	0	95.0%	5	35
Long-Term Liabilities as % of Shareholders' Equity Ratio	0.0%	20	26.8%	17	-126.6%	0	984.5%	0	20

Total Score	811	794	727	645	/1000
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FranCompare™ and the World Franchising Network have been in the franchising business for over 30 years. During that period, we have gained some meaningful insights into what separates great franchise systems from mediocre ones. The FranCompare™ Franchise Recognition Program is the result of those decades of experience. The underlying analysis relies upon a unique template called Franchise Matrix™. The Franchise Matrix™ allows a prospective investor, analyst or lender to prioritize which objective factors in each franchisor's FDD are most important in analyzing competing systems and to compare systems side-by-side. Keep in mind that the methodology and results of the Franchise Recognition Program are solely the opinions of FranCompare™ and are based solely on what we consider to be the key factors taken from each franchisor's 2018 FDD. If you want to modify the weighting of the variables or change the variables themselves, please [click here](#) for a customizable worksheet that can accommodate your personal priorities.

FranCompare™ also provides custom side-by-side analyses for clients. You can choose from over 2,100 2018 FDDs and over 2,300 2017 FDDs listed on www.FranchiseDisclosures.com. If you have an interest in a custom FranCompare™ analysis, please give us a call at (888) 612-9908. The minimum charge for 4 companies is \$600 and each additional company is \$150.

Source: All information in the FranCompare™ Franchise Recognition Program, the Franchise Matrix™ and related charts and graphs was compiled from publicly available Franchise Disclosure Documents (FDDs). FranCompare™ permits no reproduction, electronic transmission or other distribution of the FranCompare™ Franchise Recognition Program or Franchise Matrix™, in whole or in part, except as authorized by separate signed Agreement.

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