

Texas Franchise Opportunity Overview



AAAA Insurance

8-May 2020

Update 0.1



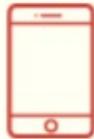
About Us



- In business since 1994—strong name brand recognition and reputation in industry
- One of the fastest growing insurance companies in TX—50% growth in the last 4 yrs
- Duality—ability to serve the non-standard (high risk) as well as standard markets
- Multitude of products—Auto, Home, Renters, Commercial, General Liability, Tax, and much more
- Own-branded insurance product since 2007 (longest of any TX insurance carrier)
- Concentrated in greater Houston area, San Antonio, Austin, and Dallas/Fort Worth
- Strong partnerships with insurance carriers—representing over 30 companies
- Tier1 support amongst key partners to facilitate identifying right product for customers
- Dedicated in-house underwriting and claims department



Online



Mobile



Agent



Mail



Walk In

Company History



- Motto: *Customer Service is our #1 Priority*
- Earning trust one customer at a time
- Small company benefits with a big corporation backing



1991—1st
location in
SW
Houston

1996—
appointed
for
commercial
products

2000—
opening of
10th
location

2003—
representat
ion from 30
companies

2007—
AAAA
product
appointme
nt

2010—in-
house
support
established

2014—1st
franchise
location

2018—10th
franchise
location
established

- From the formation of the 1st location nearly 30 years ago, AAAA has prided itself in conducting business ethically

AAAA Offices vs. Independent Agencies



VS.



Name Brand Recognition!

National Marketing Campaigns



LIABILITY \$25* & UP
*Restrictions Apply

AAAA AUTO INSURANCE

- SR 22'S
- NO DRIVERS LICENSE

Se Habla Español

2329 Fry Road · Katy, TX 77449
(Fry Rd. @ Saums Behind Church's Chicken)

To buy online go to www.AAAAINS.com

LOW LOW PAYMENTS!
Customer Service is Our #1 Priority

(713) 774-2222
20 locations in Houston. Call for one near you!!

AUTO • HOME • COMMERCIAL • BONDS

Marketing Influence—Household Name

Corporate Headquarters—Houston, TX



- Corporate Training & Support
- Yearly Conferences
- New Franchisee onboarding

Strong Training and Support for Success

What Customers are Saying About AAAA



Jennifer Colores

[Local Guide](#) · 42 reviews

★★★★★ a year ago

Staff is friendly and looks for ways to help you.



bearded as fluck

[11 reviews](#)

★★★★★ a month ago

Tammys great! Affordable insurance with no hassle.



SUSIE MILLER

[4 reviews](#)

★★★★★ a year ago

Been with them for over 5 years! After Harvey , they took care of my claim within two weeks ! Not only that , my policy just renews and I got a lower rate! Im glad I found AAAA when I was shopping around.



Kamin Ervin

[Local Guide](#) · 39 reviews · 3 photos

★★★★★ 11 months ago

Great price and very nice ppl



Carolina Herrera

[4 reviews](#)

★★★★★ a year ago

after shopping around for the last month these guys were the cheapest out there, and their service was WAY BETTER than my past carrier for FIVE YEARS!! I wouldn't go anywhere else. These guys know what they're doing. I've been with them for nearly 8 years and they've always had the best rates in town. don't take a chance, get your insurance from these agents. I specifically talked to Araceli and she was great help!



Ashley Gonzales

[3 reviews](#)

★★★★★ 9 months ago

My parents recently got insurance in this office and they had such a good experience they wanted me to leave a review for them. The ladies helping them were awesome so nice and bubbly my parents were greeted as soon as they walked in which made them feel welcome and comfortable. The ladies were so helpful and provided my parents with all the information they asked. I would be recommending this insurance office to everybody I know, thanks to the staff that went above and beyond to help my parents.



Rodney Arndt

[1 review](#)

★★★★★ a year ago

I spoke with Mel first thing this morning needing assistance with obtaining insurance for my 1978 F150. We were not able to get what I needed but Mel was persistent and worked on the issue for me and called me back within the hour with a very workable solution! She was very friendly and professional and she helped solve my problem. She provided excellent customer service! Thanks Mel.



Agustín Hernandez

[1 review](#)

★★★★★ 3 days ago

Atlai es un buen muchacho muy atento a su trabajo me ayudó con todo lo que necesitaba ni en ningún momento me quito la atención explicó todo muy claro y dejo entender todo estoy muy agradecido con su servicio y atención al cliente muchas gracias. Agustín

Customer Service is our #1 Priority

Insurance & Tax Industry



- Auto insurance—nearly 200M policies nationwide
- ~80% sold by independent agents (like AAAA)
- Auto insurance is **REQUIRED BY LAW**
- Target demographics is Latino community—fastest growing demographic in the nation
- Non-standard market prefers F2F sales and interaction in person—locations are key to success
- Tax industry—nearly \$20B industry (yes B as in Billion)
- 240M tax returns filed each year according to IRS
- Target demographics-Latino community show tax return filings increasing at 5% annually
- Latinos paid over \$130B in federal taxes!!
- Non-standard market represents in excess of 30% of the total market

Non-Standard Insurance Market

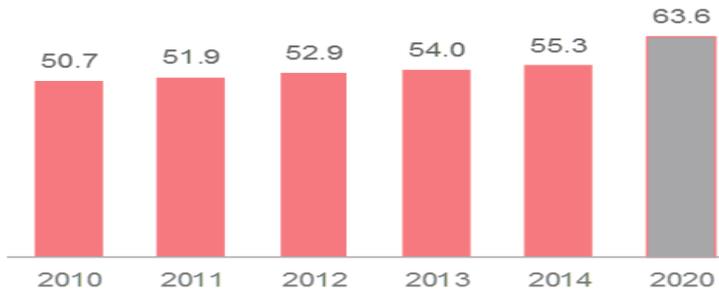


Non-Standard Auto

Favorable trends in target demographic

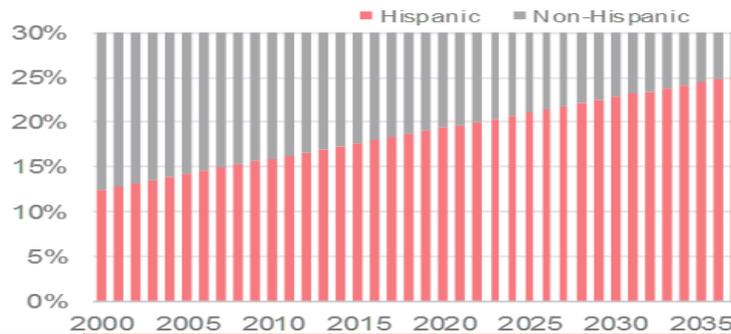
U.S. Hispanic Population Growth

Hispanic population expected to grow 2.1% annually through 2020, outpacing total population growth of 0.8%



U.S. Hispanic Population - % Total

Hispanic population expected to represent 30% of total U.S. population by 2035, with a disproportionately young population that will drive growth.



Non-Standard Auto Insurance Market Overview

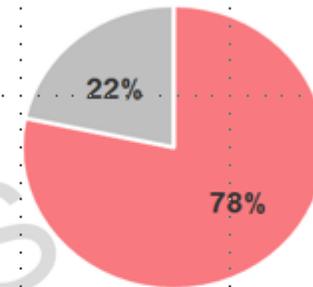
\$40B+ market outpacing industry growth

NSA Industry Overview

- Non-standard auto ("NSA") insurance provides coverage to drivers who find it difficult to purchase "standard" or "preferred" auto insurance due to factors such as driving record, vehicle type, age, claims history or limited financial resources
- Policies are typically short-duration and low-limit that are in force for 6 months or less (some carriers offering policies as short as one month)
- NSA customers in general, and Hispanic customers in particular, tend to buy auto insurance via the store-front based independent agency channel because these customers:
 - Prefer cash payments
 - Prefer face-to-face interactions
 - Prefer to buy insurance locally (close proximity to the community)
 - Tend to be underbanked relative to the broader population, making it difficult to bind auto insurance via call centers and internet
- Factors of importance for NSA customers:
 - Down payments
 - Total policy premium
 - Payment frequency and amount
 - Customer service

Auto Insurance Customer Overview

2015 Private Auto DPW



Non-Standard	
Lower limits	Shorter durations
Pay monthly	Higher claim histories w/ tickets / accidents
Less affluent	More likely to be underbanked
Lower credit scores	

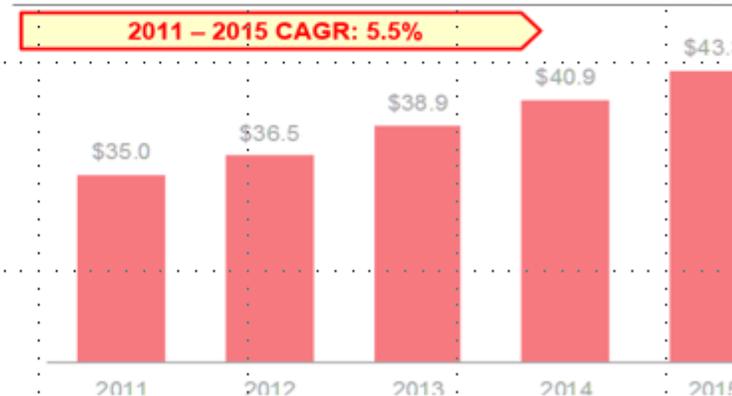
Standard & Preferred	
Higher limits	Longer durations
Pay full term upfront	Lower claim histories w/ tickets / accidents
More affluent	Higher rates
Higher credit scores	

2015 NSA DPW by State

(in billions)

State	DPW	% of Total	2011-2015 CAGR	Fiesta Presence?
Texas	\$4.9	11.4%	7.2%	✓
California	4.4	10.3%	7.1%	✓
Florida	3.8	8.7%	6.3%	✓
New York	2.1	4.9%	4.3%	✓
Pennsylvania	1.9	4.4%	3.4%	✓
Illinois	1.8	4.1%	4.8%	✓
Georgia	1.7	3.9%	7.9%	
Ohio	1.5	3.5%	5.8%	✓
Tennessee	1.4	3.1%	4.5%	✓
Michigan	1.3	3.1%	10.4%	

Historical NSA Direct Premiums Written



Perfect Combination for Franchise Success!

AAAA Business Model



- Perfect Blend of Products!
- Franchise locations have access to all of AAAA product selections
- Non-standard insurance is one of the most resilient industries—little to no impact during the toughest recessions
- Proven business model for the last 30 years with access to the best insurance carriers in the country

Products Offered	
Auto	Roadside Assistance
Motorcycle	Mexico Insurance
Homeowners	AD&D/Life Insurance
Renters	Tax Preparation Service
Commercial	No License Insurance
General Liability	SR22 / DUI
Bonds	Boat/ATV
Campers/RV	Worker's Compensation
Progressive (Standard)	Telemedicine

Perfect Combination for Franchise Success!

Franchisee Training & Support



- Combination of classroom, remote, and on-location training and support to cover:

Training and Support	
Site selection	Third party financing (if needed)
Store layout and design	Technology consultation
Licensing training	New agent training
pre- and post- opening support	Grass-roots marketing plans
All product training	Team development
Business fundamentals	Reviewing roles and responsibilities of each employee in location
Council and lawyer review (if needed)	State and City licensing for stores

Comprehensive Training and Support!

Real Estate Location Selection Process



- Location selection begins after signing the Franchise agreement and payment of franchise fee
 - Proposed locations can be submitted to corporate for approval
 - Alternatively corporate has a list of locations / demographics already
 - Generally 1-2 months for location selection and an additional month to start up
- Corporate staff will assist franchisee for all steps in the process
 - Site selection and lease negotiation
 - Demographics confirmation
 - Council review of business and lease paperwork
 - Pre-opening work and grand opening

**Strong partnership between
Corporate and Franchise for success**

Franchise Investment Breakdown



- Franchise Fee: \$25,000 - \$40,000
 - Assessed one-time, per franchise location
 - Provides appointment and access to all products
 - Monthly fees approx. \$600 for access to management system, rater, and corporate advertising
 - Yearly fees –national meetings and refresher trainings, insurance coverage for business
- Location Bring-up: \$12,000-\$16,000
 - Location dependent (generally 800 – 1500sqft)
 - Includes all furniture, basic buildout, carpet, signage, technology solutions, pylon.
- Ramp-up Capital: \$18,000 - \$24,000
 - Plan for one year of ramp up capital
- Benefits
 - Easy to get licensed and appointed
 - Proven franchise model that is successful
 - No inventory—easy business mgmt
 - Business model involves selling products everyone needs (it is required)
 - Access to corporate discounts for vendors
 - Benefits of large company infrastructure
 - Be in business for yourself, but NOT by yourself

Low investment for proven business model!

How to get Licensed for Texas



- Every owner operator and agent is required to be licensed to conduct business in TX
 - License name for agent: Property and Casualty (P&C)
 - License name for business: General Insurance
- AAAA will provide
 - study material, summaries, basic training in order to get agent licensed
 - Additional online trainings are available for additional cost
- Exams are administered by the state department of licensing (TDI)
 - 70% grade or higher required in order to pass
 - 3wks – 4wks for official license approval
 - Fingerprint background check required
- Basic training material, one exam, and finger-printing cost covered

Licensing costs covered as part of Franchise Fee!

Best Performing Franchises Have...



- Owner Operated—owners sit and are involved in day to day office business
- Bilingual—Ability for operator or agents to converse in Spanish and English
- Copy Exactly—follows the corporate training and feedback to quick ramp-up
- Location!—highly visible location in well trafficked area
- Financial Stability—disciplined approach to enable growth
- Hungry for Growth—strong match on our personality assessment



AAAA Location Map

- Franchise locations available in over 20 major cities across Texas
- For more Information on Franchising, contact Mike M
 - 281-203-9000
 - Mike@AAAAins.com



Most desirable territories are going fast!