

PRIVATE EQUITY PRACTICE GROUP

Private equity firm avoids a bad deal through risk and insurance due diligence.

BACKGROUND & CONTEXT

BKS was engaged to provide insurance due diligence on a prospective acquisition for a Private Equity client in the transportation space. The PE client was very interested in the deal but had reservations about the acquisition due to the unique risk profile of the target. BKS was able to quickly help the PE firm understand the projected EBITDA was overstated due to a lack of proper insurance coverages. The enhanced understanding increased the PE client's confidence in passing on the deal for a much stronger opportunity without risk issues.

SOLUTION & TACTICS

Benchmarking reports substantiated that inadequate limits and deductibles were unnecessarily exposing their balance sheet. The BKS risk mitigation services team provided the Private Equity firm with an outline of recommendation enhancements to the fleet safety program.

VALUES & LESSONS



- Increasing the limits and lowering the retentions would have reduced EBITDA by 30%.
- BKS was able to provide improved decision-making insight which helped the Private Equity firm to understand the significant operational changes that would have been required to improve their fleet safety program.

Private equity firms rely on BKS Partners to reduce uncertainty and increase protection of returns.

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