



BUSINESS REPORT

Date: **17th May 2025**

Business Reference: **37372**

About the Business:

"Insurance-Approved Construction Specialists – Reliable, Scalable, Profitable."

A profitable, turnkey insurance construction business with strong recurring revenue and contracts with 11 insurance providers. The business does not rely on private sector work or advertising—work is referred directly by insurers. The model is highly scalable, with potential to replicate branches across South Africa. Reliable payment cycles, minimal bad debt risk, and a strong reputation make this an ideal acquisition for

an investor or operator looking for a low-risk, cash-generative opportunity.

\\"Insurance-Approved Construction Specialists – Reliable, Scalable, Profitable.\\"



Sector: **Services**

Asking Price:

R 7,765,755

Monthly Profit:

R 323,924

Asset Value:

R 1,392,893

Stock Value:

R 50,000

Yearly Net Profit :

R 3,887,086



Business Report

How long has the business been established?

4 Years

How long has the owner had the business?

4 years

How does the business operate on a daily basis?

The business follows a structured and efficient operational workflow managed primarily from the office. Each morning, operational teams report to the office where they are assigned their jobs for the day. These job assignments are based on a weekly planning schedule that is managed by the office staff. Jobs are typically booked 1.5 to 2 weeks in advance, after which the office team reviews available capacity and books further work accordingly.

New insurance claims are received on a daily basis. Upon receipt, the office schedules site inspections for the manager. The manager conducts these inspections personally, after which they return to the office to prepare quotations, compile site reports, and upload supporting photographs. These documents are then submitted to the relevant insurance companies for approval.

If the claim is approved as valid, the office proceeds to schedule the approved work. Once the job is completed, and the client is satisfied with the outcome, a job clearance form is signed by the client. The office then processes the final invoice and submits it for payment.

This operational cycle ensures a steady workflow, clear division of responsibilities, and continuous communication between the office, field teams, and insurance stakeholders.

How are the clients attracted to the business?

The business operates exclusively within the insurance claim sector and does not actively service the private market, although it has the capacity to do so if needed. Customer acquisition is not reliant on conventional marketing or sales outreach. Instead, the business has secured longstanding contracts and service agreements with 11 major insurance companies, brokers, and assessors. These relationships serve as the primary source of a consistent and ongoing stream of work.

As a result of these established agreements, the business does not need to pursue new clients—the work is referred directly by the insurers and associated intermediaries. Due to the volume of referrals, the company's two operational teams are consistently booked at least two weeks in advance. This model provides a reliable pipeline of projects and ensures high utilization of resources with minimal downtime.

What Advertising/Marketing is carried out?

The business does not engage in any formal advertising or marketing activities. As an insurance claim-focused construction company, all work is sourced through established contractual relationships with insurance companies, brokers, and assessors. These industry partners refer work directly to the business based on pre-approved service agreements.

Given the consistent volume of referrals and the business's capacity being fully utilised, there is no operational need for public marketing or private sector outreach. The strength of the business lies in its reputation for reliability, quality workmanship, and efficient service delivery within the insurance sector.

Does the business have any contract work?

Yes, the business operates under formal service level agreements (SLAs) and contractual arrangements with 11 insurance companies, brokers, and assessors. These agreements ensure a consistent flow of claim-related construction work. The business is considered a preferred vendor and does not perform any contract work outside of these insurance-related engagements.

What competition exists?

There are other service providers listed on the insurance panels; however, insurance companies generally allocate work evenly among approved service providers. Certain companies, such as Lenaka, are designated as VIP Service Providers (VIP SPs) due to their proven track record, responsiveness, and high-quality service delivery. External assessors and brokers also allocate work based on service standards and turnaround times, where Lenaka is a consistent top performer.

What are the seasonal trends?

Claim volumes—and thus the business's workload—are influenced by seasonal and environmental factors. Periods of high rainfall typically lead to an increase in water-related claims, while fires and catastrophic events such as storms or flooding significantly boost the volume of insurance claims. These seasonal patterns result in predictable peaks in workload, which the business manages through careful planning and resource allocation.

How could the profitability of the business be improved?

Buy stock upfront, get onto more panels (insurance companies), faster turn around time.

Give a breakdown of staff/ functions/ length of service?

Skilled Labour (8 staff): This team includes multi-skilled tradesmen proficient in ceiling installation, plastering, tiling, general building work, and painting. Many of them have several years of experience, and collectively they form the operational backbone of the business.

Foremen (2 staff): Two experienced foremen oversee the site teams. Both have extensive construction industry knowledge. One foreman specialises in carpentry and cupboards, while both are capable of managing diverse types of projects. They are key to maintaining worksite quality and efficiency.

Office Administrator – JP (1 staff): JP handles internal systems, quoting, inspections, and submission of reports to insurers. He is cross-functional and has stepped in to conduct site inspections when required. He is currently being mentored to head up a planned expansion into Hermanus.

Operations Manager – Etienne (1 staff): Recently appointed, Etienne manages the day-to-day running of the business, including team coordination, planning, and overall project oversight. He plays a central role in ensuring operational efficiency and delivery standards.

Do any have management potential?

Two team members have been identified as having strong management potential, including JP, who is currently being trained to lead a future satellite branch.

How involved is the Owner in running the business?

The owner was previously hands-on in all aspects of the business but is actively transitioning the company toward operational independence. The appointment of a dedicated manager and training of internal staff for leadership roles forms part of this strategic succession planning.

When does the current lease end?

The current lease agreement runs until February 2026.

What are the trading hours?

The business operates from 07:00 to 17:00, Monday to Friday.

What are the main assets of the business?

The business's core assets include a variety of construction tools (primarily INGCO brand), two bakkies allocated to the foremen, and standard office equipment such as desks, computers, and a printer.

Strengths?

The business has built a longstanding and respected name within the insurance construction industry.

It has service agreements with 11 insurers, brokers, and assessors, providing a steady stream of claim-related work.

The team possesses deep knowledge and experience in insurance-related construction, allowing for accurate quoting, efficient project execution, and proper documentation for insurance approvals.

Internal systems and processes are well established, contributing to consistent service delivery and positive client feedback.

Weaknesses?

Decentralised decision-making at times results in delays, as staff prefer to consult with management before confirming actions.

While this is improving, it may limit agility in time-sensitive situations

Opportunities?

The business has the potential to expand onto additional insurance panels, increasing its referral base and project pipeline.

There is a significant opportunity to tap into the private construction market, which is currently being avoided due to full team utilisation.

Plans are already in motion to expand to Hermanus, which could open up additional markets and insurance panel access.

Threats?

Insurance panel compliance poses an operational risk. Consistent complaints regarding service, feedback, or workmanship can lead to temporary or permanent removal from insurer panels.

First warning: suspension for 1 month

Second cycle: suspension for 6 months

Third cycle: permanent removal

However, the business has maintained excellent standing, with only one warning received in the last four years—a testament to its commitment to quality and customer service.

What is the reason for the sale?

The owner has decided to pursue a new business venture that requires his full attention. Although he grew up in the construction industry and gained hands-on experience under the guidance of his parents, he remains relatively young and is eager to explore other interests and passions beyond the building trade. The business is well-established and operating successfully, but the owner's personal aspirations are leading him in a new direction.