

# FULL CIRCLE

## BHC Insurance – A Legacy Resumed

words DWAIN HEBDA // images BHC INSURANCE

To dyed-in-the-wool entrepreneurs, there's a certain degree of pride in owning one's own business that's unlike anything in the corporate world.

For one Fort Smith company, BHC Insurance, this has meant moving from family ownership to corporate control and back again. Today, the firm is thriving, creating success while building wealth for its employees through stock ownership.

"It was a huge motivating thing for us to get ownership back," says Marty Clark, president and CEO. "It's just been awesome. We're now the second largest privately held agency in Arkansas, and we have organic growth goals that are really high."

The story begins with Marty's father, Larry Clark (and Sam Hiller), partners in the original business, Brown-Hiller-Clark & Associates, which Marty and his older brother, Scott, joined in the early 1990s.

"I worked for Walmart for a couple of years in the risk management division before I came into the family company," Marty says. "I came back for the opportunity to grow it and work with my dad and my brother. That was the primary focus."

Marty and Scott Clark, along with Shannon Schmidly, a mutual friend who joined the company around the same time, proved to be cut from the right cloth for insurance work.



PAXTON CLARK, CFO; MARTY CLARK, PRESIDENT;  
SHANNON SCHMIDLY, EXECUTIVE VP; GRAVES SCHMIDLY, VICE PRESIDENT

"For me, I think the biggest thing is I'm a very curious person. I'm a people person. I like to learn about people. I like to find out what made them successful," Marty says. "That's a big part of our business. We work with business owners, and when you have that sort of natural curiosity and ease of talking to people, it complements our business. And, when people know you genuinely care about their story is, they're more inclined to do business with you."

The company thrived under the young trio's aggressive, pro-growth mindset, to the point where other companies began to take notice of its success. After about a decade of building the firm's book of business, the phone started ringing with potential suitors.

"In 1999, there was legislation passed that allowed banks to get into the insurance business where they previously were not allowed to," Marty says. "For banks, this is awesome because they can diversify and create other streams of income. Around 2000, there was an immediate shift as large banks acquired large insurance agencies.

"We were a top four or five agency at that time, but the companies that were getting acquired were way bigger than us. We're thinking, this is kind of interesting, but it could be a threat to us. Meanwhile, we're receiving inquiries from numerous banks that are attempting to establish a presence in Arkansas. We just viewed the situation as, you know, a potential existential threat for us."

During this, Marty had a chance meeting with Sam Sicard, the son of the then-chairman of the board of First National Bank in Fort Smith, a company that, like Brown-Hiller-Clark & Associates, had been in family hands for multiple generations. Sam was still new to the banking world, but he could read trends. He broached the subject with Marty of the bank holding company buying the insurance agency.

"We ultimately made the decision to sell the agency to the bank," Marty says. "If we were going to sell to a bank, we wanted to do it with a local bank we could trust, one that wouldn't change us or change our culture."

The deal, which was signed in 2002, proved a match made in heaven. First Bank Corporation leadership had the good sense not to meddle with a winning formula, allowing the agency to operate as it saw fit. In return, the insurance firm did what it does best, growing fivefold over the next two decades.

"We would continuously be approached by outside acquirers during this time, such as national agencies and private equity, but we were never



PAXTON AND MARTY CLARK



GRAVES AND SHANNON SCHMIDLY



interested because we didn't want to work for someone else," Marty says. "First Bank Corp. never micromanaged us and completely allowed us to do our jobs. They really are great people. We grew tremendously during the twenty-year period, and we were focused on being the best we could be, quite honestly."

However, amidst all the success, agency leadership couldn't shake the nagging feeling of regret over the sale.

"From Day One, we had a very close relationship with the bank, and we had an excellent relationship for the entire time we were together, but there were parts of me that knew we had shortchanged ourselves and lost a key part of what drives all organizations — equity partners with skin in the game to help grow the organization long-term," Marty says. "However, we didn't think we could afford to buy our own success back, basically. It was going to be extremely hard to do that."

Family ties would once again prove a powerful motivator, however, as Marty's son, Paxton, was preparing to graduate from Southern Methodist University in Dallas. When a competing Texas insurance firm attempted to recruit Paxton to work for them, it prompted the father and son to sit down and discuss careers and the future.

"Paxton called me and said, 'Hey Dad, this risk management broker thing sounds awesome,'" Marty reflects. "I said, 'Paxton, do you know what I do?' and the answer was he really didn't. I told him that's what I did, and if he was really interested in it, we had a spot for him in our northwest Arkansas office."

Paxton not only joined what is now known as BHC Insurance after graduation in 2020, but he also recruited Graves Schmidly, son of BHC partner Shannon Schmidly, to come to the firm as well. This sparked Marty's desire to find a way to bring the firm back into private ownership.

"Suddenly, we've got these two young, sharp kids working for us who can never have equity in the company," Marty says. "I started wondering if it was even possible for us to buy this company back? How could we afford to do this?"

By happenstance, a former high school classmate who'd built an impressive business career in the U.S. and abroad, called Marty and convinced him to send over some preliminary information "just so he could run the numbers."

"Four days later, he came back with a spreadsheet a mile long about all these different permutations of interest rates, growth rates, all this sort of stuff," Marty says. "He created a picture that showed us that we could do it."

Marty approached the owners in late 2022, and after some back-and-forth, in March 2023, a deal was finalized. Since then, BHC Insurance hasn't missed a beat. The firm now employs nearly ninety people in Fort Smith, northwest Arkansas, and Oklahoma, and is in expansion mode, having opened a Little Rock office in July. Moreover, the company has been able to offer its workforce opportunities that it couldn't under previous ownership.

"The coolest thing is, Shannon and I are the majority owners with our kids, but we also have fourteen other minority shareholders. These are people who never would've had ownership opportunities before the buyback, who now do," Marty says. "That's super motivating for them to take care of the clients and provide the best customer service. It's kind of like a rising tide lifts all boats, you know, everybody's doing their best to help the overall company grow." ■



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