

2017 3rd Quarter
Agent / Broker
Merger & Acquisition Update

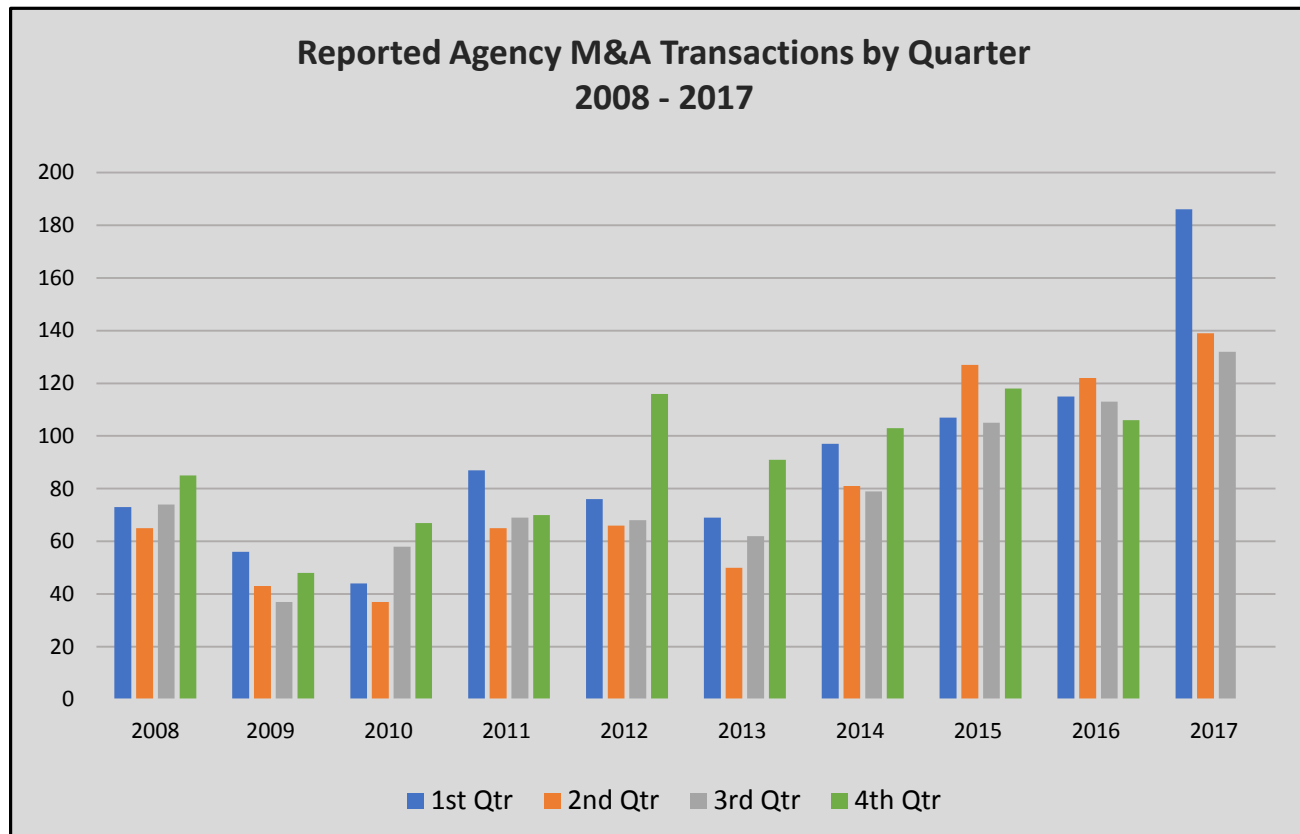
Prepared by:



Chicago, Illinois
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Agent / Broker Merger & Acquisition Summary

Insurance agency Merger & Acquisition (“M&A”) transactions continued the highly active pace during the 3rd quarter with a total of 132 reported sales and was the third highest quarterly total, behind only Q1- and Q2-2017.



The 457 total transactions reported through 9-months is equal to the previous annual record from 2015, with no end in sight of the buy-side appetite or sell-side supply of insurance broker acquisition activity.

The make-up of the transactions from the buyers' and sellers' perspectives for 2015-2017, including the Trailing 12-Months ("TTM") totals through September, are shown in the following two charts:

Transactions by Buyer Ownership						TTM
	2017q1	2017q2	2017q3	2015	2016	2017q3
Private (1)	81	62	65	110	142	251
Private Equity Backed (1)	69	56	50	243	226	219
Public	17	12	10	50	41	49
Bank	7	4	6	27	27	22
Insurance Co	11	4		19	12	19
Other	1	1	1	8	8	3
Grand Total	186	139	132	457	456	563

- (1) Effective Nov 22, 2016, Acrisure completed a management-led internal buyout, including Genstar Capital, their private-equity partner since 2013. All transactions since that date have been reclassified as a Privately Owned buyer.

Transactions by Seller Type						TTM
	2017q1	2017q2	2017q3	2015	2016	2017q3
P&C	82	78	69	260	242	285
Benefits	60	30	33	75	93	146
P&C / Benefits	30	24	15	76	79	89
Other	14	7	15	46	42	43
Grand Total	186	139	132	457	456	563

The following chart shows the top individual buyers and their ownership type:

Rank	Buyer	Buyer Ownership	2015	2016	9-Mos Jun-17	Sep-16 TTM	Sep-17 TTM
1	Acrisure (1)	Private	56	63	71	66	90
2	Hub International	Private-Equity backed	37	45	36	37	50
3	Alera Group	Private-Equity backed	0	0	29	0	29
4	BroadStreet Partners	Private-Equity backed	26	27	25	30	28
5	Gallagher	Public	27	24	24	28	29
6	Seeman Holtz Property & Casualty	Private	0	2	16	0	18
7	NFP	Private-Equity backed	12	8	15	9	18
8	AssuredPartners	Private-Equity backed	38	28	14	37	16
9	Risk Strategies Company	Private-Equity backed	5	9	8	9	10
10	USI Holdings	Private-Equity backed	9	6	7	9	8
	Top 10 Totals		210	212	245	225	296
	All Others		247	244	212	243	267
	Total Transactions		457	456	457	468	563

(1) Effective Nov 22, 2016, Acrisure completed a management-led internal buyout, including Genstar Capital, their private-equity partner since 2013. All transactions since that date have been reclassified as a Privately Owned buyer.

1. The Carlyle Group sold their interest in EPIC Insurance Brokers to Oak Hill Capital Partners in July, 2017
2. KKR sold their remaining interest in Alliant Insurance Services back to the company in September, 2017

Summary:

2017 will be another record-setting year for M&A activity in the insurance-broker space, fueled by aggressive buyer valuations, in particular from PE-backed buyer group, and the plentiful supply of agency principals needing to complete their exit strategies. While there remain a number of uncertainties in the economic and geo-political marketplaces, including the on-going battles with ACA and the impact of the recent natural disasters on insurance capital and ultimately premium levels, the market for insurance agencies remains a “seller’s market.”

Explanation and sources of data:

Data is for U.S. and Canadian transactions in the insurance distribution sector for both retail and wholesale producers, including managing general agencies/managing general underwriters (MGA/MGU). These agencies and brokers provide property/casualty insurance, employee benefits, or any combination thereof.

Data for reported and announced transactions have been obtained from various sources, including press releases, trade press articles, company websites and direct communications with buyers.

Focused exclusively on the insurance distribution marketplace, Chicago-based OPTIS offers merger & acquisition representation for buyers and sellers, including due-diligence reviews. It provides appraisals of fair market value; financial performance review, including trend analysis and internal controls; and ownership transition and perpetuation planning. Tim Cunningham and Dan Menzer are principals with OPTIS Partners (www.optisins.com), and can be reached at 312-235-0081, cunningham@optisins.com, or 630-520-0490, menzer@optisins.com.

OPTIS Partners (www.optisins.com) was ranked in the Top 5 most active agent-broker M&A advisory firm in 2014, 2015, 2016 and 2017 by SNL Financial.