



OPTIS PARTNERS

Agent & Broker 2018 Year-end Merger & Acquisition Update

January 2019



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2008 - 2018 Trending Information

Highlights of 2018 M&A Activity

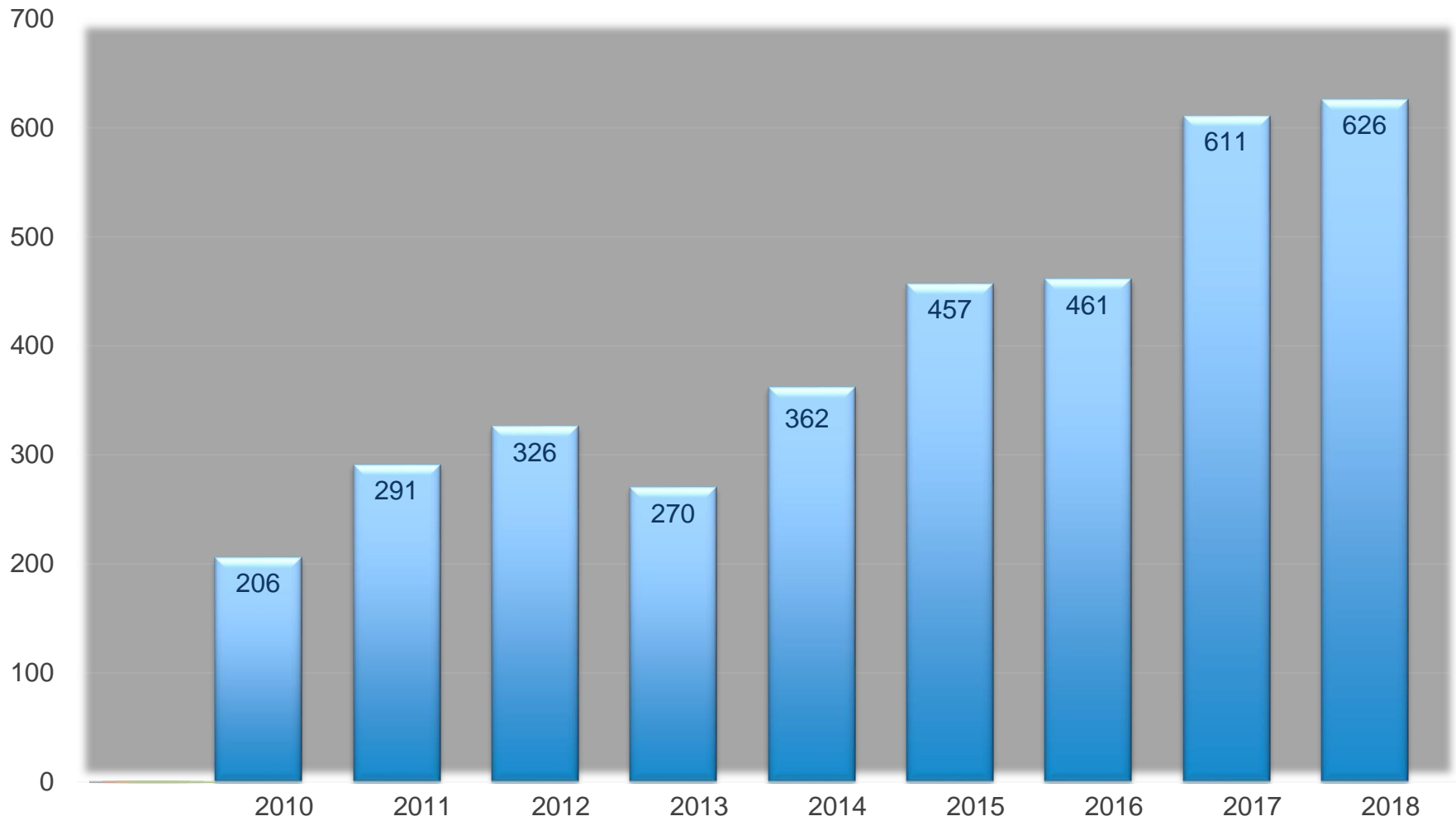
- Highest annual total with 626 transactions, surpassing 611 from 2017
- 148 transactions in 4th quarter and 330 in 2nd half of 2018, both setting records for their respective periods
- Acrisure led all buyers with 101 transactions in US and Canada
 - Followed by Hub (59), AssuredPartners (37), Gallagher (36) and Broadstreet Partners (34)
- Private Equity-Backed / Hybrid (“PE/Hybrid”) group of Buyers completing two-thirds of all agency M&A transactions
 - See next page for additional comments on PE/Hybrid group
- 142 unique buyers in 2018, down from 177 in 2017 and 153 in 2016

Additional Comments on PE/Hybrid Group

- Private Equity (“PE”) backed firms are private companies sponsored by PE firm. The PE typically shares equity with management and other key staff. This group includes both equity majority owned by the PE and equity majority owned by management but with Board control by the PE.
- Hybrid firms are privately owned companies. These firms typically have debt or credit line to facilitate acquisitions instead of being supported by a PE. Included in the category are any such firms that have been actively engaged in mergers or acquisitions.

See details of top PE/Hybrid buyers in Appendix 1, page 16

Summary Agency Acquisitions by Year



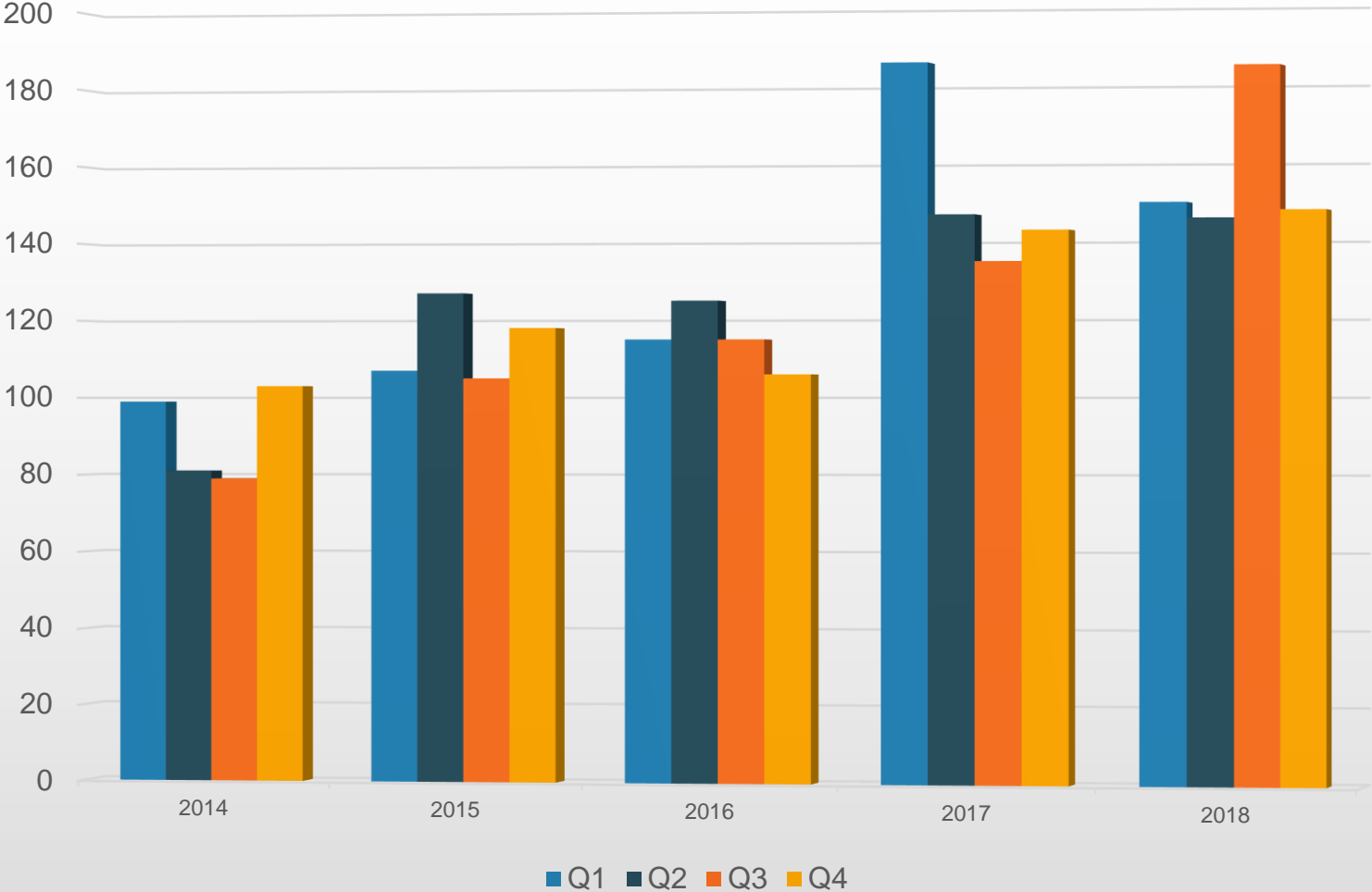
Active Acquirers with 20 or More Deals in 2018:

Buyer by Type	Ownership	2015	2016	2017	2018
Acrisure	PE	56	63	92	101
Hub International	PE	37	45	49	59
AssuredPartners	PE	38	28	26	37
Gallagher	Public	27	24	30	36
Broadstreet Partners	PE	26	27	32	34
Alera Group	PE	(*)	(*)	38	28
OneDigital	PE	2	8	13	24
Seeman Holtz	Hybrid	0	6	23	23
NFP	PE	12	8	24	23
Brown & Brown	Public	12	5	8	23
(*) Company did not exist					

Top 10 Buyers by Year: 2014 - 2018

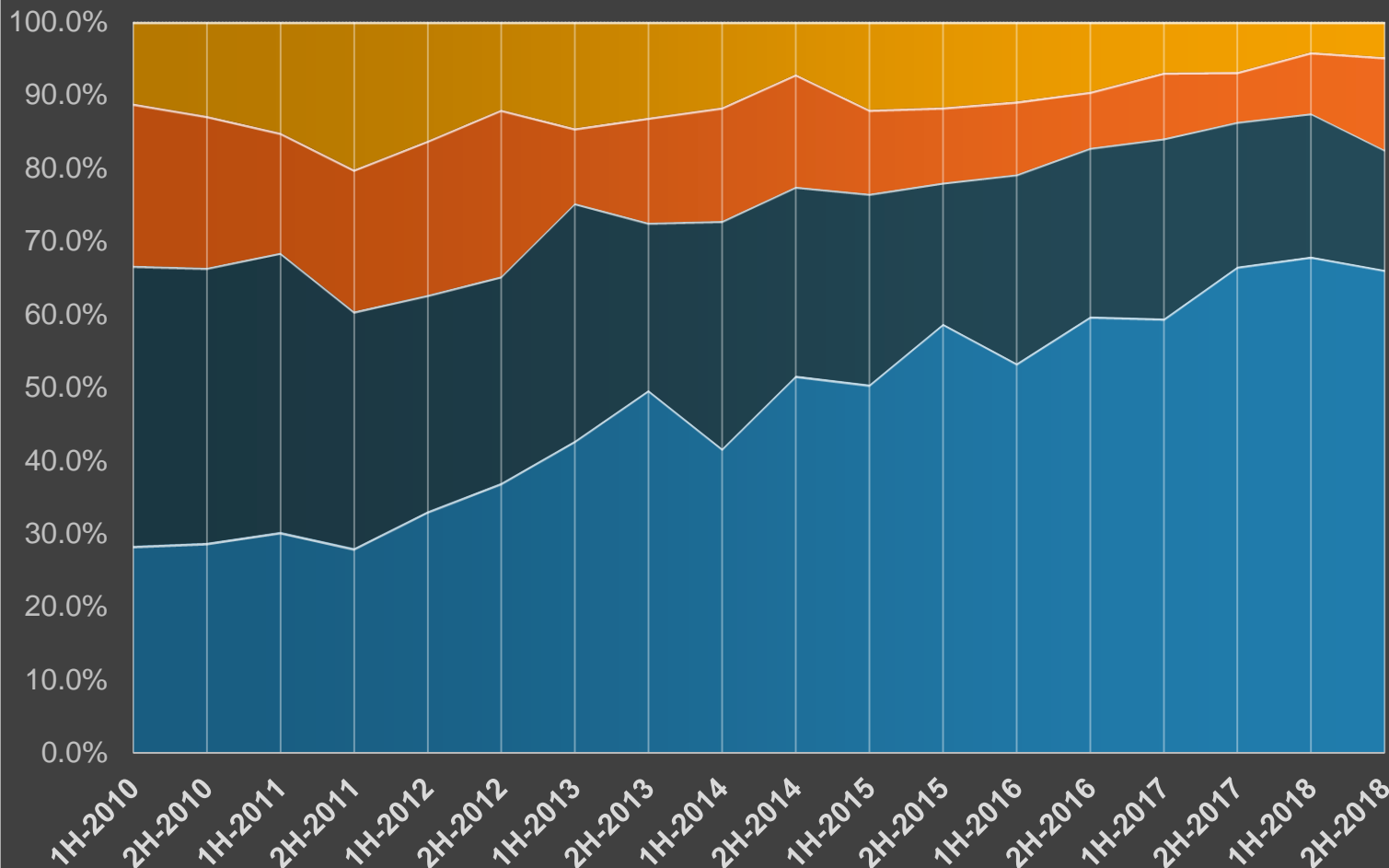
2018	2017	2016	2015	2014
Acrisure	Acrisure	Acrisure	Acrisure	Hub
Hub International	Hub	Hub	AssuredPartners	Gallagher
AssuredPartners	Alera	AssuredPartners	Hub	AssuredPartners
Gallagher	Broadstreet	Broadstreet	Gallagher	Acrisure
Broadstreet Partners	Gallagher	Gallagher	Broadstreet	Broadstreet
Alera Group	AssuredPartners	Confie	Confie	Confie
OneDigital	NFP	The Hilb Group	NFP	USI
Seeman Holtz	Seeman Holtz	Risk Strategies	Brown & Brown	Leavitt Group
NFP	The Hilb Group	OneDigital	USI	Marsh McLennan
Brown & Brown	OneDigital	NFP	The Hilb Group	NFP
Top 10: 388	Top 10: 341	Top 10: 240	Top 10: 244	Top 10: 174
62% of total	56% of total	52% of total	53% of total	48% of total

Quarterly M&A Activity

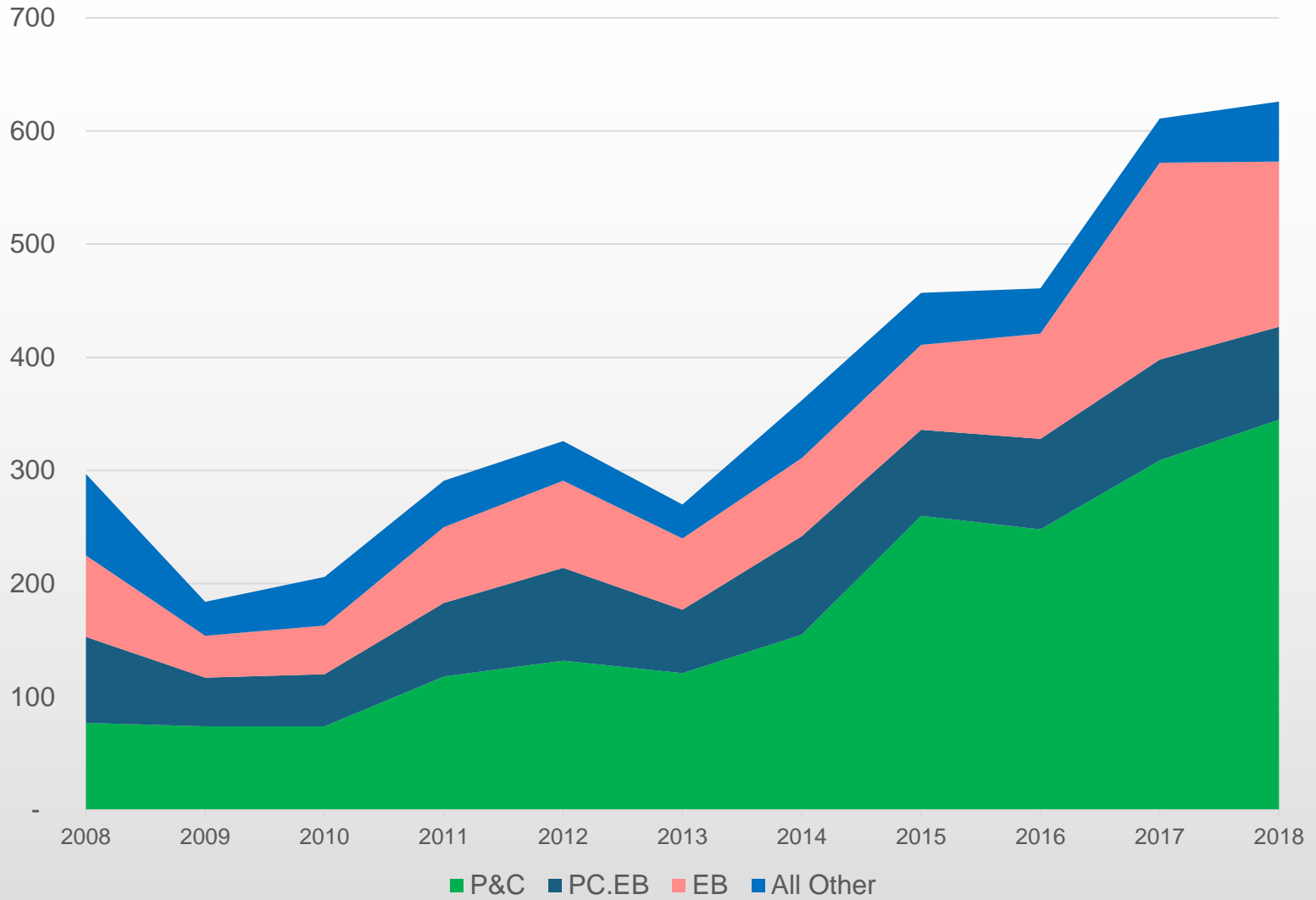


% Total Transactions by Buyer-Type

■ PE/Hybrid
 ■ Private
 ■ Public
 ■ All Other



Annual Activity by Seller-Type



Major 2018 Broker Transaction Announcements

Seller	Buyer / Investor	2017 Business Insurance Rank	Date
Key Insurance and Benefit Services	USI Insurance Services	#58	March, 2018
Crystal & Company	Alliant Insurance Services	#25	April, 2018
Regions Insurance Group, Inc.	BB&T Insurance	#33	April, 2018
Propel Insurance	Flexpoint Ford (majority ownership)	#51	May, 2018
Ryan Specialty Group	Onex Corp (minority investment)		June, 2018
Wortham Insurance	Marsh	#35	August, 2018
Integro (US locations)	EPIC	#21	December, 2018
The Hays Companies	Brown & Brown	#22	December, 2018
Jardine Lloyds Thompson (London)	Marsh	#16	Early 2019

Major 2018 Private Equity Recapitalizations

Agent/Broker	Private Equity Group Buyer	Private Equity Group Seller	Date
Sedgwick	Carlyle Group	KKR	September, 2018
Hub International	Altas Partners	New equity partner	November, 2018
Acrisure	Blackstone, Partners Group and Harvest Partners	New equity partners	December, 2018
Orchid Underwriters	Towerbrook	Gryphon Investors	December, 2019

Observations:

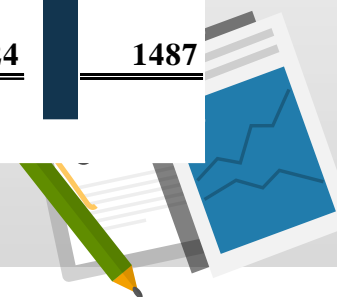
- Surge in Q4 acquisitions from active and new buyers to surpass 2017 record levels
- 330 transactions in second half of 2018 is higher than any full year total prior to 2014
- Concentration of buyer activity within the most active buyers continues to increase
- Agency valuations continue to rise
- No obvious end in sight for the continued aggressive M&A activity and valuations

Appendix – Top Buyers by Type

Appendix 1: Active Buyers – PE / Hybrid

PE / Hybrid		PE Sponsor (if applicable)	2014	2015	2016	2017	2018	5 Yr Totals
Top Buyers since 2013:								
1	Acrisure	Blackstone, Partners Group and Harvest Partners	22	56	63	92	101	334
2	Hub International	Hellman & Freidman	31	37	45	49	59	221
3	AssuredPartners	APAX Partners	26	38	28	26	37	155
4	BroadStreet Partners	Canadian Pension Fund	15	26	27	32	34	134
5	Alera Group	Genstar Capital	0	0	0	38	28	66
6	OneDigital	New Mountain Capital	7	2	8	13	24	54
7	NFP	Madison Dearborn Partners/HPS	7	12	8	24	23	74
8	Seeman Holtz	Hybrid (*)	0	0	6	23	23	52
9	Baldwin Risk Partners	Hybrid (*)	0	0	2	5	12	19
10	The Hilb Group	ABRY Partners	4	8	11	14	12	49
Active Buyers			112	179	198	316	353	1158
All Others			57	70	64	67	71	329
Total Transactions			169	249	262	383	424	1487

(*) See discussion on p. 5 above



Appendix 2: Active Buyers – Privately Owned

Private	2014	2015	2016	2017	2018	5 Yr Totals
Top Buyers since 2013:						
1 Leavitt Group	10	5	4	7	5	31
2 Cross Insurance	6	3	4	5	0	18
3 Ryan Specialty Group (*)	2	1	2	5	4	14
4 Kaplansky Insurance	0	2	4	2	5	13
5 TrueNorth Cos	0	1	2	4	3	10
6 Acentria Insurance	0	1	4	3	0	8
7 Archway Insurance	0	0	3	1	3	7
8 Insurica Insurance Management	3	0	0	1	3	7
9 Starkweather & Shepley Insurance	2	1	0	1	2	6
10 Insurance Office of America	2	1	2	1	0	6
Active Buyers	25	15	25	30	25	120
All Others	78	89	86	107	82	442
Total Transactions	103	104	111	137	107	562

(*) As referenced above, minority owned by Onex Corp.



Appendix 3: Active Buyers – Publicly Traded

Public	2014	2015	2016	2017	2018	5 Yr Totals
Top Buyers since 2013:						
1 Gallagher	31	27	24	30	36	148
2 Brown & Brown	7	12	5	8	23	55
3 Marsh McLennan Agencies	8	7	7	4	5	31
4 CBIZ	4	2	2	1	0	9
5 Jardine Lloyd Thompson	0	0	1	2	1	4
6 Marsh	1	1	0	1	1	4
7 Aon	1	0	2	1	0	4
8 Willis Group Holdings	2	1	0	0	0	3
9 JLT	2	0	0	0	0	2
10 NexgenRx	0	0	0	0	1	1
Active Buyers	56	50	41	47	67	261
All Others	0	0	0	2	0	2
Total Transactions	56	50	41	49	67	263



Appendix 4: Active Buyers – Banks

Banks	2014	2015	2016	2017	2018	5 Yr Totals
Top Buyers since 2013:						
1 Eastern Bank	1	2	4	1	3	11
2 Associated Banc Corp	0	0	0	0	2	2
3 Western Financial Group	1	0	0	0	2	3
4 Salem Five Bancorp	0	0	1	0	1	2
5 BB&T	0	0	0	0	1	1
6 Bankers Insurance, LLC	0	0	0	0	1	1
7 Fairfield County Bank	0	0	0	0	1	1
8 Home Savings Bank (Unitec	0	0	0	0	1	1
9 CB Financial Services, Inc.	0	0	0	0	1	1
10 IA Financial Group	0	0	0	0	1	1
Active Buyers	2	2	5	1	14	24
All Others	11	25	20	22	5	83
Total Transactions	13	27	25	23	19	107



Appendix 5: Active Buyers – All Others

All Other	2014	2015	2016	2017	2018	5 Yr Totals
Top Buyers since 2013:						
1 Intact Financial Corp	5	3	5	3	0	16
2 Patriot National Inc.	0	6	1	0	0	7
3 Boston Omaha (General Inder	0	0	1	3	0	4
4 AmTrust Financial Services	0	2	2	0	0	4
5 National General Insurance	2	2	0	0	0	4
6 Ameritrust Group	0	0	1	2	0	3
7 Hudson Insurance Group	2	1	0	0	0	3
8 Tokio Marine	0	0	0	1	1	2
9 Houston International Insuranc	1	1	0	0	0	2
10 The Hartford	0	0	0	0	1	1
Active Buyers	10	15	10	9	2	46
All Others	11	12	12	10	7	52
Total Transactions	21	27	22	19	9	98





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