OPTIS PARTNERS

Agent & Broker 3rd Quarter Merger & Acquisition Update

October 2019

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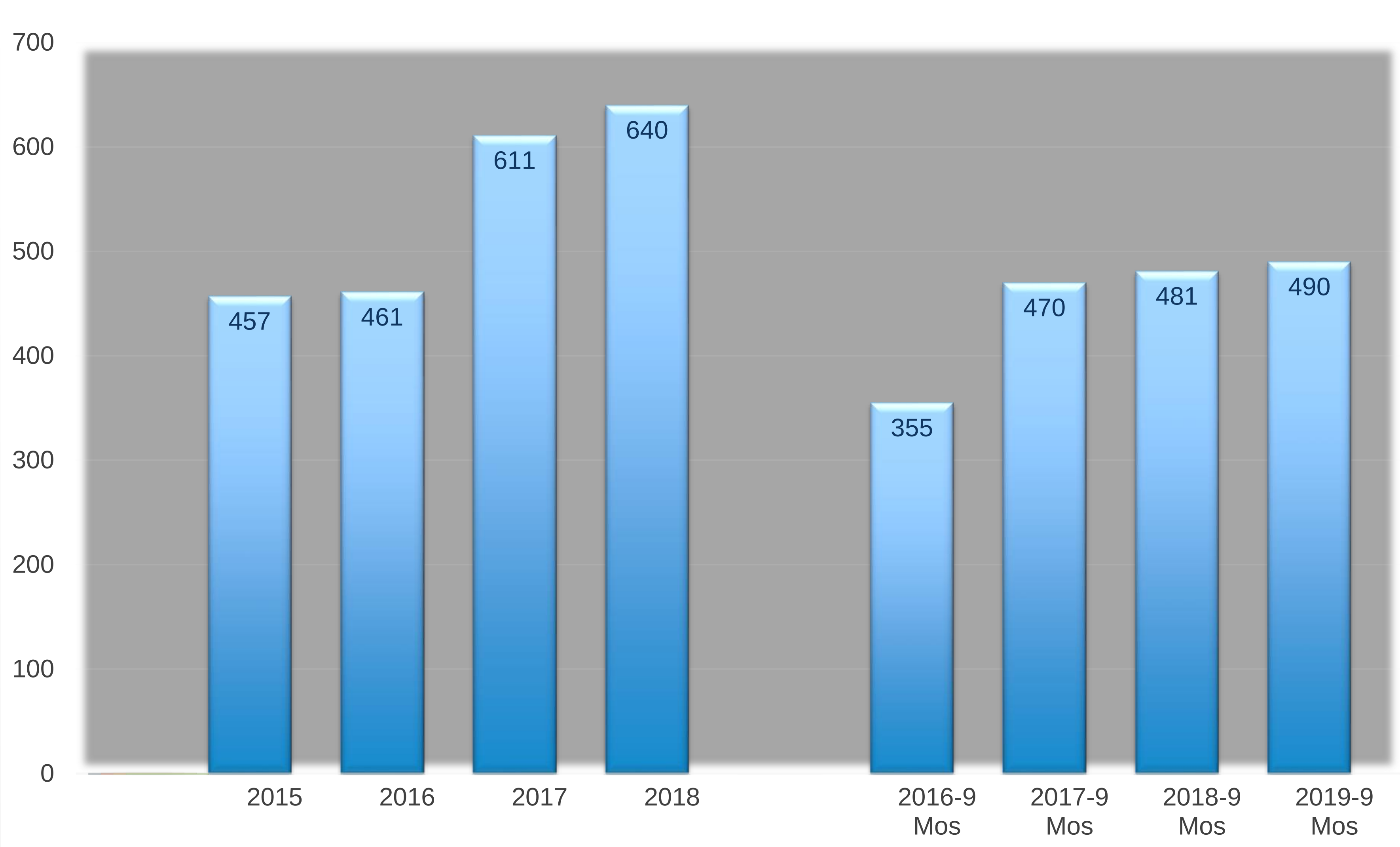
OPTIS PARTNERS

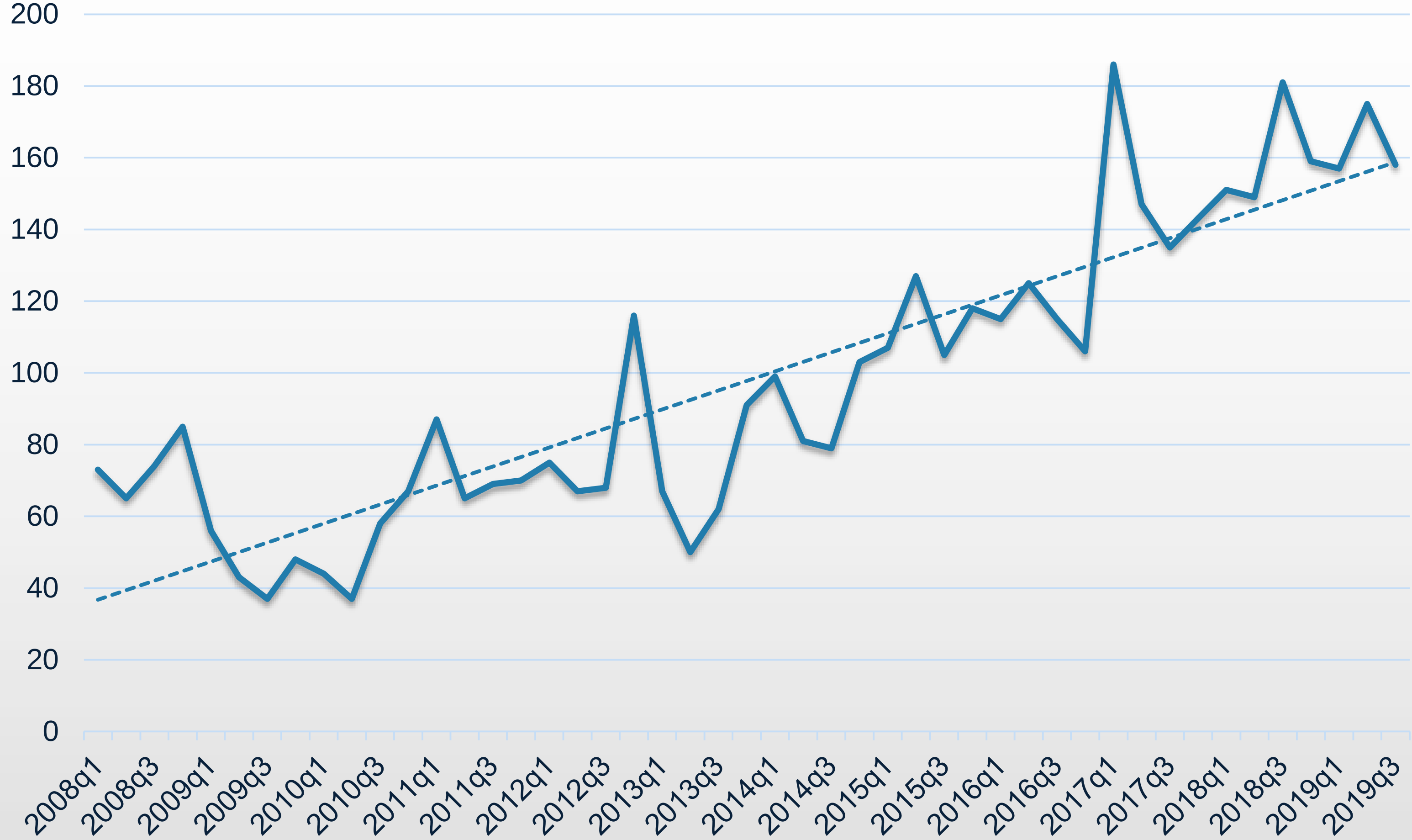
Highlights of 2019 YTD M&A Activity

- Highest 9-month total announced transactions at 490 in 2019 2019 compared to 2nd highest of 481 in 2018
- 2nd Highest 3rd Quarter total, behind only 2018, with 158 transactions
- 649 transactions in past 12 months
  - 2nd highest of all time behind Q2-2019 TTM total of 672 transactions
- Acrisure led all buyers through 9 months with 71 transactions
  - Followed by Hub (37), Gallagher and Broadstreet Partners (27 each) and AssuredPartners (26)
- Private Equity-Backed / Hybrid (“PE/Hybrid”) group of Buyers still completing nearly two-thirds of all agency M&A transactions

Summary Agency Acquisitions by Year



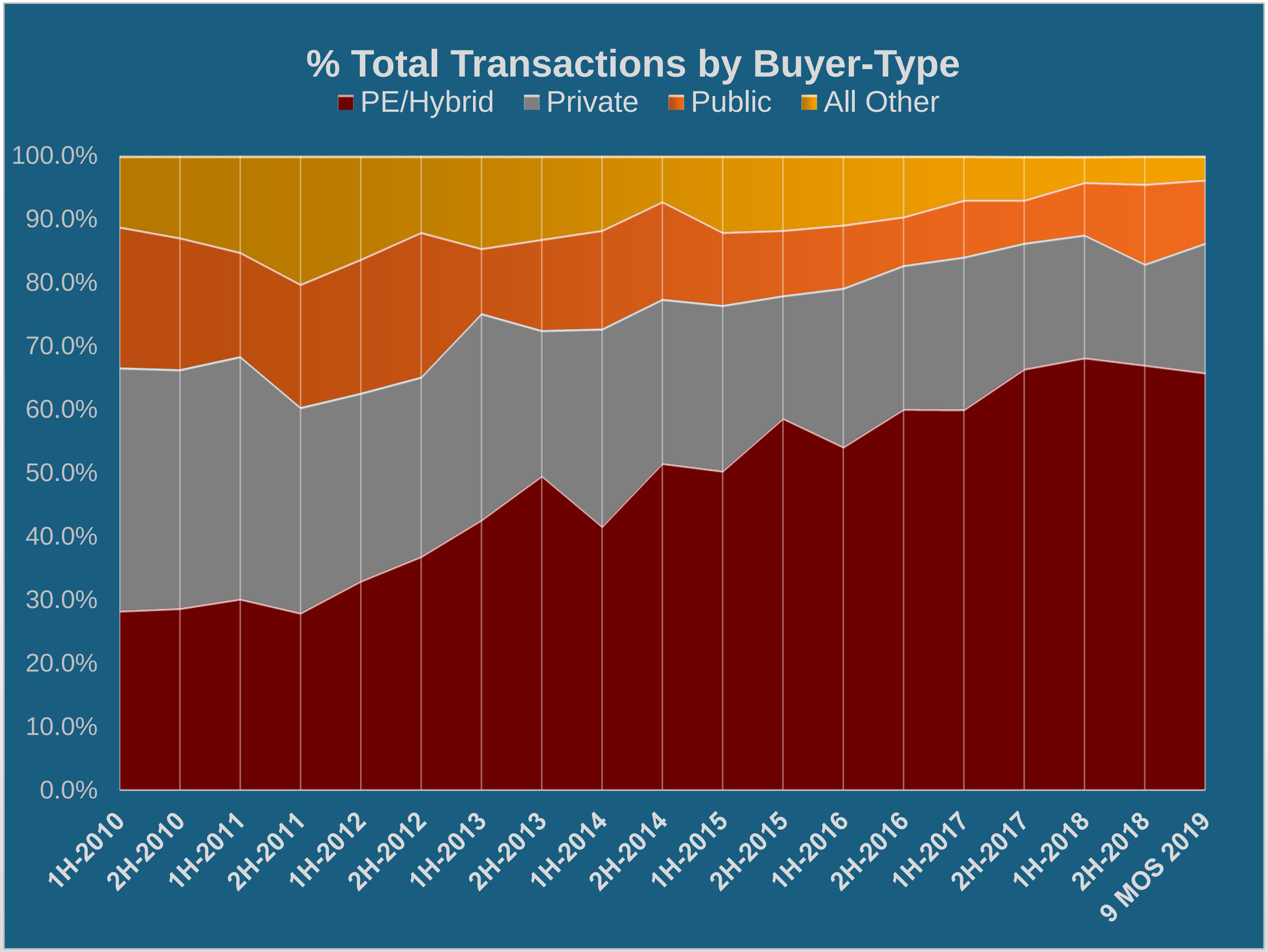
Quarterly M&A Activity



Active Acquirers w 15 or More Deals in 2019

Buyer by Type	Ownership	2016	2017	2018	9 Mos-2019
Acrisure	PE / Hybrid	63	92	101	71
Hub International	PE / Hybrid	45	49	59	37
Gallagher	Public	24	30	36	27
Broadstreet Partners	PE / Hybrid	27	32	34	27
AssuredPartners	PE / Hybrid	28	26	37	26
Patriot Growth Insurance Services	PE / Hybrid	(*)	(*)	(*)	22
OneDigital	PE / Hybrid	8	13	27	16
The Hilb Group	PE / Hybrid	11	14	12	16
Brown & Brown	Public	5	8	23	15
Alera Group	PE / Hybrid	(*)	38	28	15
Totals with > 15 Deals in 2018		211	302	357	272
All Other		250	309	283	218
Total Reported Transactions		461	611	640	490
% of Most Active Buyers		45.8%	49.4%	55.8%	55.5%

(*) Company did not exist



% Total Transactions by Buyer-Type
PE/Hybrid
Private
Public
All Other
100.0%
90.0%
80.0%
70.0%
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
1H-2010
2H-2010
1H-2011
2H-2011
1H-2012
2H-2012
1H-2013
2H-2013
1H-2014
2H-2014
1H-2015
2H-2015
1H-2016
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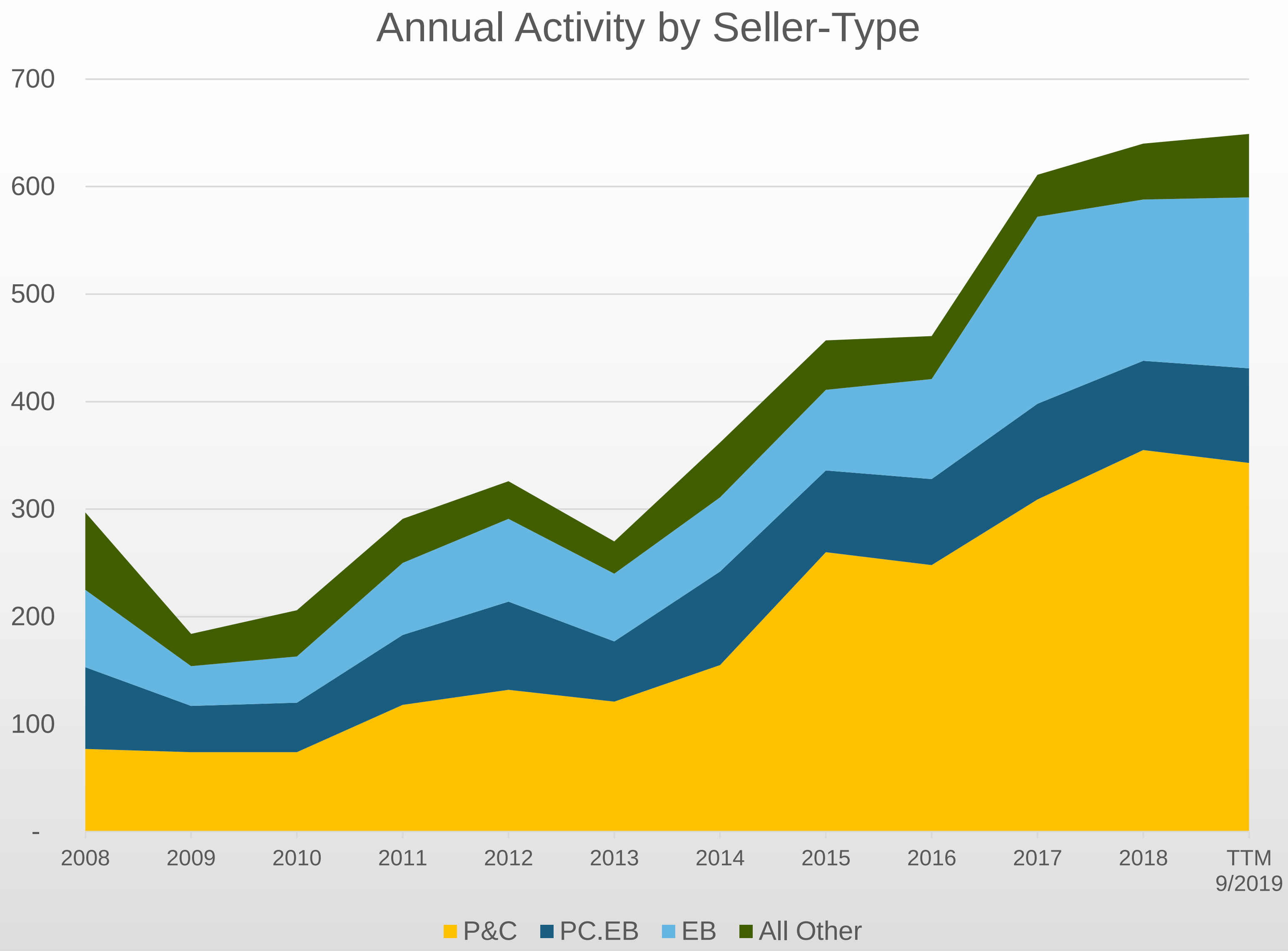
1H-2018
2H-2018
9 MOS 2019


Annual Activity by Seller-Type
700
600
500
400
300
200
100
-
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
TTM 9/2019
P&C
PC.EB
EB
All Other

Major 2019 Broker Transactions

Seller	Buyer / Investor	2017 Business Insurance Rank	Date
17 Agencies (Jan 2019) 5 others since	Patriot Growth Insurance Services		January, 2019
Bouchard Insurance	Marsh McLennan Agency	#74	January, 2019
Tolman & Wiker Insurance Services	AssuredPartners	#88	February, 2019
JLT Aerospace	Gallagher		March, 2019
Lovitt & Touche	Marsh McLennan Agency	#77	April, 2019
US Risk Insurance Group	USI Insurance Services		July, 2019

2019 Private Equity-backed Owner Changes

Broker	Seller	Buyer / Investor	Date
Alliant Insurance	New investor	Public Sector Pension Investment Board (Canada)	January, 2019
Relation Insurance	Parthenon Capital and Century Equity Partners	Aquiline Capital Partners	February, 2019
K2 Insurance	Endeavour Capital	Lee Equity Partners	April, 2019
AssuredPartners	APAX Partners	GTCR	May, 2019
Portfolio Holding, Inc.	Capital Z Partners	ABRY Partners	August, 2019
Worldwide Facilities	Lovell Minnick	Genstar Capital	September, 2019

Observations:

- Agency valuations continue pushing new upper limits
- No signs of any slow-down in M&A activity
- Recent economic data somewhat mixed, but generally less optimistic than in recent periods. Will have to wait and see what, if any, impact this has on buyer appetites and valuation practices.
- A few of the larger buyers have been acquiring stand-alone wealth management/investment advisory firms. Thus far, we have not included these transactions in our report.

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