



# Agent & Broker | Merger & Acquisition Update

September 2020

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## Agent M&A Update



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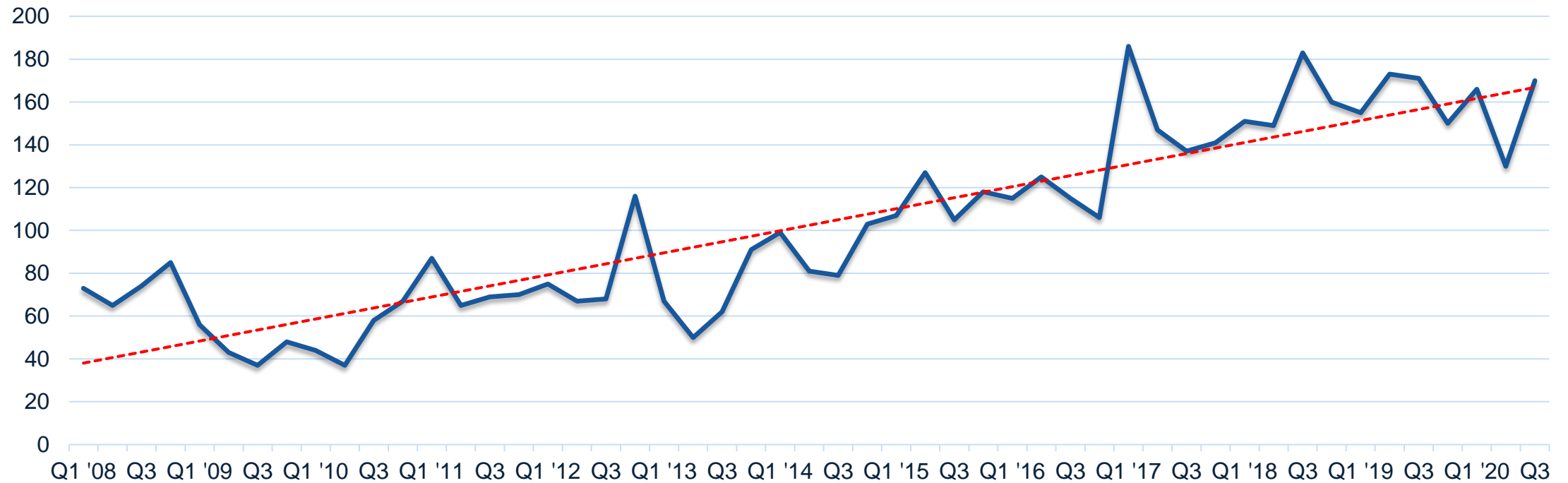
# Observations & Comments

- The slow down in deal activity in the 2<sup>nd</sup> quarter was noticeable (25% lower over the prior year), but one would not think the world was wrestling with a pandemic based on both 3<sup>rd</sup> quarter volume (no change year over year) and year-to-date 2020 (only 7% lower year over year) total deals completed.
- Many pundits erroneously anticipated a slow-down in M&A activity to have continued into the 3<sup>rd</sup> quarter and possibly beyond. It did not happen. M&A activity should continue unabated due to the increasing supply of capital chasing a still very large inventory of sellers.
- Activity in the 4<sup>th</sup> quarter will likely be accelerated as many sellers push to close before year-end as a hedge against a possible increase in capital gains tax in 2021.

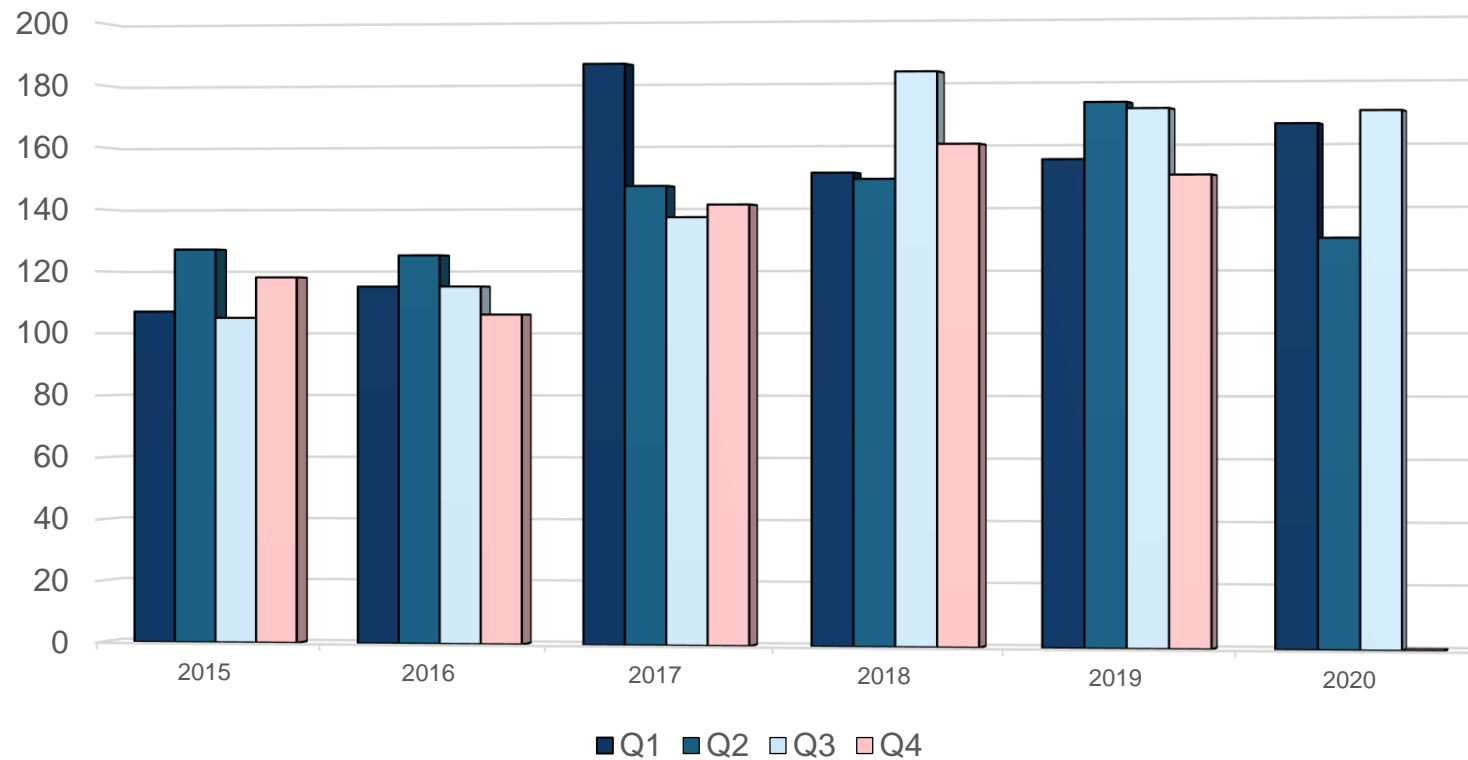
# Highlights of Q1:Q3 2020 M&A Activity

- 466 transactions in Q1:Q3 2020, down from 499 for the same period in 2019
- 170 transactions in Q3-2020 virtually the same as the 171 recorded in Q3-2019
- 616 transactions in past 12 months
  - Down from the peak of 671 for the period ended June 2019
- Acrisure led all buyers with 69 transactions thru September 30, 2020, the same total they had in the same periods in 2019 and 2018
  - Followed by Broadstreet Partners (40), Hub International (28), AssuredPartners (25), World Insurance Associates (23) and PCF Insurance (22)
  - Private Equity-Backed / Hybrid (“PE/Hybrid”) responsible for 71% of all announced transactions in the past 12 months and 69% during the most recent quarter

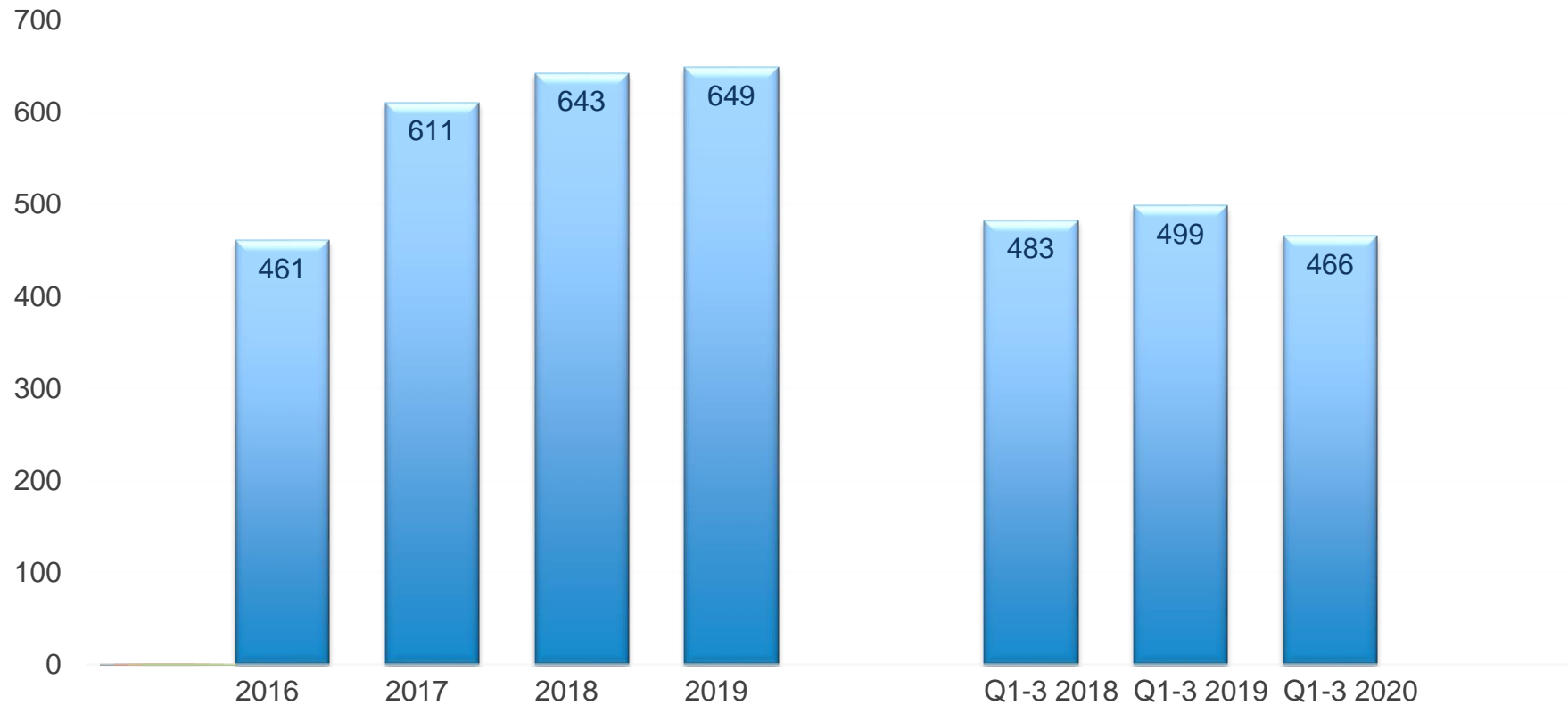
# Quarterly M&A Activity



# Quarterly M&A Activity



# Summary Agency Acquisitions By Year



## Most Active Acquirers

# Active Acquirers With 15 or More Deals in 2020

Buyer by Type	Ownership	2016	2017	2018	2019	YTD Q3-2020
Acrisure	PE / Hybrid	63	92	101	98	69
Broadstreet Partners	PE / Hybrid	27	32	34	34	40
Hub International	PE / Hybrid	45	49	59	51	28
AssuredPartners	PE / Hybrid	28	26	38	44	25
World Insurance Associates	PE / Hybrid	4	5	9	18	23
PCF Insurance	PE / Hybrid	0	1	4	6	22
OneDigital	PE / Hybrid	8	13	27	17	15
All Other		286	393	371	381	243
Total Reported Transactions		461	611	643	649	465

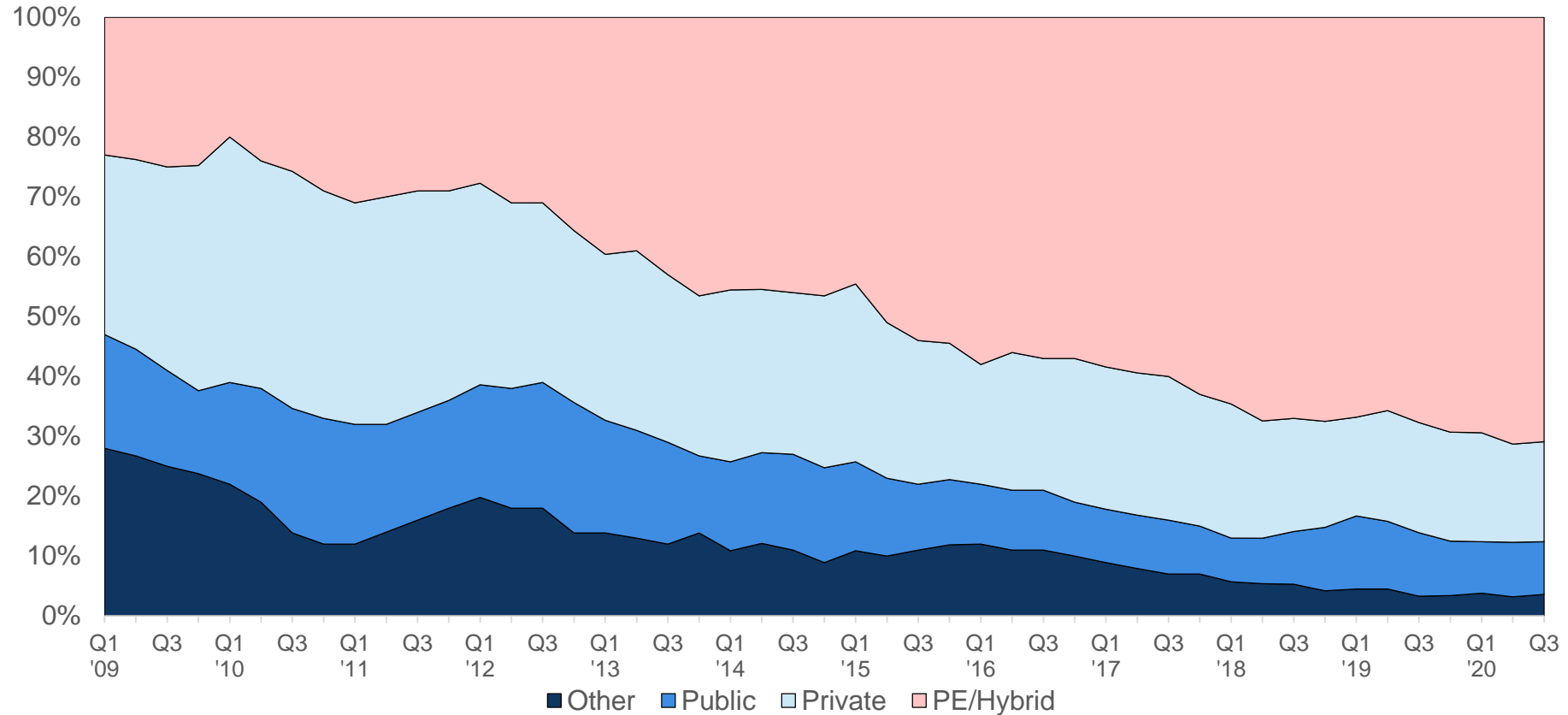


## Most Active Acquirers

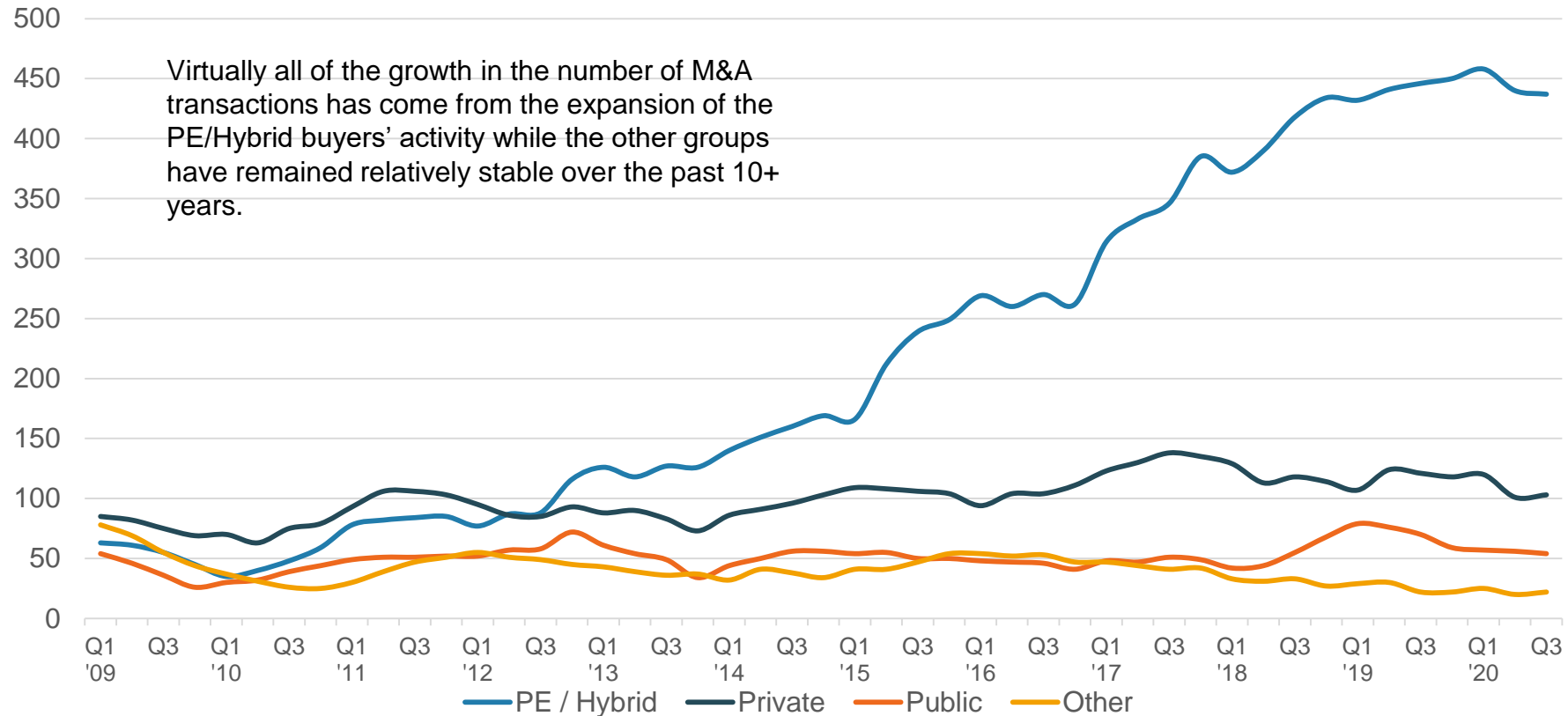
# Acquirers With 20 or More Deals in Past 12 Months

Buyer by Type	Ownership	2016	2017	2018	2019	TTM
Acrisure	PE / Hybrid	63	92	101	98	96
Broadstreet Partners	PE / Hybrid	27	32	34	34	48
Hub International	PE / Hybrid	45	49	59	51	43
AssuredPartners	PE / Hybrid	28	26	38	44	38
World Insurance Associates	PE / Hybrid	4	5	9	18	27
Risk Strategies	PE / Hybrid	9	11	10	22	22
PCF Insurance	PE / Hybrid	0	1	4	6	22
The Hilb Group	PE / Hybrid	11	14	12	25	21
All Other		274	381	376	351	298
Total Reported Transactions		461	611	643	649	615
(*) Company did not exist						

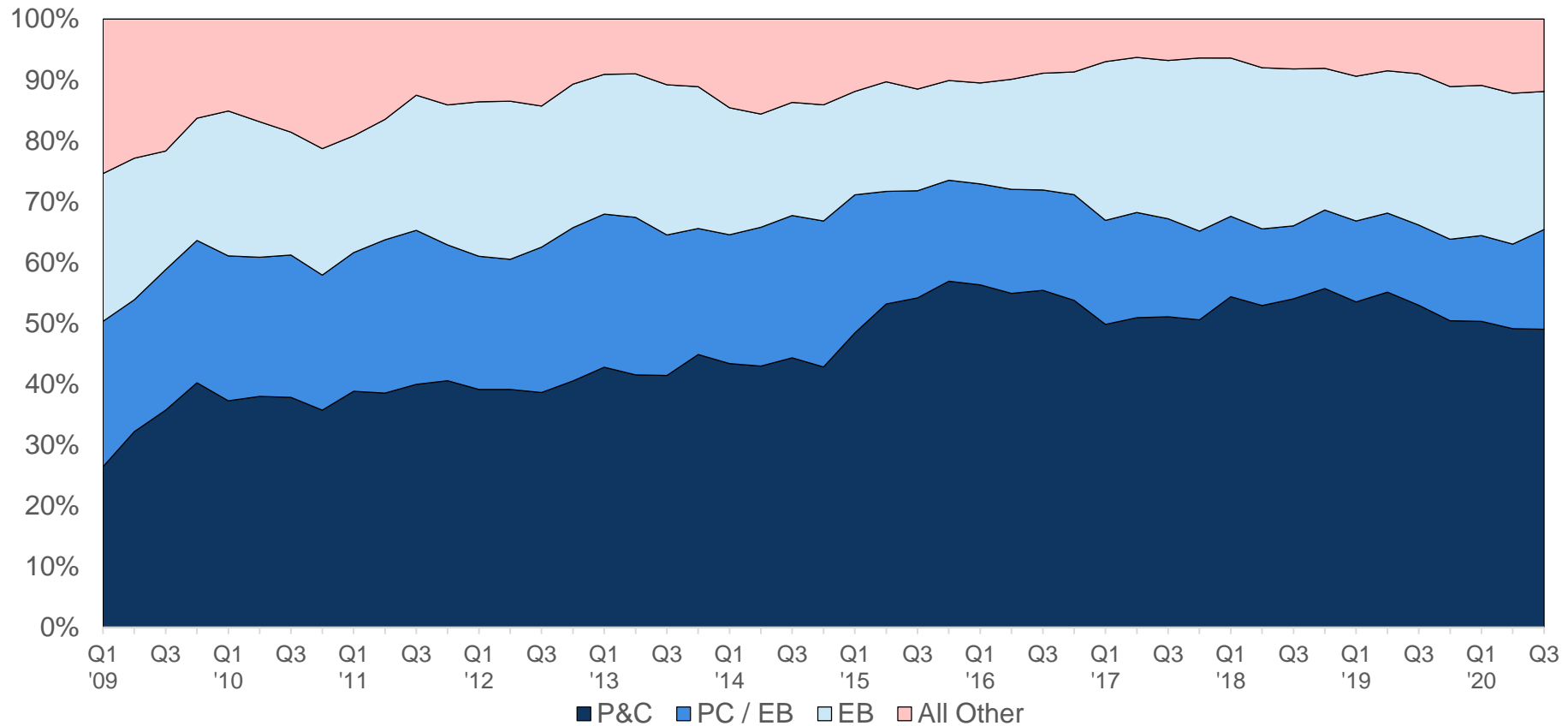
# Rolling 12-Month Activity by Buyer Type (% Total)



# Rolling 12-Month # Transaction by Buyer Type



# Rolling 12-Month Activity by Seller Type (% Total)



# Significant 2019 Broker Transactions in 2020

Seller	Buyer	2019 Business Insurance Rank	Date
LMC Insurance & Risk Management (Des Moines, IA)	AssuredPartners	58	February 2020
Assurance Agency (Schaumburg, IL)	Marsh McLennan Agency	35	April 2020
Associated Benefits & Risk Consulting (Minnetonka, MN)	USI Insurance Services	39	May 2020
Rose & Kiernan (Albany, NY)	NFP	65	August 2020
People's United Insurance Agency (Hartford, CT)	AssuredPartners	85	September 2020
Willis Towers Watson PLC (Announcement Only)	Aon PLC	3	Expected to close Q1/Q2 - 2021

# Private Equity-backed Ownership Changes in 2020

Insurance Agency	Lead Buyer / Investor	Description	Date
World Insurance Associates (Tinton Falls, NJ)	Charlesbank Capital Partners	Majority Investment	March 2020
PCF Insurance (Woodland Hills, CA)	HGGC	Sale by BHMS	March 2020
Risk Strategies	Kelso & Co.	Kelso & Co. (1)	March 2020
Sunstar Insurance Group (Memphis, TN)	BBH Capital Partners	Majority recapitalization	June 2020

## Significant Transactions

# Private Equity-backed Ownership Changes in 2020

(Continued)

Insurance Agency	Lead Buyer / Investor	Description	Date
JenCap Holdings and EPIC Insurance Brokers (will continue to operate as two separate PE-backed organizations)	Carlyle Group and Oak Hill Capital	Combined under Galway Holdings	June 2020
Alera Group (Deerfield, IL)	Carlyle Group	\$150M New Investment	September 2020
OneDigital	Onex	Majority Equity Investment	October 2020

# OPTIS PARTNERS



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