



# Agent & Broker 2020 Year-end Merger & Acquisition Report

January 2021

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## 2020 Agent M&A Report



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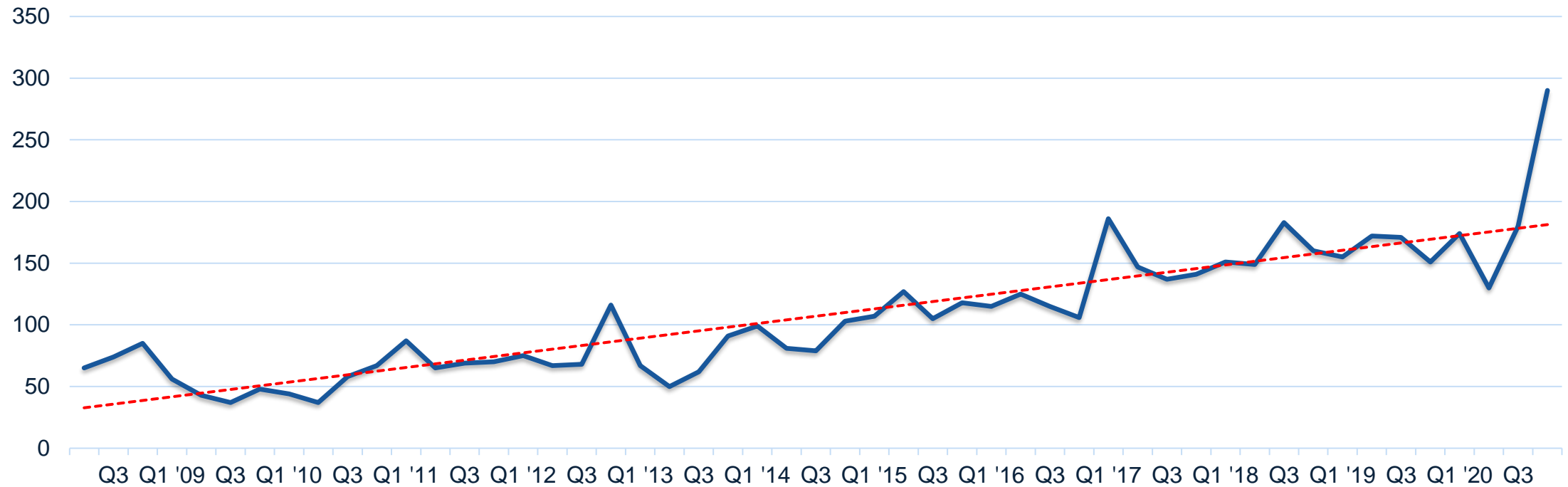
# Observations & Comments

- The insurance distribution industry continues to prove its resiliency as Q4 2020 deal activity reached unimaginable highs. This is especially true given that a significant portion of the year was sluggish due to the pandemic. Total transactions in the Q4 were 290, nearly double that of the same period in 2019, and total deals for 2020 were 774, nearly 20% higher than what was recorded in 2019.
- M&A activity reached these heights due to a combination of pent-up demand as we learned to live and work in a pandemic world and to avoid an expected increase in capital gains tax by selling before year end.
- Activity in 2021 will likely continue as, once again, the industry is seen to be a safe investment bet, the supply of agencies is still high, and as sellers will continue to push to close as a hedge against a possible increase in capital gains tax.

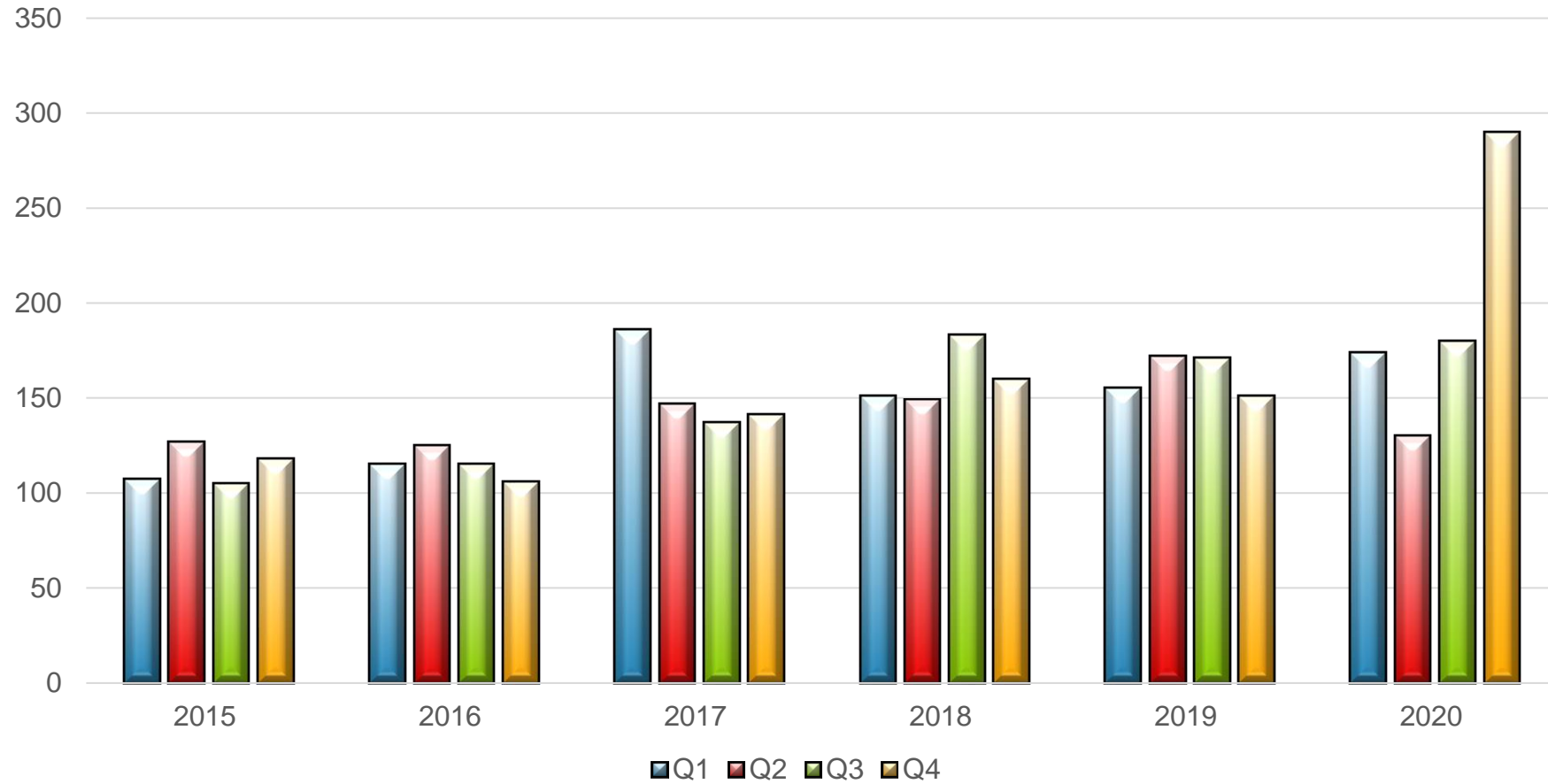
# Highlights of 2020 M&A Activity

- 774 transactions in 2020, up from 649 in 2019
- 290 transactions in Q4-2020, nearly double that in the same period in 2019
- Acrisure led all buyers with 108 transactions in 2020, keeping pace with their 4-year average of 100 deals per year
- Followed by Hub (64), Broadstreet Partners (58), World Insurance Associates (42), Assured Partners (38) and PCF Insurance (36)
- Private Equity-Backed / Hybrid (“PE/Hybrid”) responsible for 71% of all announced transactions in 2020, same as in 2019
- Notable Q4 acquirer, Baldwin Risk Partners, purchased three top 100 agencies: InsGroup, Burnham Services, and AH&T.

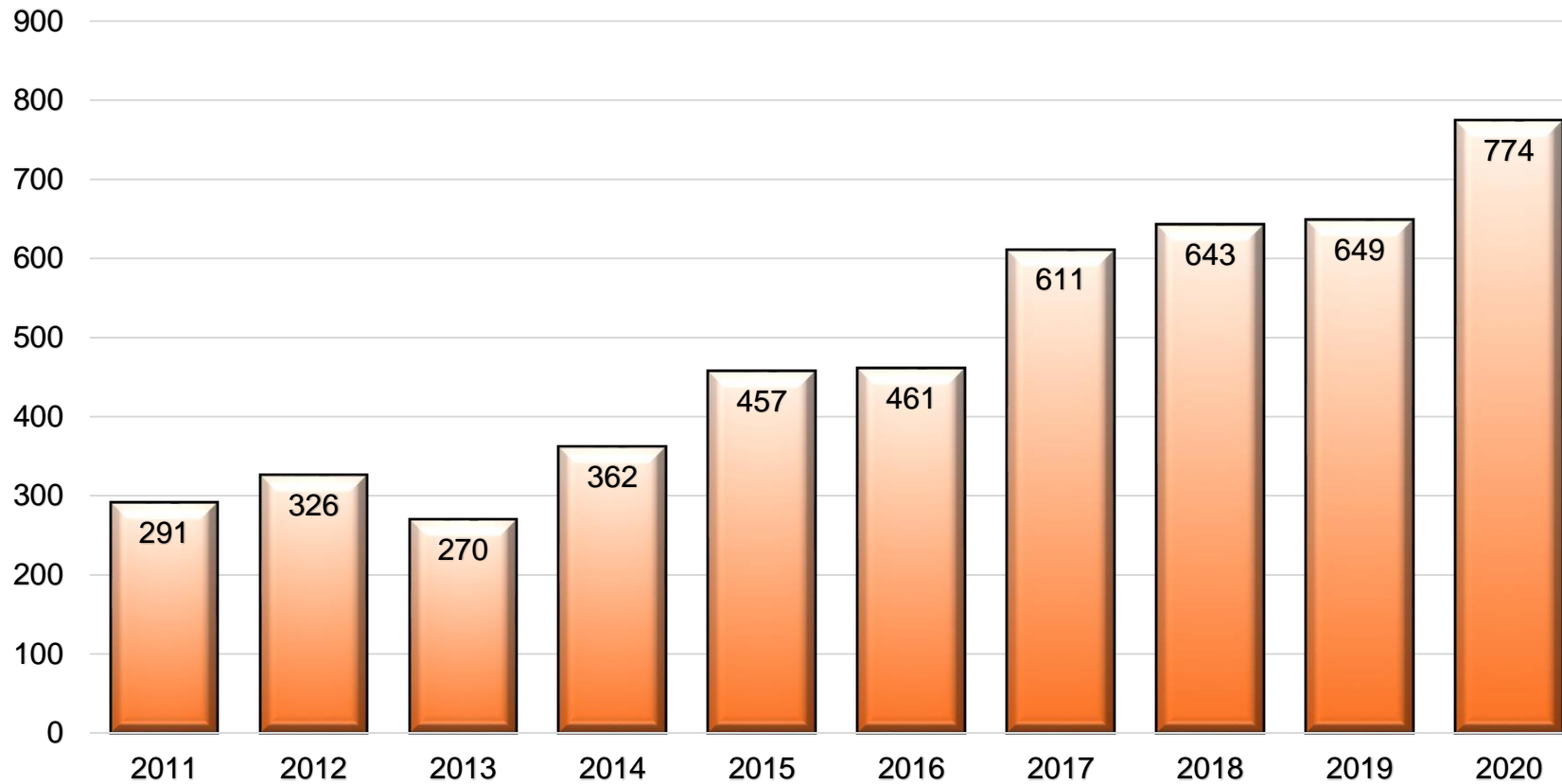
# Quarterly M&A Activity



# Quarterly M&A Activity



# Agency Acquisitions By Year



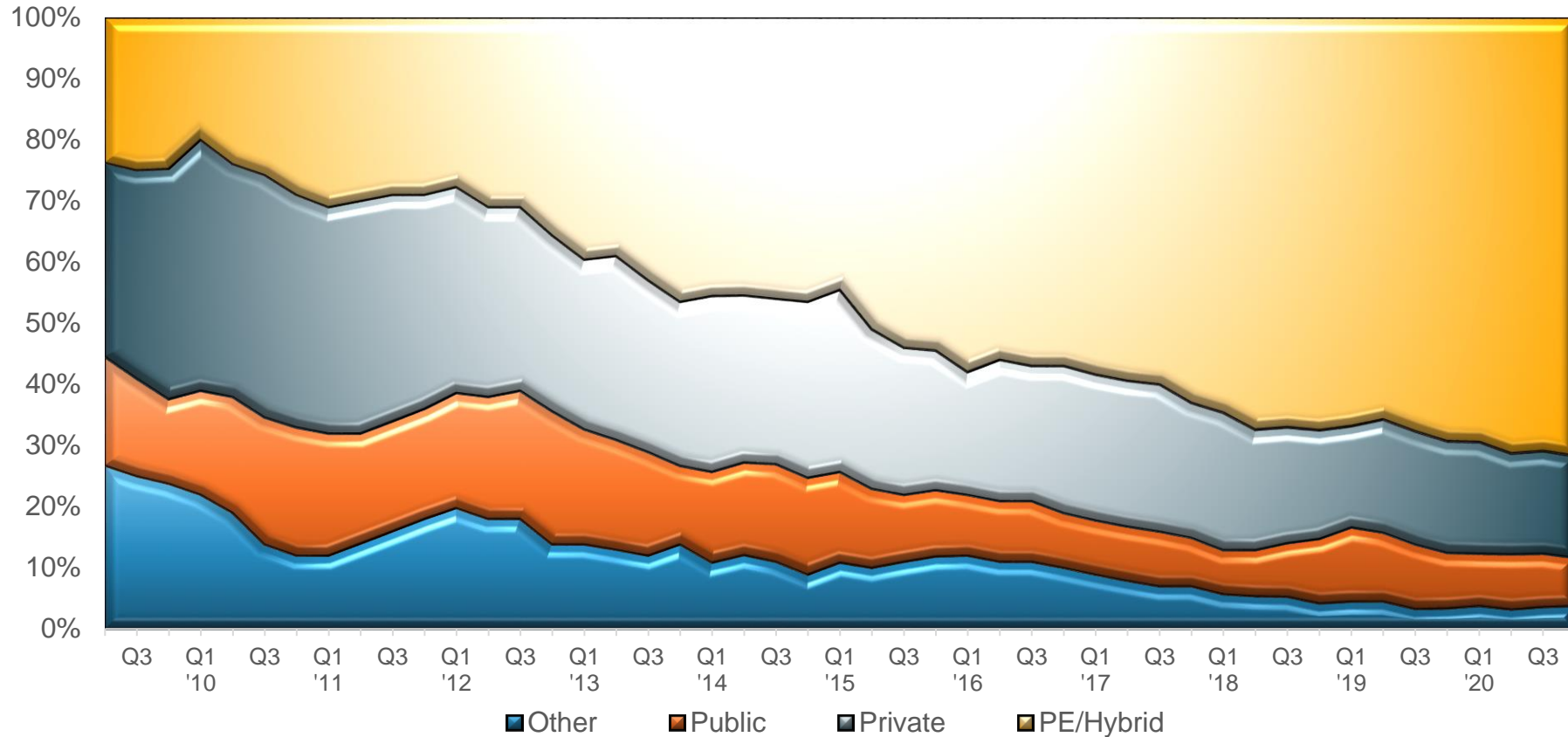
## Most Active Buyers

# Buyers With 20 or More Deals in 2020

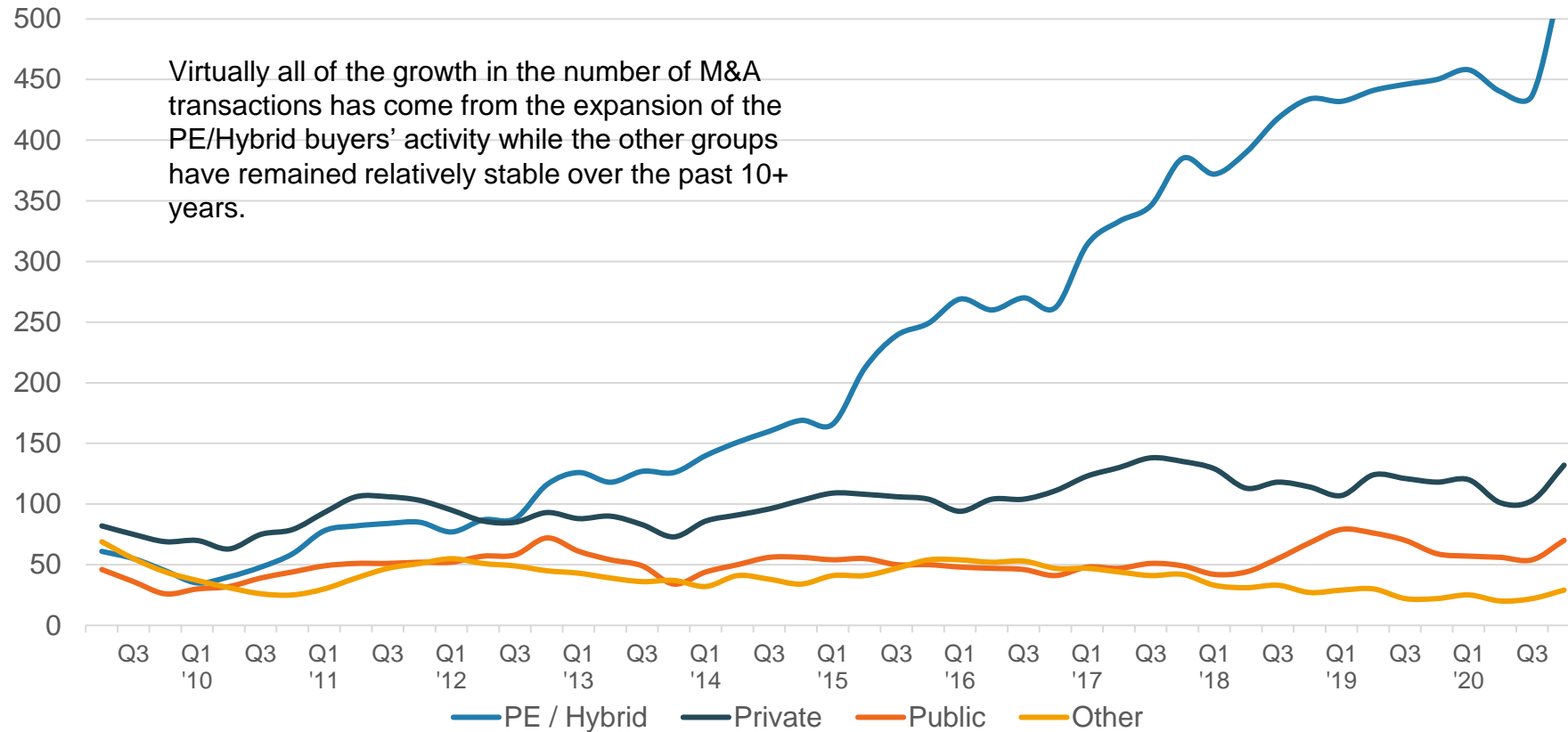
Buyer by Type	Ownership	2016	2017	2018	2019	2020
Acrisure	PE / Hybrid	63	92	101	98	108
Hub International	PE / Hybrid	45	49	59	51	64
Broadstreet Partners	PE / Hybrid	27	32	34	34	58
World Insurance Associates	PE / Hybrid	4	5	9	18	42
AssuredPartners	PE / Hybrid	28	26	38	44	38
PCF Insurance	PE / Hybrid	0	1	4	6	36
OneDigital	PE / Hybrid	8	13	27	17	29
Gallagher	Public	24	30	36	34	23
The Hilb Group	PE / Hybrid	11	14	12	25	22
Brown & Brown	Public	5	8	23	19	21
All Other		246	341	300	303	333
Total Reported Transactions		461	611	643	649	774



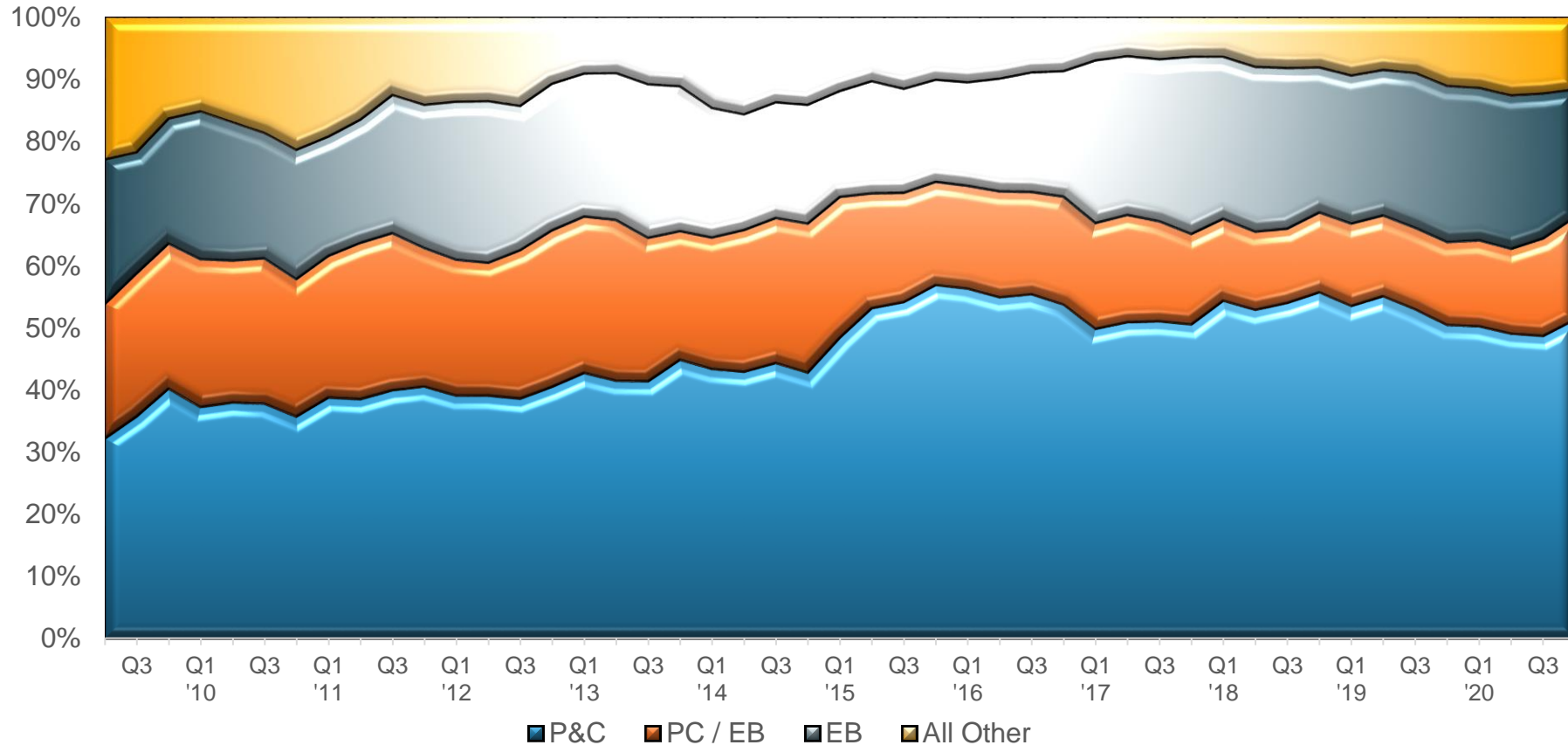
# Rolling 12-Month Activity by Buyer Type (% Total)



## Rolling 12-Month # Transaction by Buyer Type



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



## Significant Transactions

# Significant 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
Sullivan Curtis Monroe (Los Angeles, CA)	Broadstreet Partners	85	July 2020
Rose & Kiernan (Albany, NY)	NFP	65	August 2020

## Significant Transactions

# Significant Broker Transactions in 2020

(Continued)

Seller	Buyer	2019 Business Insurance Rank	Date
People's United Insurance Agency (Hartford, CT)	AssuredPartners	85	September 2020
InsGroup (Houston, TX)	Baldwin Risk Partners	87	November 2020
AH&T (Leesburg, VA)	Baldwin Risk Partners	65	December 2020
Burnham Services (Irvine, CA)	Baldwin Risk Partners	79	December 2020
Willis Towers Watson PLC (Announcement Only)	Aon PLC	3	Expected to close Q1/Q2 - 2021

## Significant Transactions

# 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.	March 2020
Sunstar Insurance Group (Memphis, TN)	BBH Capital Partners	Majority Recapitalization	June 2020
Inszone Insurance Services (Rancho Cordova, CA)	BHMS Investments	Material Investment	July 2020
JenCap Holdings and EPIC Insurance Brokers (will continue to operate as two separate PE-backed organizations)	Carlyle Group and Oak Hill Capital  Harvest Partners	Combined under Galway Holdings  Majority Investment	June 2020  December 2020

## Significant Transactions

# Private Equity Backed Ownership Changes in 2020

(Continued)

Insurance Agency	Lead Buyer / Investor	Description	Date
Alera Group (Deerfield, IL)	Carlyle Group	\$150M New Investment	September 2020
OneDigital' (Atlanta, GA)	Onex	Majority Equity Investment	October 2020
Crest Insurance Group (Tucson, AZ)	CIVC Partners	Material Investment	November 2020
IMA Financial Group (Denver, CO)	New Mountain Capital	Minority Equity Investment	November 2020
Xchange Group (Armonk, NY)	Ambac Financial Group	Majority Equity Investment	December 2020
Oakbridge Insurance Agency (Atlanta, GA)	Corsair Capital	Majority Equity Investment	December 2020

# Appendix 1: Ownership of Active Private Equity Backed Buyers

Broker	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		
Alliant Insurance Services	GTCR				Lindsay Goldberg & Bessemer		Blackstone				KKR			KKR / Stone Point			Stone Point					
Hub	Public						Apax / Morgan Stanley					Hellman & Friedman				H&F/Atlas						
USI	Capital Z / Zurich / et	Capital Z / Public					Goldman Sachs				Onex				KKR/CDPQ							
Broadstreet Partners	Ontario Teachers' Pension Fund / Century Equity Partners																					
NFP	Public												Madison Dearborn			Madison Dearborn / HPS						
EPIC							Stone Point					Stone Point / Carlyle				Oak Hill		HP / OH Carlyle				
Relation								Parthenon / Century Equity Partners													Aquiline	
Hilb Group											BHMS				ABRY			Carlyle				
Assured Partners												GTCR				Apax			GTCR			
Risk Strategies													Kohlberg		Kelso							
One Digital														Fidelity National Financial			New Mountain Capital		NMC/ Onex			
Acrisure													Genstar				Management / Genstar					
Alera																		Genstar				
Foundation Risk Partners																		Warbug Pincus				
Peter C. Foy																		BHMS		HGGC/ BHMS		
High Street Partners																			Huron Capital			
Patriot Growth																				Summit Partners		
World Insurance Associates																					Charles-bank	

Note: some of the above may have been privately owned before private equity ownership



## Appendix 2: Active Buyers - Private Equity / Hybrid

PE / Hybrid	PE Sponsor (if applicable)	2016	2017	2018	2019	2020	5 Year Totals	
<b>Top Buyers since 2016:</b>								
1	Acrisure	Hybrid	63	92	101	98	108	462
2	Hub International	Hellman & Freidman/Atlas	45	49	59	52	64	269
3	BroadStreet Partners	Canadian Pension Fund	27	32	34	34	58	185
4	AssuredPartners	GTCR	28	26	38	44	38	174
5	Alera Group	Genstar Capital	0	38	28	24	17	107
6	OneDigital	New Mountain Capital/Onex	8	13	27	17	29	94
7	NFP	Madison Dearborn/HPS	8	24	23	15	16	86
8	The Hilb Group	Carlyle	11	14	12	25	22	84
9	World Insurance Associates	Charlesbank Capital	4	5	9	18	42	78
10	Risk Strategies Company	Kelso	9	11	10	22	16	68
<b>Active Buyers</b>			<b>203</b>	<b>304</b>	<b>341</b>	<b>349</b>	<b>410</b>	<b>1,607</b>
All Others			60	81	93	101	133	468
<b>Total Transactions</b>			<b>263</b>	<b>385</b>	<b>434</b>	<b>450</b>	<b>543</b>	<b>2,075</b>

## Appendix 3: Active Buyers - Privately Owned

Privately Owned		2016	2017	2018	2019	2020	5 Year Totals
<b>Top Buyers since 2016:</b>							
1	Cross Insurance	4	5	5	12	9	35
2	TrueNorth Cos	2	4	3	4	10	23
3	Leavitt Group	4	7	5	1	1	18
4	Ryan Specialty Group	2	5	4	6	1	18
5	Westland Insurance Group	0	0	3	2	9	14
6	Kaplansky Insurance	4	2	5	1	1	13
7	Inszone Insurance Services	0	0	2	6	4	12
8	Heffernan Insurance Brokers	0	1	0	2	8	11
9	Archway Insurance	3	1	3	3	0	10
10	Element Risk Management	2	2	0	3	2	9
	<b>Active Buyers</b>	<b>21</b>	<b>27</b>	<b>30</b>	<b>40</b>	<b>45</b>	<b>163</b>
	All Others	89	108	84	78	87	446
	<b>Total Transactions</b>	<b>110</b>	<b>135</b>	<b>114</b>	<b>118</b>	<b>132</b>	<b>609</b>

## Appendix 4: Active Buyers - Publicly Traded

Publicly Traded		2016	2017	2018	2019	2020	5 Year Totals
<b>Top Buyers since 2016:</b>							
1	Gallagher	24	30	36	34	23	147
2	Brown & Brown	5	8	23	19	21	76
3	Marsh McLennan Agencies	7	4	6	4	5	26
4	Baldwin Risk Partners	0	0	0	0	16	16
5	CBIZ	2	1	0	1	4	8
	<b>Active Buyers</b>	<b>38</b>	<b>43</b>	<b>65</b>	<b>58</b>	<b>69</b>	<b>273</b>
	All Others	3	6	3	2	1	15
	<b>Total Transactions</b>	<b>41</b>	<b>49</b>	<b>68</b>	<b>60</b>	<b>70</b>	<b>288</b>

## Appendix 5: Active Buyers - Banks

Banks		2016	2017	2018	2019	2020	5 Year Totals
<b>Top Buyers since 2016:</b>							
1	Truist (formerly BB&T)	1	0	1	1	5	8
2	Eastern Bank	4	1	3	0	0	8
3	Lake Michigan Credit Union	1	3	0	0	0	4
4	Western Financial Group	0	0	2	1	1	4
5	Evans Bancorp Inc.	1	1	1	0	0	3
6	TowneBank	0	0	1	1	1	3
7	Associated Banc Corp	0	0	2	0	0	2
8	Teachers Credit Union	1	1	0	0	0	2
9	Northwest Bancshares, Inc.	2	0	0	0	0	2
10	Cashmere Valley Bank	0	2	0	0	0	2
	<b>Active Buyers</b>	<b>10</b>	<b>8</b>	<b>10</b>	<b>3</b>	<b>7</b>	<b>38</b>
	All Others	15	15	9	4	10	53
	<b>Total Transactions</b>	<b>25</b>	<b>23</b>	<b>19</b>	<b>7</b>	<b>17</b>	<b>91</b>

## Appendix 6: Active Buyers - All Others

All Others		2016	2017	2018	2019	2020	5 Year Totals
<b>Top Buyers since 2016:</b>							
1	Intact Financial Corp	5	3	0	1	1	10
2	Co-operators General Insurance Co.	1	2	0	5	0	8
3	Boston Omaha (General Indemnity)	1	3	0	0	0	4
4	Tokio Marine	0	1	1	1	0	3
5	Liberty Mutual	0	1	0	0	1	2
6	AmTrust Financial Services	2	0	0	0	0	2
7	Arch Capital Group	0	0	1	1	0	2
8	Travelers	0	0	1	0	1	2
	<b>Active Buyers</b>	<b>9</b>	<b>10</b>	<b>3</b>	<b>8</b>	<b>3</b>	<b>33</b>
	All Others	13	9	5	6	9	42
	<b>Total Transactions</b>	<b>22</b>	<b>19</b>	<b>8</b>	<b>14</b>	<b>12</b>	<b>75</b>

# OPTIS PARTNERS



## Connect with us:

Tim Cunningham

312-235-0081

[cunningham@optisins.com](mailto:cunningham@optisins.com)

Website:

Dan Menzer

630-520-0490

[menzer@optisins.com](mailto:menzer@optisins.com)

[www.optisins.com](http://www.optisins.com)

Steve Germundson

612-718-0598

[germundson@optisins.com](mailto:germundson@optisins.com)