



# Agent & Broker Merger & Acquisition Update

July 2021

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## Agent M&A Update



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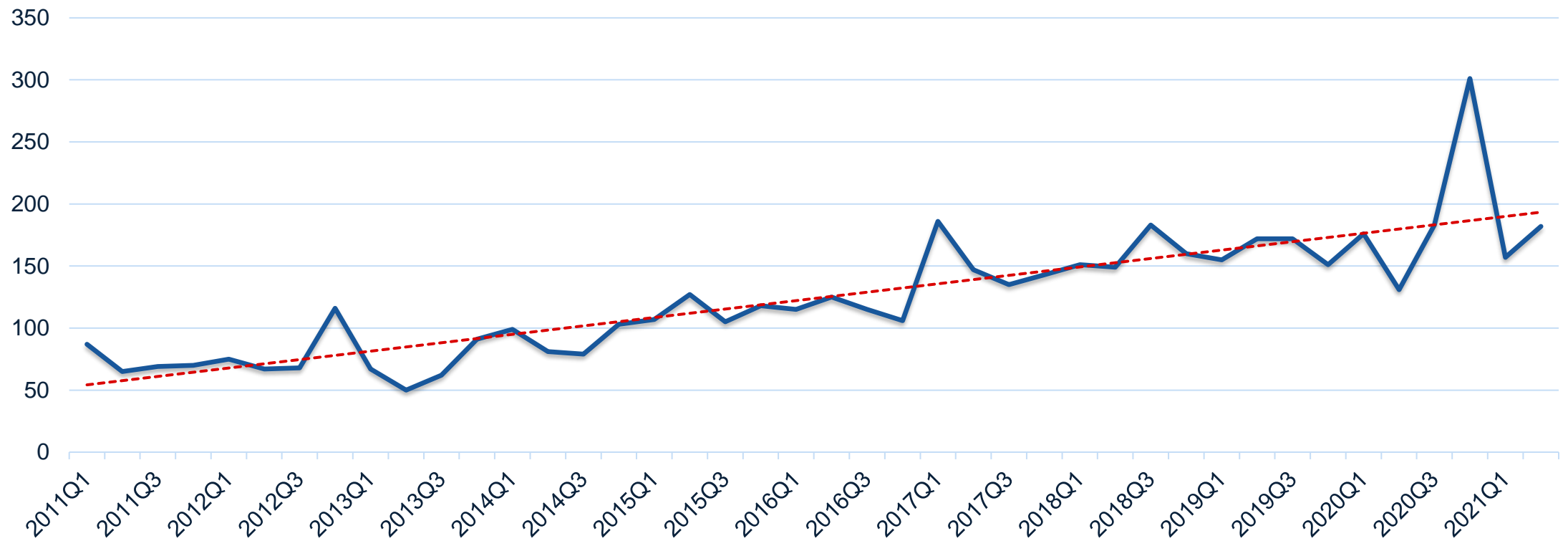
# Observations & Comments

- Deal activity continues at a torrid pace as the number of announced transactions of US and Canadian P&C, Benefits, MGA and TPA transactions increased 10% in the first half of 2021 versus the same period last year. Considering the massive slow down that occurred in the Q2 2020 due to the oncoming pandemic, this increase may seem a bit modest. One reason is the all-time high number of agencies that sold in late 2020 attempting to avoid expected tax increases.
- In some ways the M&A story is repetitive: an increasing number of private equity-backed buyers with access to large amounts of cheap capital continues to fuel the pace of M&A and valuations at all-time highs. A more interesting development is the beginning of a rise in privately-owned agency activity as they now account for a quarter of the deals done.
- We anticipate:
  - Deal count to rise through end of 2021 as more owners look to avoid tax increases.
  - More large transactions as more buyers need larger deals to move the growth meter.
  - Transactions between privately-owned agencies of all sizes will continue to rise.

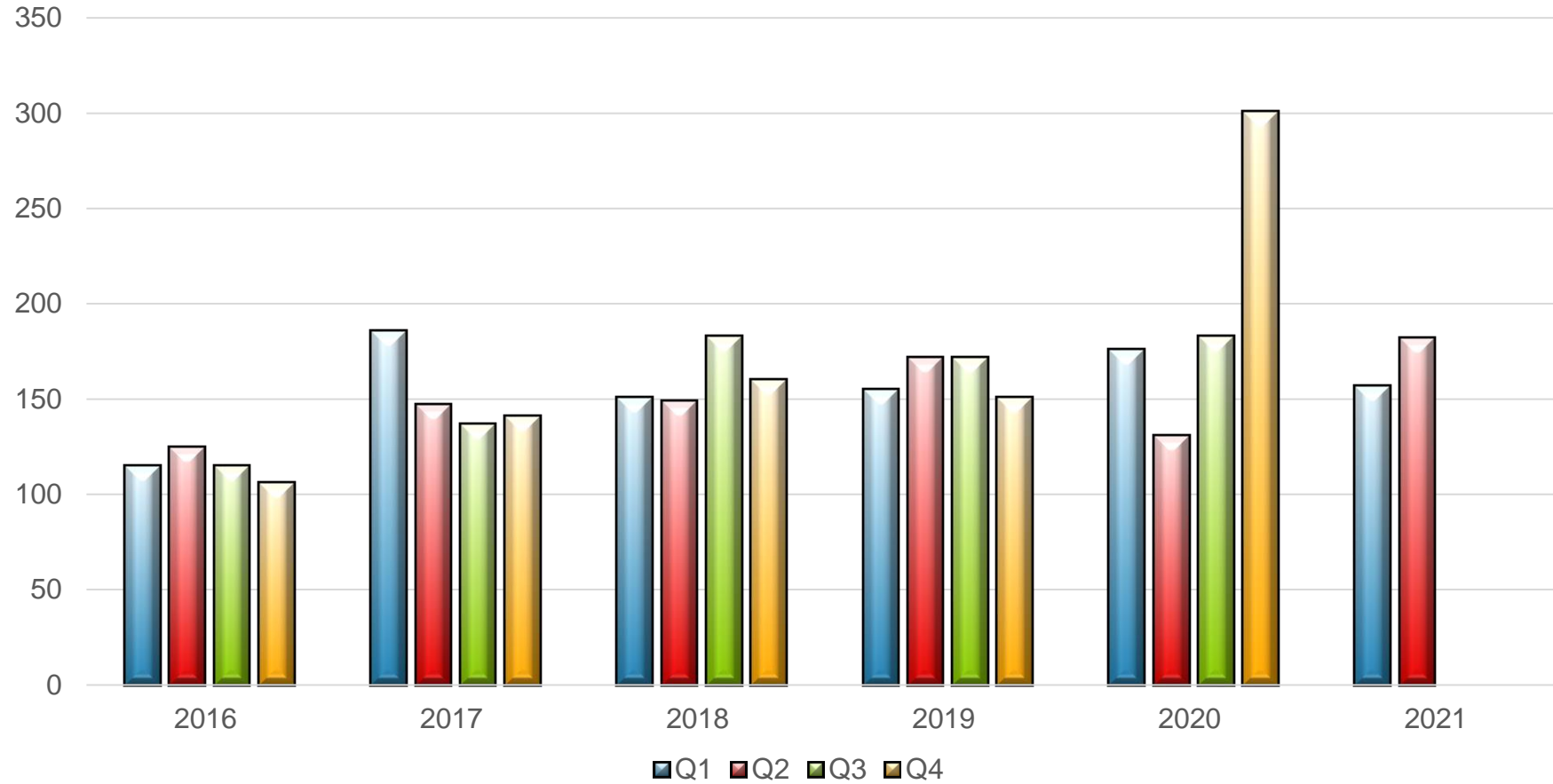
# Highlights of 1<sup>st</sup> Half 2021 M&A Activity

- 339 transactions in 1H-2021, up 10% from 307 for 1H-2020
- 181 transactions in Q2-2021, a 38% increase from the five-year quarterly low recorded of 131 in the same period last year
- 823 transactions in past 12 months, up from 772 for the period ended March 2021
- Acrisure led all buyers with 31 transactions in the first half of 2021, down from 39 last year
  - Followed by PCF Insurance (22), AssuredPartners (21), BroadStreet Partners (19), and Hub International (17)
- Private Equity-Backed / Hybrid (“PE/Hybrid”) responsible for over 66% of all announced transactions in the past 12 months and 69% during the most recent quarter
- Privately-owned buyers increase activity: 24% of the deals closed in first half of 2021 versus 17% in the same period last year

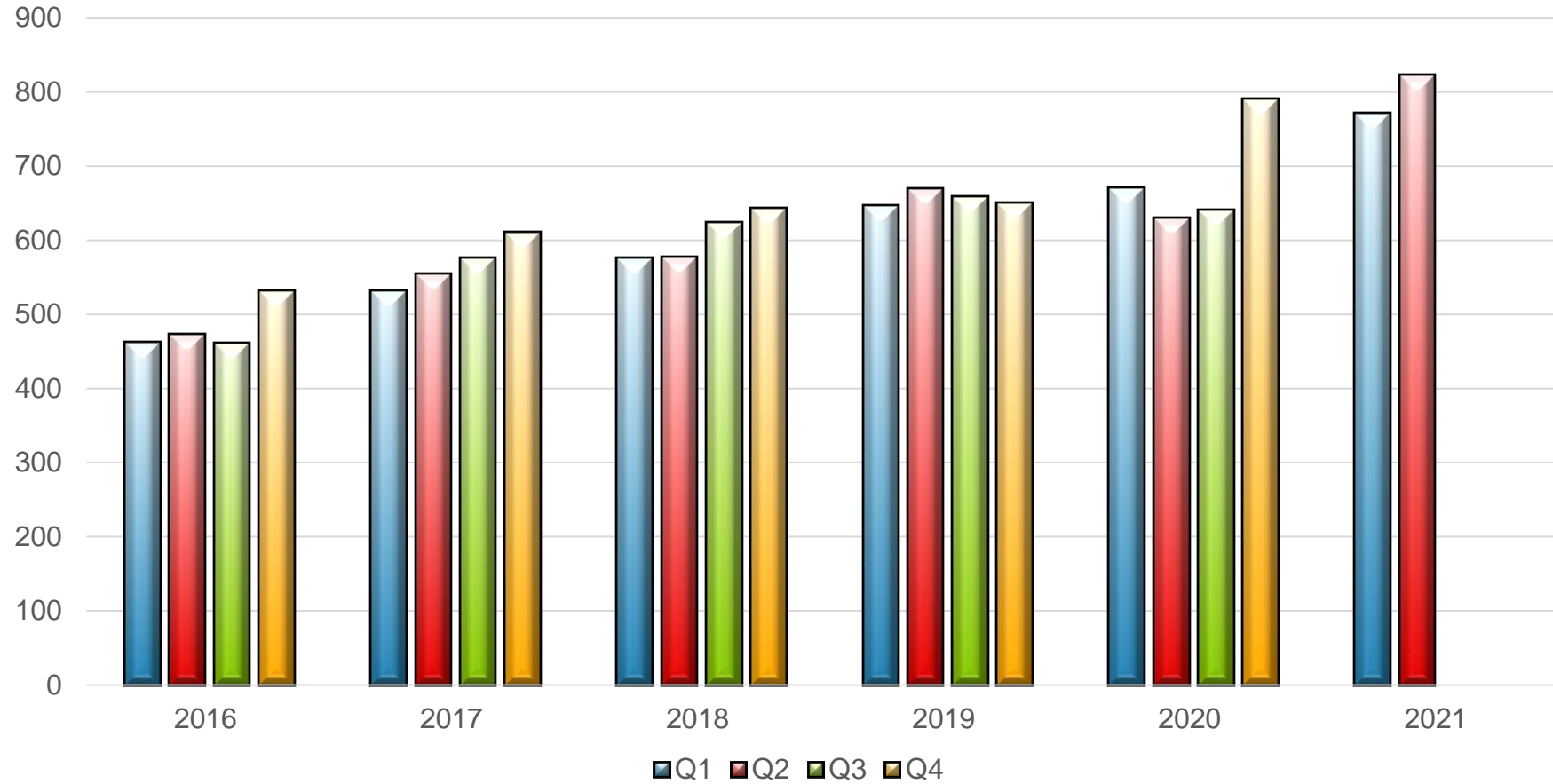
# Quarterly M&A Activity



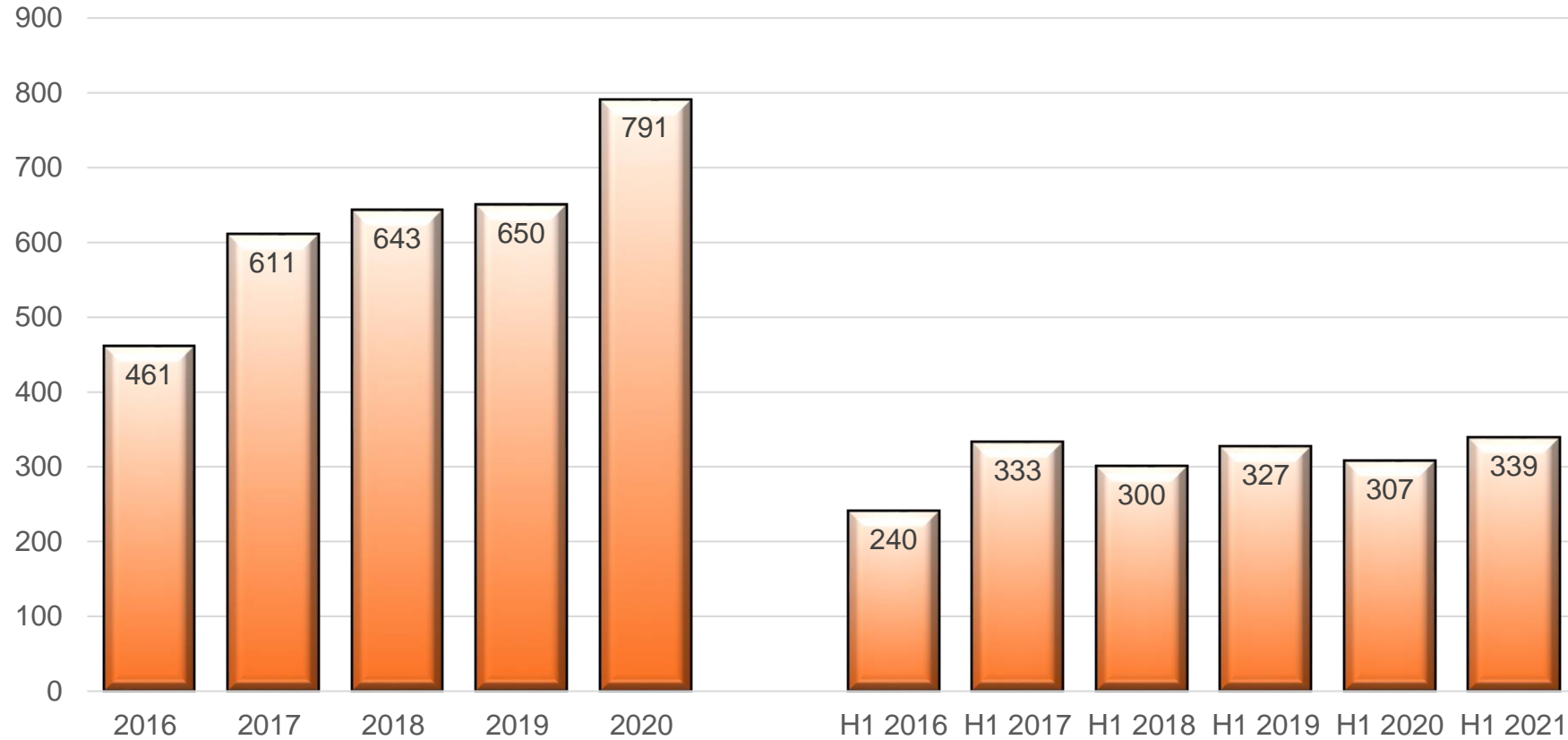
# Quarterly M&A Activity



# Quarterly Rolling 12-Month M&A Activity



# Summary Agency Acquisitions By Year





## Most Active Acquirers

# Top 10 Acquirers (including ties) in 2021

Buyer	Ownership	2017	2018	2019	2020	1H-2021
Acrisure	PE / Hybrid	92	101	98	108	31
PCF Insurance	PE / Hybrid	0	4	4	36	22
AssuredPartners	PE / Hybrid	26	38	44	38	21
Broadstreet Partners	PE / Hybrid	32	34	34	58	19
Hub International	PE / Hybrid	49	59	52	65	17
World Insurance Associates	PE / Hybrid	5	9	18	42	16
Relation Insurance	PE / Hybrid	2	0	6	11	14
High Street Partners	PE / Hybrid	0	1	3	9	13
Alera Group	PE / Hybrid	38	28	24	18	12
The Hilb Group	PE / Hybrid	14	12	25	22	9
Gallagher	Public	30	36	34	23	9
All Other		323	321	308	361	156
<b>Total Reported Transactions</b>		<b>461</b>	<b>643</b>	<b>650</b>	<b>791</b>	<b>339</b>

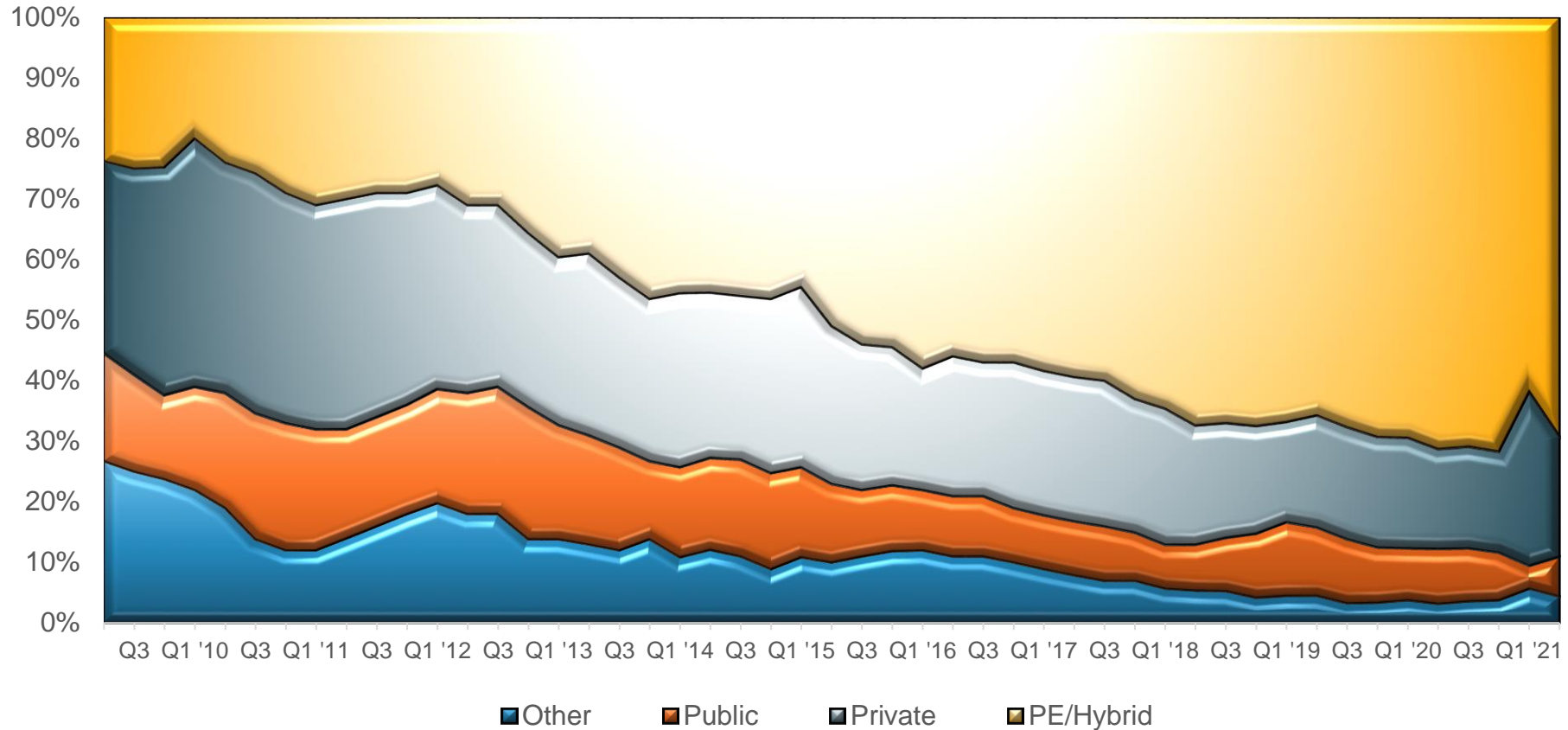
## Most Active Acquirers

# Acquirers With 20 or More Deals in Past 12 Months

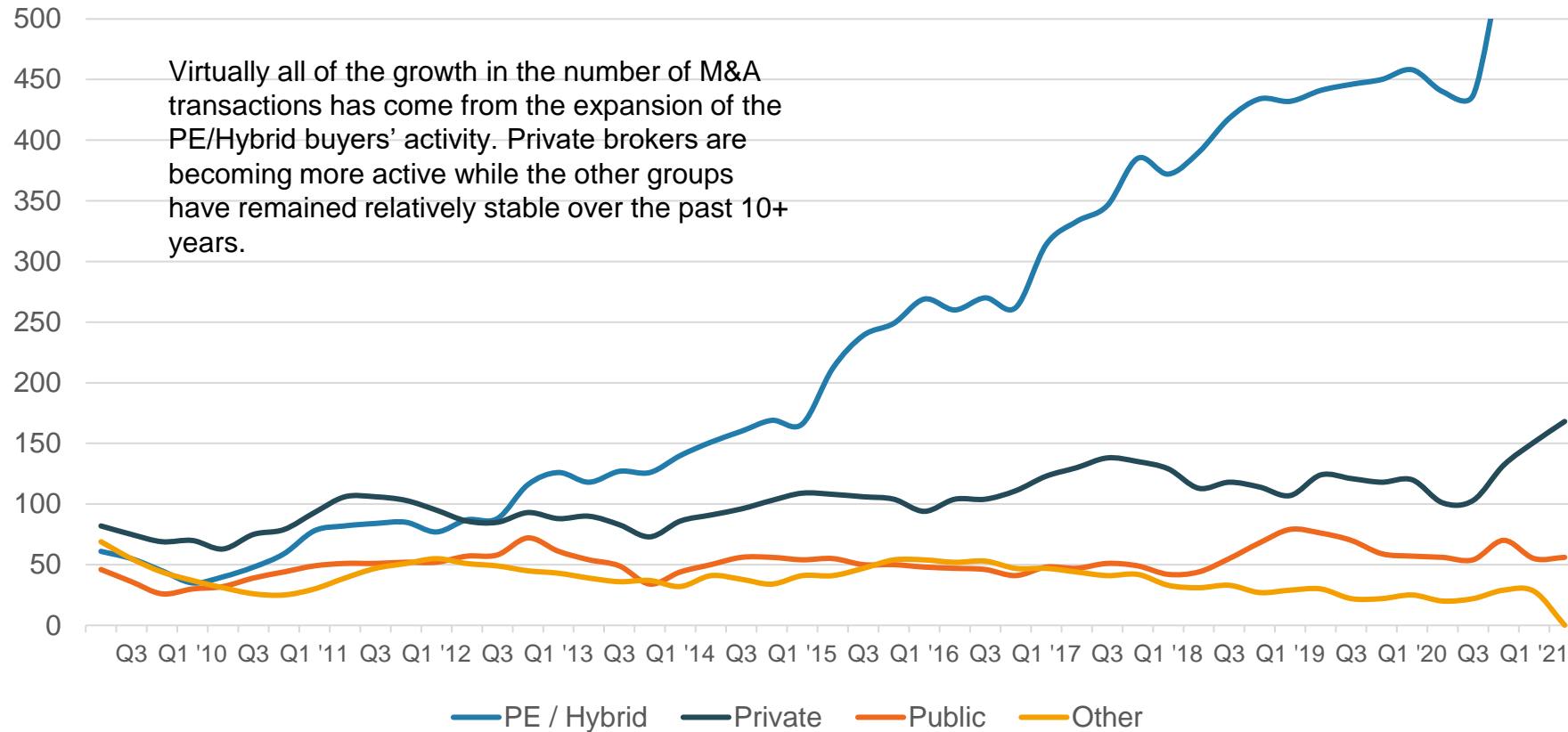
Buyer	Ownership	2017	2018	2019	2020	TTM 6/21
Acrisure	PE / Hybrid	92	101	98	108	100
Hub International	PE / Hybrid	49	59	52	65	54
Broadstreet Partners	PE / Hybrid	32	34	34	58	47
World Insurance Associates	PE / Hybrid	5	9	18	42	46
PCF Insurance	PE / Hybrid	0	4	4	36	45
AssuredPartners	PE / Hybrid	26	38	44	38	40
OneDigital	PE / Hybrid	13	27	17	29	25
Alera Group	PE / Hybrid	38	28	24	18	25
Gallagher	Public	30	36	34	23	23
Relation Insurance	PE / Hybrid	2	0	6	11	23
The Hilb Group	PE / Hybrid	14	12	25	22	21
All Other		310	295	294	341	374
<b>Total Reported Transactions</b>		<b>461</b>	<b>643</b>	<b>650</b>	<b>791</b>	<b>339</b>

## Totals By Buyer / Seller Type

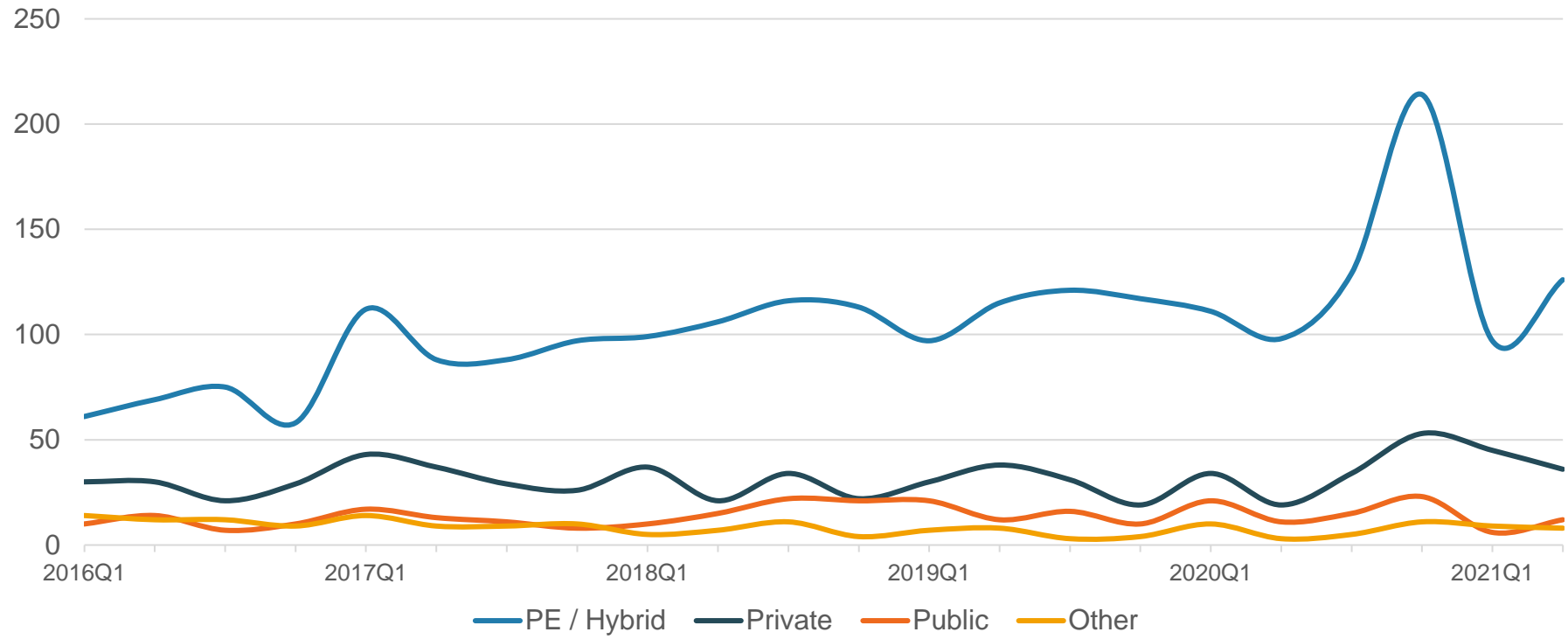
# Rolling 12-Month Activity by Buyer Type (% Total)



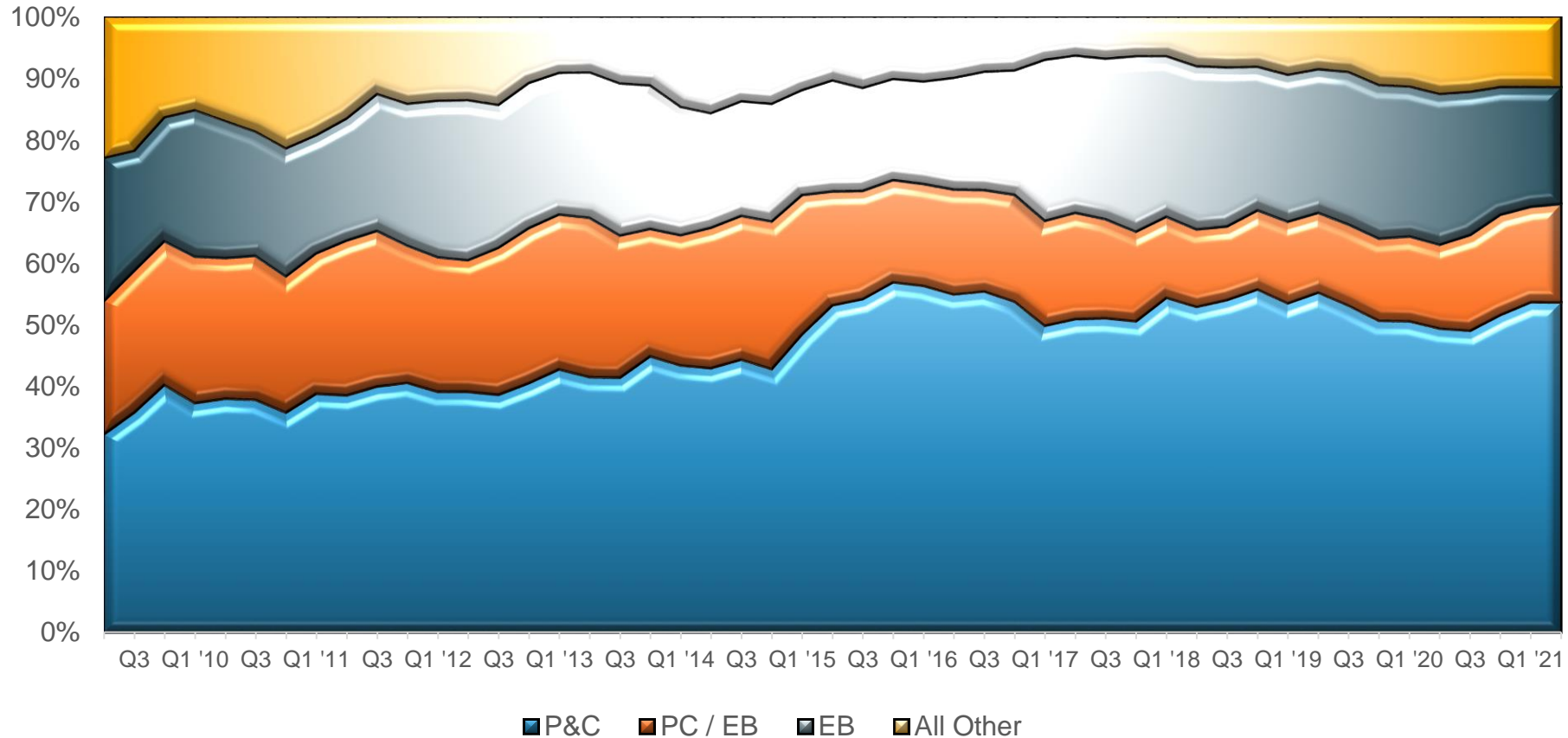
## Rolling 12-Month # Transaction by Buyer Type



# Quarterly # Transaction by Buyer Type



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



# Significant Broker Transactions in 2021

Seller	Buyer	Estimate 2020 Revenue	Date
Murray Insurance Associates (Lancaster, PA)	AssuredPartners	\$31 million	January 2021
Fifth Third Insurance Agency (Cincinnati, OH)	Foundation Risk Partners	\$35 million	January 2021
AP Intego (Waltham, MA)	NEXT Insurance	\$33 million	March 2021
Fiorella Insurance Agency (Stuart, FL)	AssuredPartners	\$33 million	March 2021

# Significant Broker Transactions in 2021 (cont.)

Seller	Buyer	Estimate 2020 Revenue	Date
Confie Seguros (Huntington Beach, CA)	Alliant	\$475 million	April 2021
PayneWest (Missoula, MT)	Marsh McLennan Agency	\$134 million	April 2021
Bolton (Pasadena, CA)	IMA	\$57 million	May 2021



# Private Equity-backed Ownership Changes

Insurance Agency	Lead Buyer / Investor	Description	Date
Integrated Specialty Coverage (New York, NY)	KKR	Majority Investment	March 2021
Strategic Insurance Agency Alliance (SIAA) (Hampton, NH)	Odyssey Investment Partners	Majority Investment	March 2021
High Street Insurance Partners (Traverse City, MI)	Abry	Purchase from Huron Capital	April 2021

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