



North American Agent & Broker 2021 Year-end Merger & Acquisition Report

January 2022

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2021 Agent M&A Report



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Observations & Comments

- Given the concern regarding the anticipated increase in capital gains tax rates and the continued flood of capital into the insurance distribution industry acquirers, 2021 deal activity outpaced records set in the prior year. After a slight Q1 dip in activity, each of the successive quarters in 2021 increased significantly over the prior year and the previous quarter. Total transactions in the Q4 2021 were 384, 26% greater than that of the same period in 2020, and total deals for 2021 were 1,034, fully 30% higher than what was recorded in 2020.
- The underlying drivers fueling this increase are the same as those in the prior year: aging owners facing a concern regarding an increase in capital gains and inadequate perpetuation plans meeting up with investors flush with massive amounts of capital. The passage of time is only increasing the impact of each of these drivers.

Observations & Comments

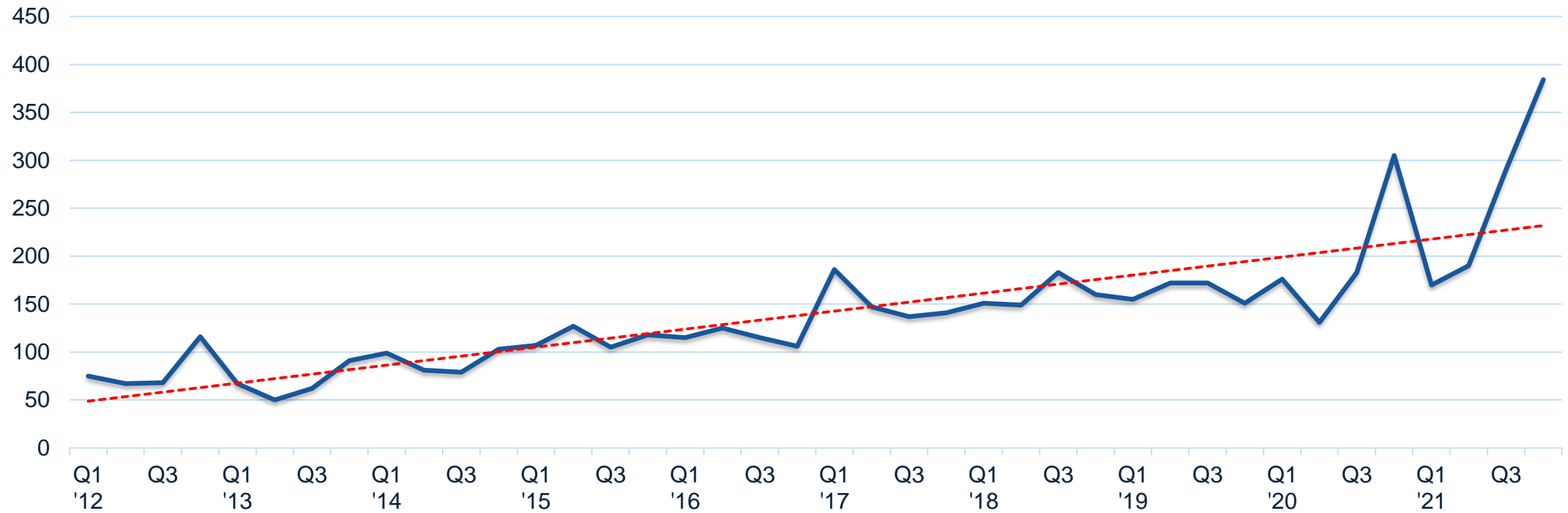
(continued)

- The big question: How long will this last? No one knows for sure, but private equity and other investors are likely able to handle an increase in interest rates, which may have a slight downward effect on valuation. Yet at the same time more private equity and other investors are coming into this space, which will most likely counter that pressure. The impact on a perceived increase in capital gains tax has likely played out. Activity in 2022 will likely continue at a rapid pace, though probably off its 2021 peak.
- There were 18 large agency transactions (defined as \$30+ million in revenue), and large privately held firms continue to be increasingly acquisitive (e.g., IMA and Heffernan). We see this trend continuing.

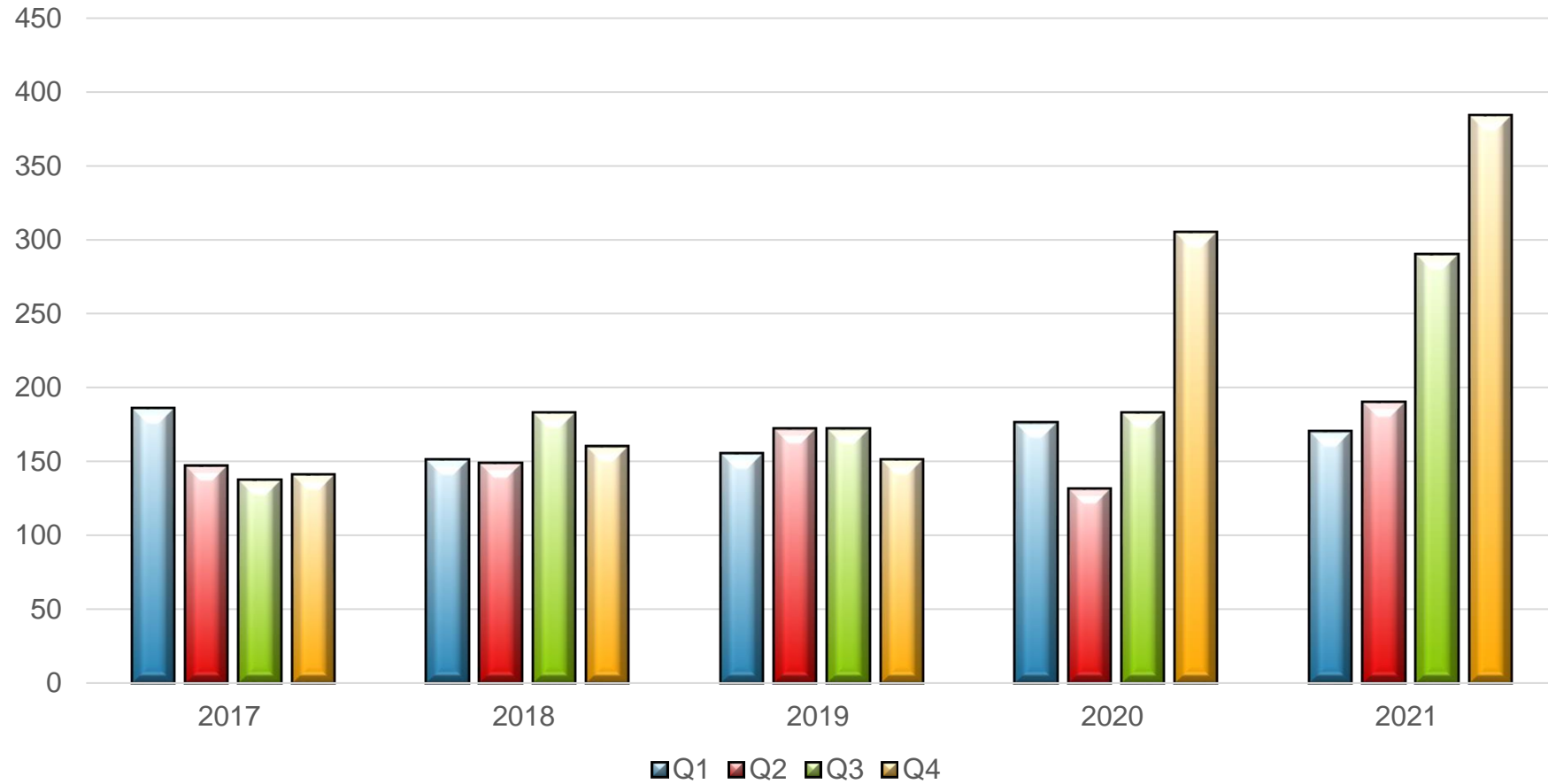
Highlights of 2021 M&A Activity

- 1,034 transactions in 2021, up from 795 in 2020
- 384 transactions in Q4-2021, 26% more than in the same period in 2020
- Acrisure led all buyers with 122 transactions in 2021, outpacing their 5-year average of 104 deals per year
- Following were PCF Insurance (99 deals in 2021), Hub (61), High Street Partners (56), Assured Partners (51), and World Insurance Associates (49). Both PCF and High Street recapitalized during the year while dramatically increasing deal counts
- Private Equity-Backed / Hybrid (“PE/Hybrid”) buyers were responsible for 76% of all announced transactions in 2021, up from 70% in 2020
- Baldwin Risk Partners continues to be the most active acquirer of top 100 firms by size (RogersGray, JGS, WG&B, and Construction Risk in 2021)

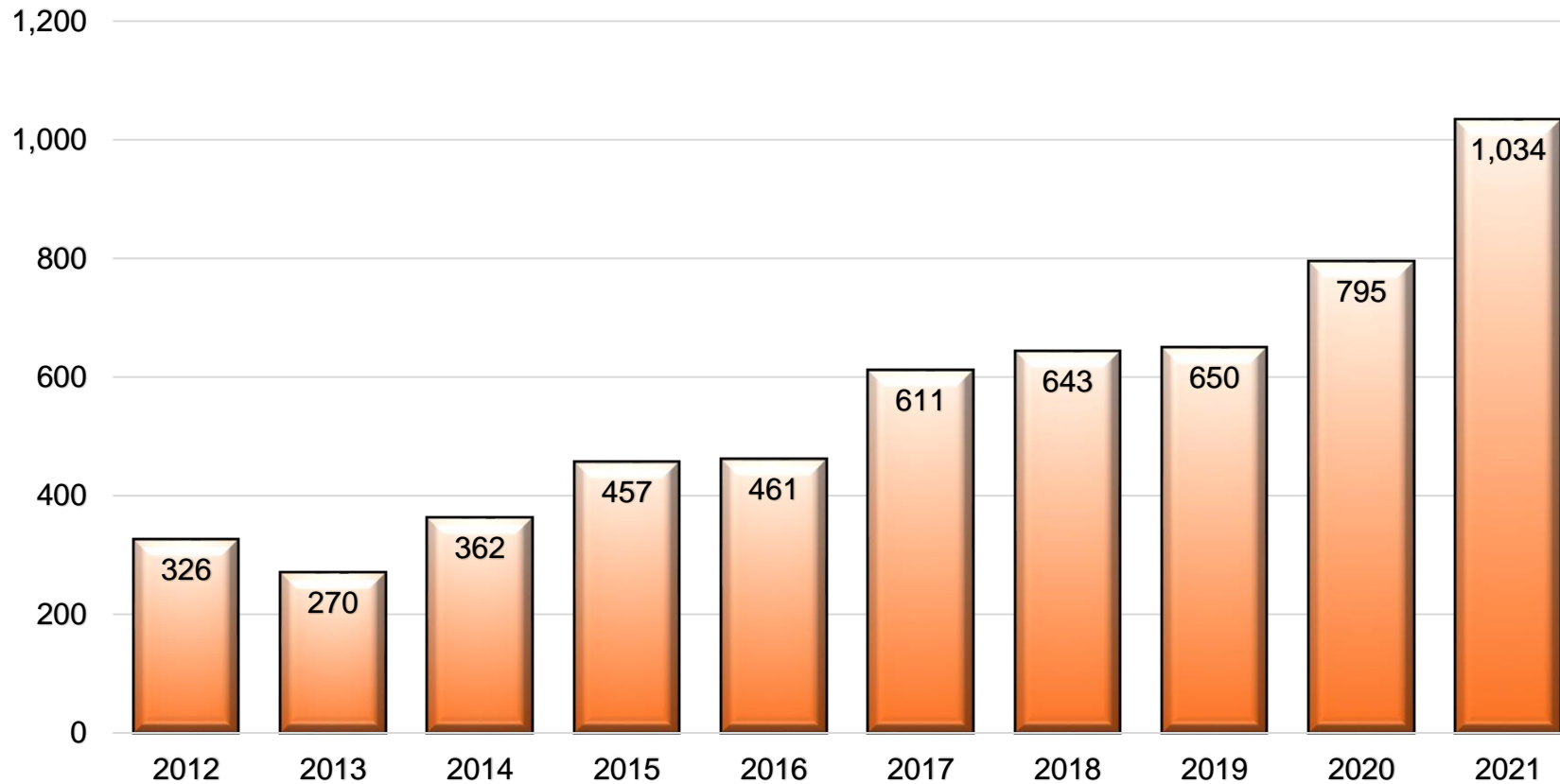
Quarterly M&A Activity



Quarterly M&A Activity



Agency Acquisitions By Year



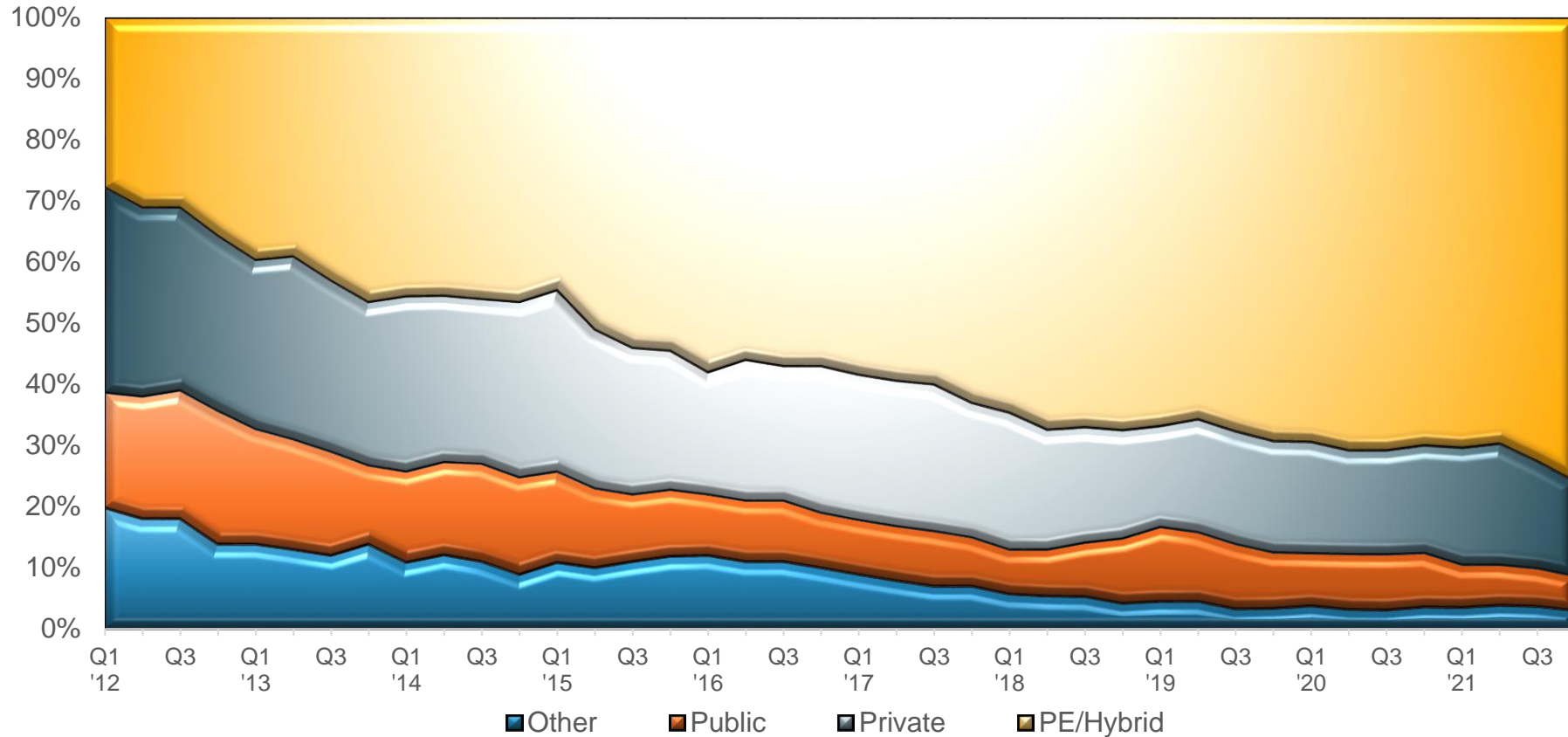
Most Active Buyers

Buyers With 20 or More Deals in 2021

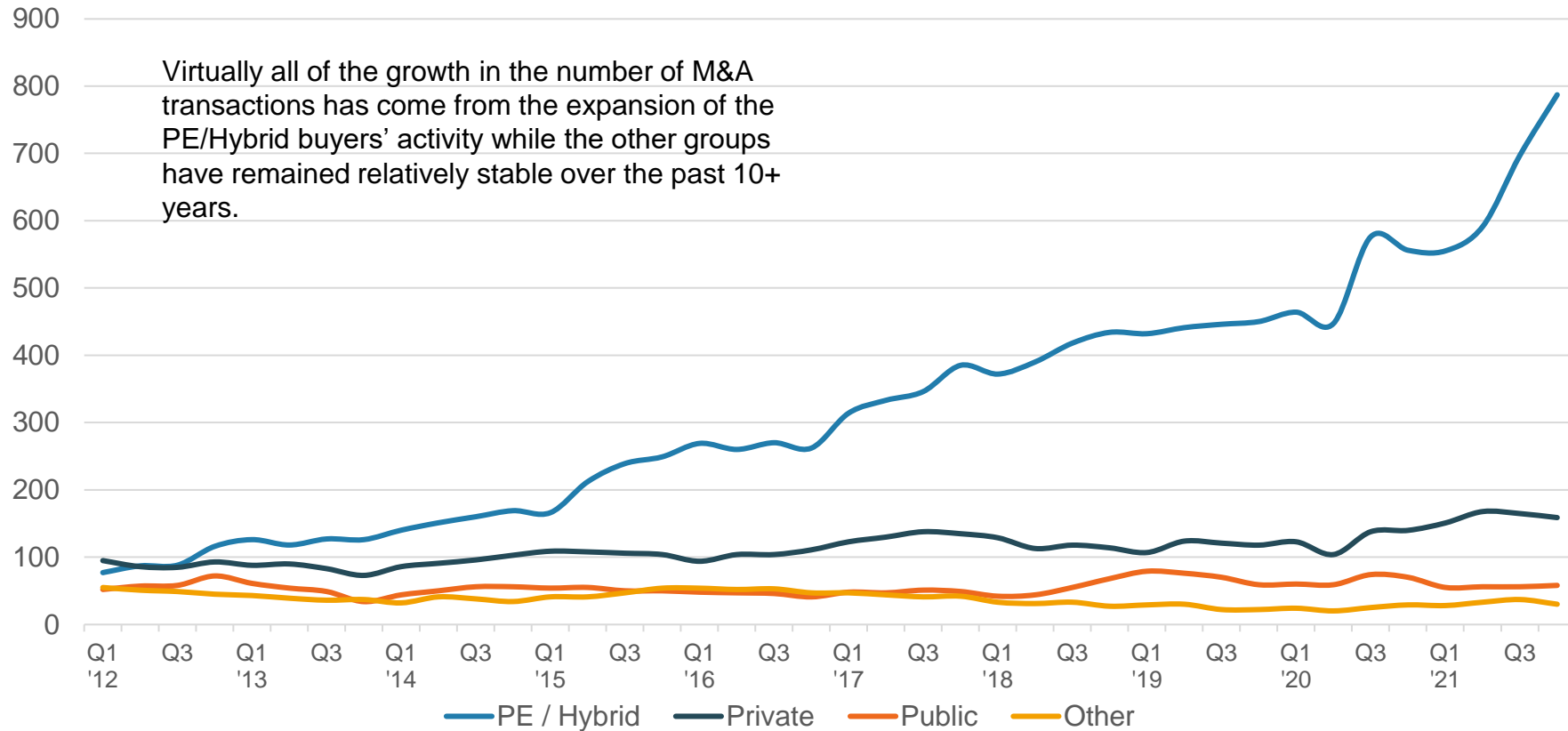
| Buyer | Buyer Type | 2017 | 2018 | 2019 | 2020 | 2021 |
|-----------------------------------|------------|------|------|------|------|-------|
| Acrisure | PE-Hybrid | 92 | 101 | 98 | 108 | 122 |
| PCF Insurance | PE-Hybrid | | 4 | 4 | 36 | 99 |
| Hub International | PE-Hybrid | 49 | 59 | 52 | 65 | 61 |
| High Street Partners | PE-Hybrid | | 1 | 3 | 9 | 56 |
| AssuredPartners | PE-Hybrid | 26 | 38 | 44 | 38 | 51 |
| World Insurance Associates | PE-Hybrid | 5 | 9 | 18 | 42 | 49 |
| Alera Group | PE-Hybrid | 38 | 28 | 24 | 18 | 45 |
| BroadStreet Partners | PE-Hybrid | 32 | 34 | 34 | 58 | 45 |
| Relation Insurance | PE-Hybrid | 2 | | 6 | 11 | 33 |
| Patriot Growth Insurance Services | PE-Hybrid | | | 25 | 21 | 31 |
| The Hilb Group | PE-Hybrid | 14 | 12 | 25 | 22 | 25 |
| Gallagher | Public | 30 | 36 | 34 | 23 | 24 |
| Risk Strategies Company | PE-Hybrid | 11 | 10 | 22 | 18 | 24 |
| OneDigital | PE-Hybrid | 13 | 27 | 17 | 32 | 20 |
| Sub-totals | | 244 | 274 | 308 | 406 | 592 |
| All Others | | 367 | 369 | 342 | 389 | 442 |
| Totals for Year | | 611 | 643 | 650 | 795 | 1,034 |

Totals By Buyer / Seller Type

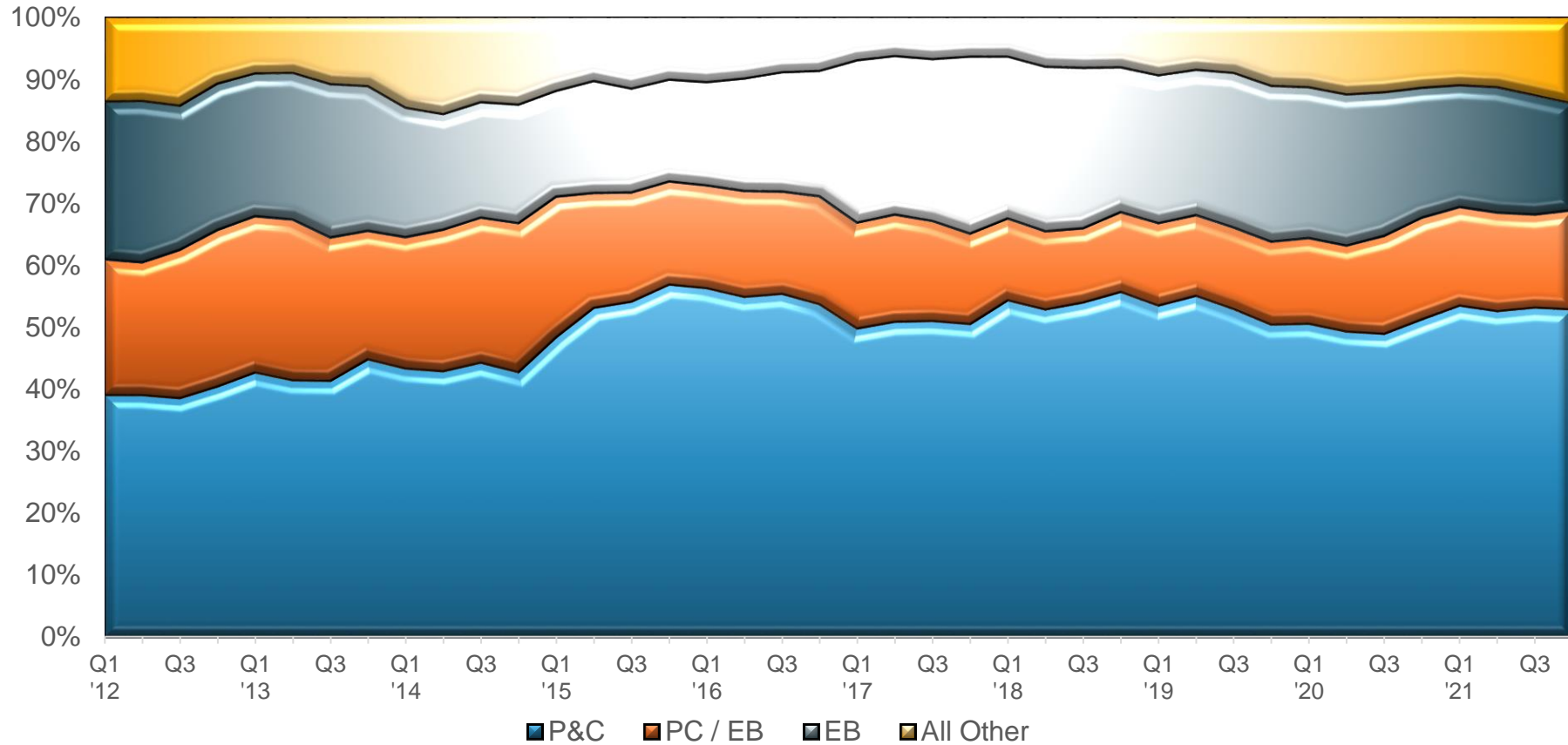
Rolling 12-Month Activity by Buyer Type (% Total)



Rolling 12-Month # Transaction by Buyer Type



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



Significant Transactions

Significant Broker Transactions in 2021

| Seller | Buyer | 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 |
| Worldwide Facilities (Los Angeles, CA) | AmWINS Group | \$165 million | March 2021 |
| Confie Seguros (Huntington Beach, CA) | Alliant | \$475 million | April 2021 |

Significant Transactions

Significant Broker Transactions in 2021 (Continued)

| Seller | Buyer | Revenue | Date |
|---|-----------------------|---------------|------------|
| PayneWest (Missoula, MT) | Marsh McLennan Agency | \$134 million | April 2021 |
| Sterling Seacrest Pritchard (Atlanta, GA) | Merger | \$70 million | April 2021 |
| Bolton (Pasadena, CA) | IMA | \$57 million | May 2021 |
| Constellation Affiliated Partners (New York NY) | Truist | \$160 million | May 2021 |
| ABD Insurance & Financial Services (San Mateo, CA) | Newfront Insurance | \$112 million | July 2021 |
| RogersGray (South Dennis, MA) | BRP | \$39 million | July 2021 |

Significant Transactions

Significant Broker Transactions in 2021 (Continued)

| Seller | Buyer | Revenue | Date |
|---|----------------|---------------|----------------|
| Propel Insurance (Tacoma, WA) | Alera | \$117 million | September 2021 |
| Jacobson, Goldfarb & Scott (Holmdel, NJ) | BRP | \$38 million | October 2021 |
| Parker Smith Feek (Seattle, WA) | IMA | \$82 million | November 2021 |
| Wood, Gutmann & Bogart (Tustin, CA) | BRP | \$37 million | November 2021 |
| Construction Risk Partners (Branchburg, NJ) | BRP | \$33 million | December 2021 |
| PSA Insurance & Financial Services (Hunt Valley, MD) | The Hilb Group | \$32 million | December 2021 |

Significant Transactions

Private Equity Backed Ownership Changes in 2021

| 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 |
| King Insurance (Gainesville, FL) | BHMS | Majority Investment | July 2021 |
| Patriot Growth Insurance Services (Ft. Washington, PA) | GI Partners | Majority Investment | September 2021 |

Significant Transactions

Private Equity Backed Ownership Changes in 2021

(Continued)

| Insurance Agency | Lead Buyer / Investor | Description | Date |
|---|-------------------------------|---------------------|---------------|
| PCF Insurance (Sandy, UT) | Owl Rock and PCF Mgmt | Majority Investment | November 2021 |
| TRICOR (Tomah, WI) | J.C. Flowers & Company | Majority Investment | November 2021 |
| Brightway Insurance (Jacksonville, FL) | GrowthCurve Capital | Majority Investment | December 2021 |
| Velocity Risk Underwriters (Nashville, TN) | Oaktree Capital Management | Majority Investment | December 2021 |

Appendix 1: Ownership of Active Private Equity Backed Buyers

| Broker | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|-----------------------------------|---|------|------|------|--------------------|-----------------------------------|----------------------|----------|---|------|------|----------|------|------------------|
| Alliant Insurance Services | Blackstone | | KKR | | | KKR / Stone Point | | | KKR / Stone Point/Canadian Pension Fund | | | | | |
| Hub | Apax / Morgan Stanley | | | | Hellman & Friedman | | | | H&F/Atlas | | | | | |
| USI | Goldman Sachs | | | Onex | | | | KKR/CDPQ | | | | | | |
| Galway Insurance Holdings | Combination of EPIC and JenCap backed by various PE investors | | | | | | | | | | | | | Harvest Partners |
| Relation | Parthenon / Century Equity Partners | | | | | | | | | | | Aquiline | | |
| Hilb Group | BHMS | | | | | ABRY | | | Carlyle | | | | | |
| Assured Partners | GTCR | | | | | Apax | | | GTCR | | | | | |
| Broadstreet Partners | Ontario Teachers' Pension Fund / Century Equity Partners | | | | | | | | | | | | | |
| Acrisure | Genstar | | | | | Management / Various PE Investors | | | | | | | | |
| Risk Strategies | Kohlberg | | | | Kelso | | | | | | | | | |
| NFP | Madison Dearborn | | | | | | | | | | | | | |
| One Digital | Fidelity National Financial | | | | | | New Mountain Capital | | | Onex | | | | |
| Alera | Genstar | | | | | | Genstar / Carlyle | | | | | | | |
| PCF Insurance | BHMS | | | | | | HGGC | | Owl Rock | | | | | |
| Foundation Risk Partners | Warburg Pincus | | | | | | | | | | | | | |
| High Street Partners | Huron Capital | | | | | | Abry | | | | | | | |
| Patriot Growth Insurance Services | Summit Partners | | | | | | GI Partners / Summit | | | | | | | |
| StoneRidge Insurance Brokers | CIVC Partners | | | | | | | | | | | | | |
| World Insurance Associates | Charlesbank | | | | | | | | | | | | | |
| Sunstar Insurance Group | BBH Capital | | | | | | | | | | | | | |
| Inszone | BHMS | | | | | | | | | | | | | |
| Crest Insurance Group | CIVC Partners | | | | | | | | | | | | | |
| Oakbridge Insurance | Corsair Capital | | | | | | | | | | | | | |
| TRICOR | JC Flowers | | | | | | | | | | | | | |
| King Insurance | BHMS | | | | | | | | | | | | | |

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) | 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Totals |
|-------------------------------|----------------------------|---------------------------------|------------|------------|------------|------------|------------|---------------|
| Top Buyers since 2017: | | | | | | | | |
| 1 | Acrisure | Management/Various PE Investors | 92 | 101 | 98 | 108 | 122 | 521 |
| 2 | Hub International | Hellman & Friedman / Atlas | 49 | 59 | 52 | 65 | 61 | 286 |
| 3 | BroadStreet Partners | Canadian Pension Fund | 32 | 34 | 34 | 58 | 45 | 203 |
| 4 | AssuredPartners | GTCR | 26 | 38 | 44 | 38 | 51 | 197 |
| 5 | Alera Group | Genstar Capital | 38 | 28 | 24 | 18 | 45 | 153 |
| 6 | PCF Insurance | Owl Rock | | 4 | 4 | 36 | 99 | 143 |
| 7 | World Insurance Associates | Charlesbank Capital | 5 | 9 | 18 | 42 | 48 | 122 |
| 8 | OneDigital | New Mountain Capital/Onex | 13 | 27 | 17 | 32 | 20 | 109 |
| 9 | The Hilb Group | Carlyle | 14 | 12 | 25 | 22 | 25 | 98 |
| 10 | NFP | Madison Dearborn / HPS | 24 | 23 | 15 | 17 | 12 | 91 |
| Active Buyers | | | 293 | 335 | 331 | 436 | 528 | 1,923 |
| All Others | | | 92 | 99 | 120 | 120 | 259 | 690 |
| Total Transactions | | | 385 | 434 | 451 | 556 | 787 | 2,613 |

Appendix 3: Active Buyers - Privately Owned

| Privately Owned | | 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Totals |
|-------------------------------|-----------------------------------|------------|------------|------------|------------|------------|---------------|
| Top Buyers since 2017: | | | | | | | |
| 1 | Cross Insurance | 5 | 5 | 12 | 9 | 7 | 38 |
| 2 | TrueNorth Cos | 4 | 3 | 4 | 10 | 4 | 25 |
| 3 | Westland Insurance Group | | 3 | 2 | 10 | 9 | 24 |
| 4 | Heffernan Insurance Brokers | 1 | | 2 | 8 | 11 | 22 |
| T5 | Leavitt Group | 7 | 5 | 1 | 1 | 4 | 18 |
| T5 | Ryan Specialty Group | 5 | 4 | 6 | 1 | 2 | 18 |
| 7 | IMA Financial Group | | | | 7 | 8 | 15 |
| 8 | Kaplansky Insurance | 2 | 5 | 1 | 1 | 4 | 13 |
| 9 | Liberty Company Insurance Brokers | | | 1 | 1 | 10 | 12 |
| 10 | Element Risk Management | 2 | | 3 | 2 | 4 | 11 |
| | Active Buyers | 26 | 25 | 32 | 50 | 63 | 196 |
| | All Others | 109 | 89 | 86 | 90 | 96 | 470 |
| | Total Transactions | 135 | 114 | 118 | 140 | 159 | 666 |

Appendix 4: Active Buyers - Publicly Traded

| Publicly Traded | | 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year |
|-------------------------------|---------------------------|-----------|-----------|-----------|-----------|-----------|------------|
| Top Buyers since 2017: | | | | | | | |
| 1 | Gallagher | 30 | 36 | 34 | 23 | 24 | 147 |
| 2 | Brown & Brown | 8 | 23 | 19 | 21 | 11 | 82 |
| 3 | Baldwin Risk Partners | | | | 16 | 16 | 32 |
| 4 | Marsh McLennan Agencies | 4 | 6 | 4 | 5 | 6 | 25 |
| | Active Buyers | 42 | 65 | 57 | 65 | 57 | 286 |
| | All Others | 7 | 3 | 3 | 5 | 1 | 19 |
| | Total Transactions | 49 | 68 | 60 | 70 | 58 | 305 |

Appendix 5: Active Buyers - Banks

| Banks | | 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Totals |
|-------------------------------|----------------------------|-----------|-----------|----------|-----------|-----------|---------------|
| Top Buyers since 2017: | | | | | | | |
| 1 | Truist | | 1 | 1 | 5 | 2 | 9 |
| 2 | Eastern Bank | 1 | 3 | | 2 | 2 | 8 |
| 3 | Western Financial Group | | 2 | 1 | 1 | | 4 |
| T4 | Colony Bankcorp | | | | | 3 | 3 |
| T4 | Lake Michigan Credit Union | 3 | | | | | 3 |
| T4 | TowneBank | | 1 | 1 | 1 | | 3 |
| | Active Buyers | 4 | 7 | 3 | 9 | 7 | 30 |
| | All Others | 19 | 12 | 4 | 8 | 9 | 52 |
| | Total Transactions | 23 | 19 | 7 | 17 | 16 | 82 |

Appendix 6: Active Buyers - All Others

| All Others | | 2017 | 2018 | 2019 | 2020 | 2021 | 5 Year Totals |
|-------------------------------|-------------------------------------|-----------|----------|-----------|-----------|-----------|---------------|
| Top Buyers since 2017: | | | | | | | |
| 1 | Co-operators General Insurance Co. | 2 | | 5 | | | 7 |
| 2 | Intact Financial Corp | 3 | | 1 | 1 | | 5 |
| T3 | Boston Omaha (General Indemnity Gro | 3 | | | | | 3 |
| T3 | Tokio Marine | 1 | 1 | 1 | | | 3 |
| T5 | Amynta Group | | | 1 | | 1 | 2 |
| T5 | Arch Capital Group | | 1 | 1 | | | 2 |
| T5 | Ardonagh Global Partners | | | | | 2 | 2 |
| T5 | Liberty Mutual | 1 | | | 1 | | 2 |
| T5 | NavSav Insurance | | | | | 2 | 2 |
| T5 | Travelers | | 1 | | 1 | | 2 |
| | Active Buyers | 10 | 3 | 9 | 3 | 5 | 30 |
| | All Others | 9 | 5 | 5 | 9 | 9 | 37 |
| | Total Transactions | 19 | 8 | 14 | 12 | 14 | 67 |

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