



Agent & Broker  
Merger & Acquisition Update  
3<sup>rd</sup> Quarter 2022

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## 3<sup>rd</sup> Quarter 2022 Agent M&A Report



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# Observations & Comments

- After a very busy Q2 '22, the number of reported transactions declined 35% in Q3 '22. Nonetheless Q3 '22 was still the 2<sup>nd</sup> busiest Q3 ever.
  - A driver of this variation was a reduction in the number of transactions from Q3 '21 when a large number of firms were sold by those looking to avoid a potential tax hike.
  - Deal flow is still very healthy. If the 2021 spike is eliminated, Q3 '22 is 15% higher than the four-year average from 2017-2020.
- There were 627 announced insurance agency deals during the first three quarters of '22, down 6% from 668 for the same period in 2021.
- Excluding the 73 life/financial services, consulting, and other types of sellers that we started tracking in 2022, there were a net 555 agent/broker transactions. This represents a 14% decrease in transactions over the same period in 2021 using our past reporting criteria (P&C, Employee Benefits, TPAs), but it is still 8% higher than the prior 5-year average.

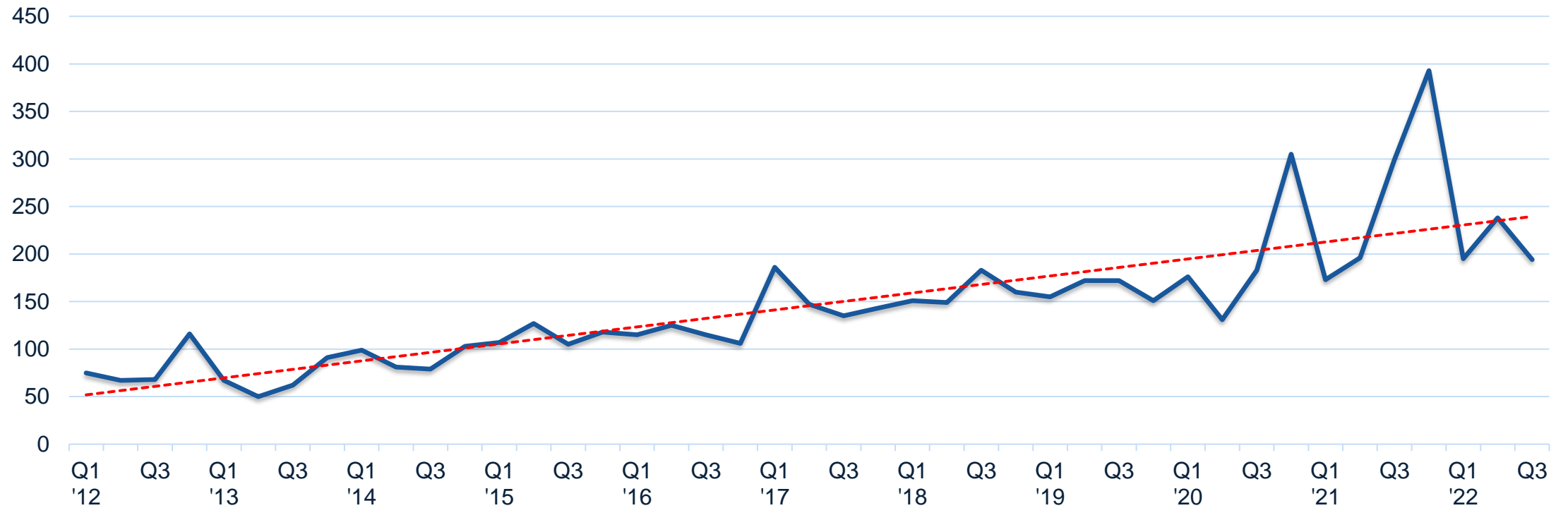
# Observations & Comments

- We anticipate a return to normal (yet still robust) deal environment as we close out 2022; likely off the all-time highs of Q4 '21.
- The significant increase in the cost of capital may:
  - Lead to a tightening in the underwriting of deals
  - Put a cap on valuations in the long-term, though that hasn't played out in the short term yet

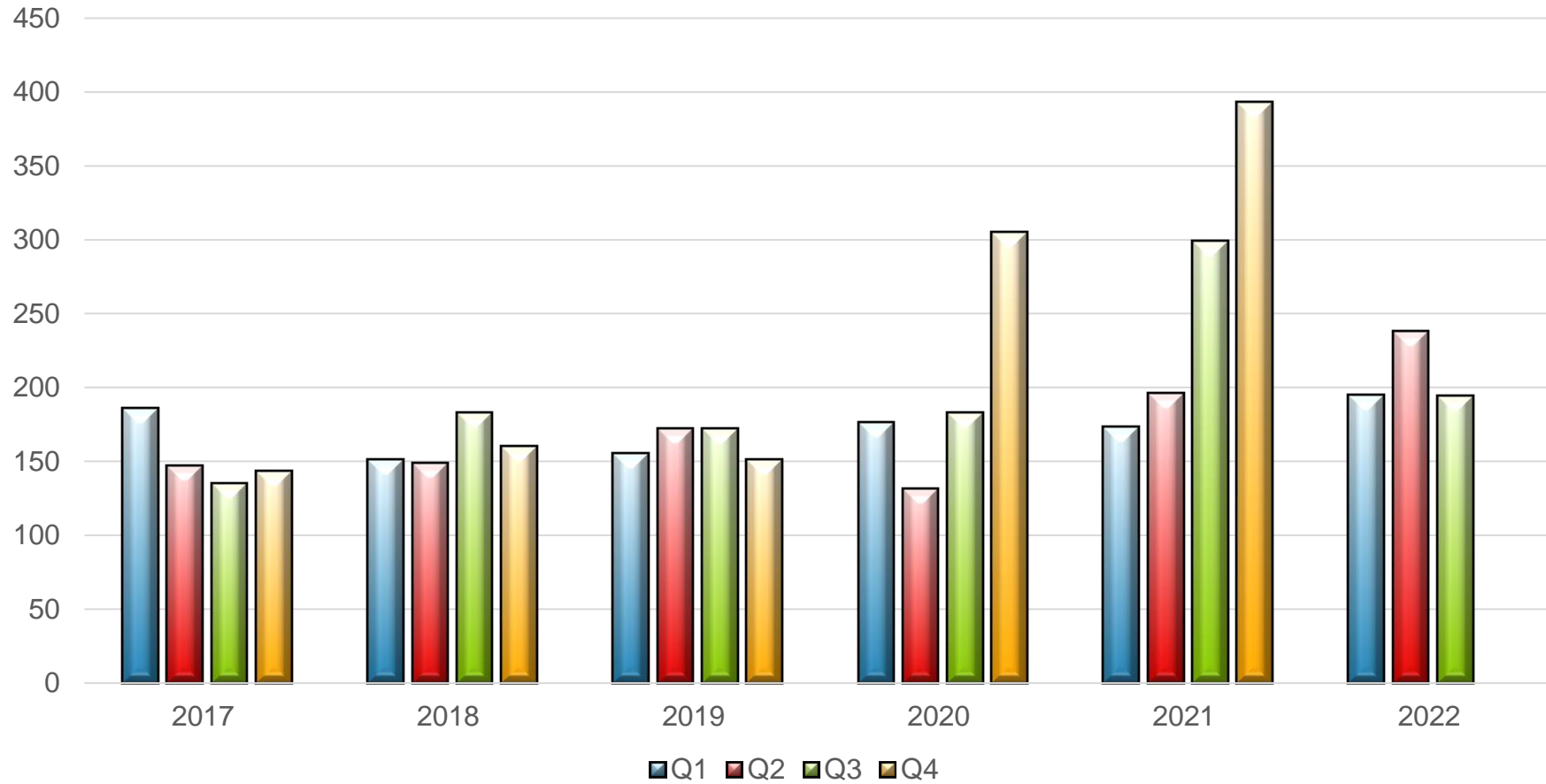
# Highlights of Q1-Q3 2022 M&A Activity

- 628 transactions in Q1-Q3 2022, down 3% from 651 for Q1-Q3 2021
- 195 transactions in Q3 '22, 35% lower than the prior year, yet equal to Q3 average over the previous five years
- 1,020 transactions in past 12 months, down from 1,125 for the period ended June 2022 and up from 973 for the 12-month period ended Q3 '21
- Acrisure led all buyers with 80 transactions in the first 3 quarters of 2022, up from 77 in the same period last year. Acrisure was followed by PCF Insurance (56) and Hub International (50)
- Private Equity-Backed / Hybrid ("PE/Hybrid") responsible for 78% of all announced transactions in the past 12 months and 75% during the most recent quarter
- Privately-owned buyers completed 13% of the deals closed YTD 2022 versus 16% in the same period last year

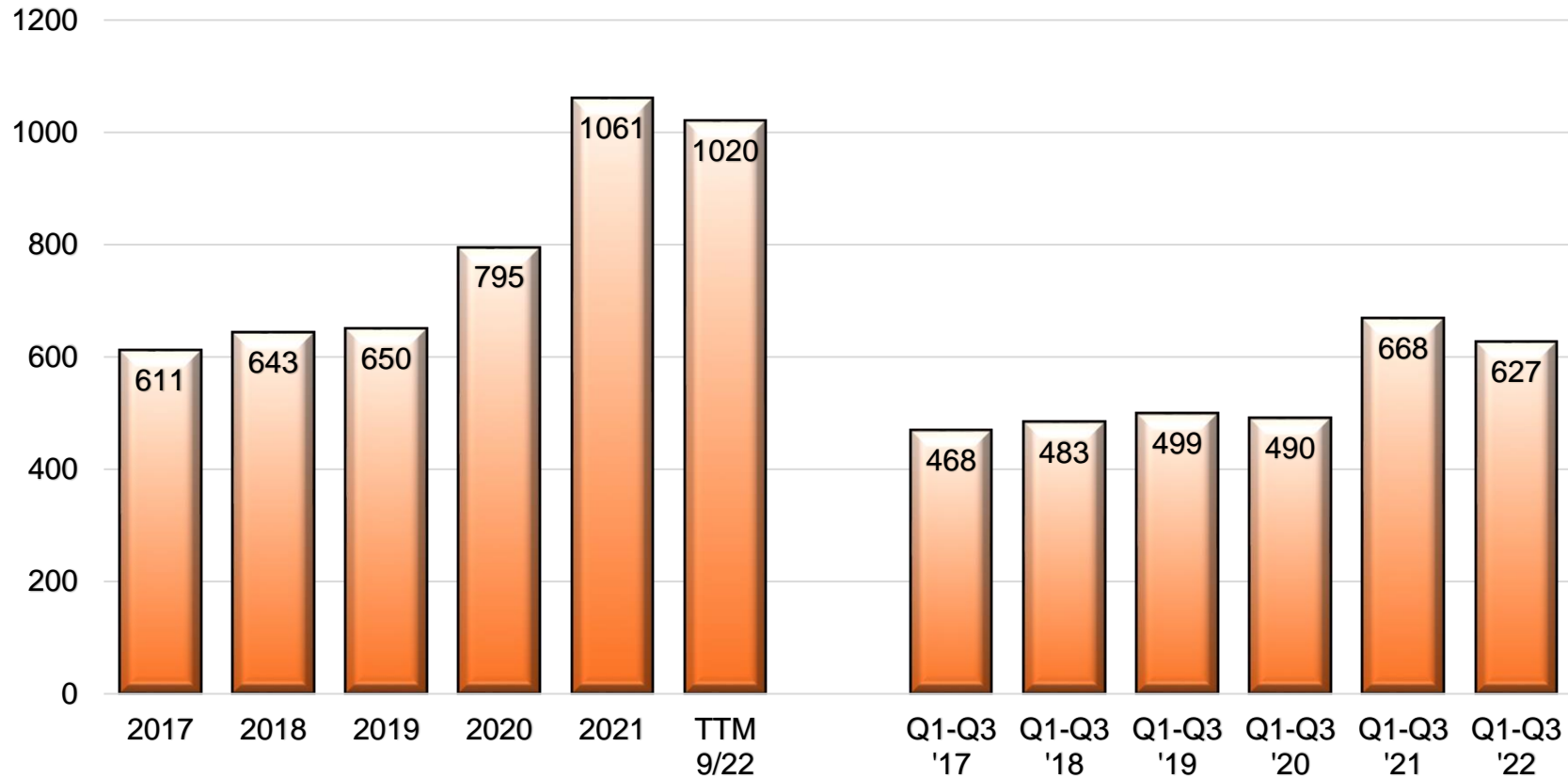
# Quarterly M&A Activity



# Quarterly M&A Activity



# Agency Acquisitions By Year and Q1-Q3





## Most Active Acquirers

# Active Acquirers With 15 or More Deals in 2022

Buyer by Type	Ownership	2017	2018	2019	2020	2021	Q1-Q3 2022
Acrisure	PE / Hybrid	92	101	98	108	122	80
PCF Insurance	PE / Hybrid	0	4	4	36	99	56
Hub International	PE / Hybrid	49	59	52	65	61	50
High Street Partners	PE / Hybrid	0	1	3	9	71	30
Inszone	PE / Hybrid	0	2	6	10	12	23
BroadStreet Partners	PE / Hybrid	32	34	34	58	45	22
Keystone Agency Partners	PE / Hybrid	0	0	0	7	14	21
World Insurance Associates	PE / Hybrid	5	9	18	42	50	21
Patriot Growth Insurance Svcs	PE / Hybrid	0	0	25	21	31	19
Relation Insurance	PE / Hybrid	2	0	6	11	33	18
Risk Strategies Company	PE / Hybrid	11	10	22	18	24	16
Integrity Marketing Group	PE / Hybrid	0	4	6	1	6	15
All Other		420	419	376	409	493	255
Total Reported Transactions		611	643	650	795	1,061	628

## Most Active Acquirers

# Acquirers With 20 or More Deals in Past 12 Months

Buyer	Ownership	2017	2018	2019	2020	2021	TTM 9/22
Acrisure	PE / Hybrid	92	101	98	108	122	125
PCF Insurance	PE / Hybrid	0	4	4	36	99	87
Hub International	PE / Hybrid	49	59	52	65	61	73
High Street Partners	PE / Hybrid	0	1	3	9	71	62
World Insurance Associates	PE / Hybrid	5	9	18	42	50	41
BroadStreet Partners	PE / Hybrid	32	34	34	58	45	37
Risk Strategies Company	PE / Hybrid	11	10	22	18	24	33
Relation Insurance	PE / Hybrid	2	0	6	11	33	32
Alera Group	PE / Hybrid	38	28	24	18	45	31
Keystone Agency	PE / Hybrid	0	0	0	7	14	31

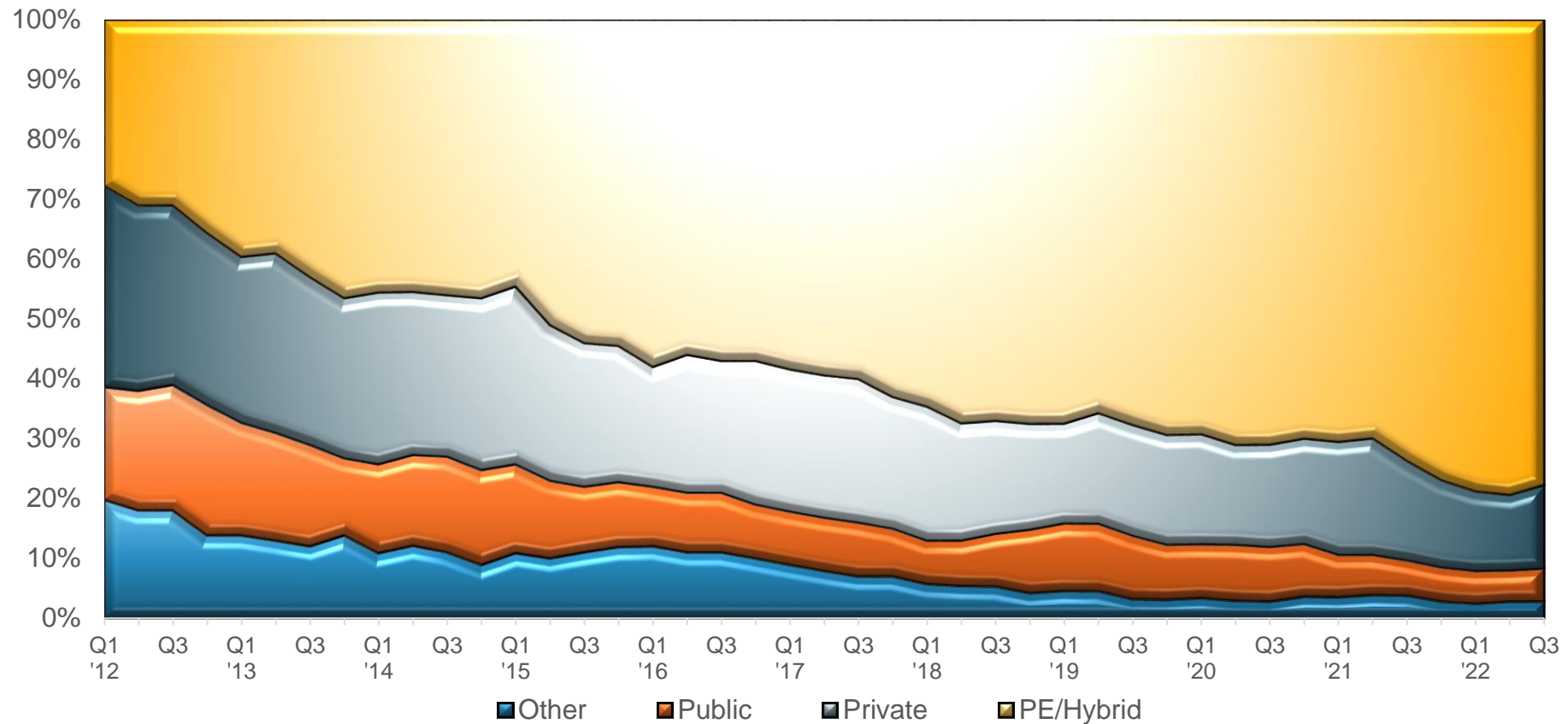
## Most Active Acquirers

# Acquirers With 20 or More Deals in Past 12 Months

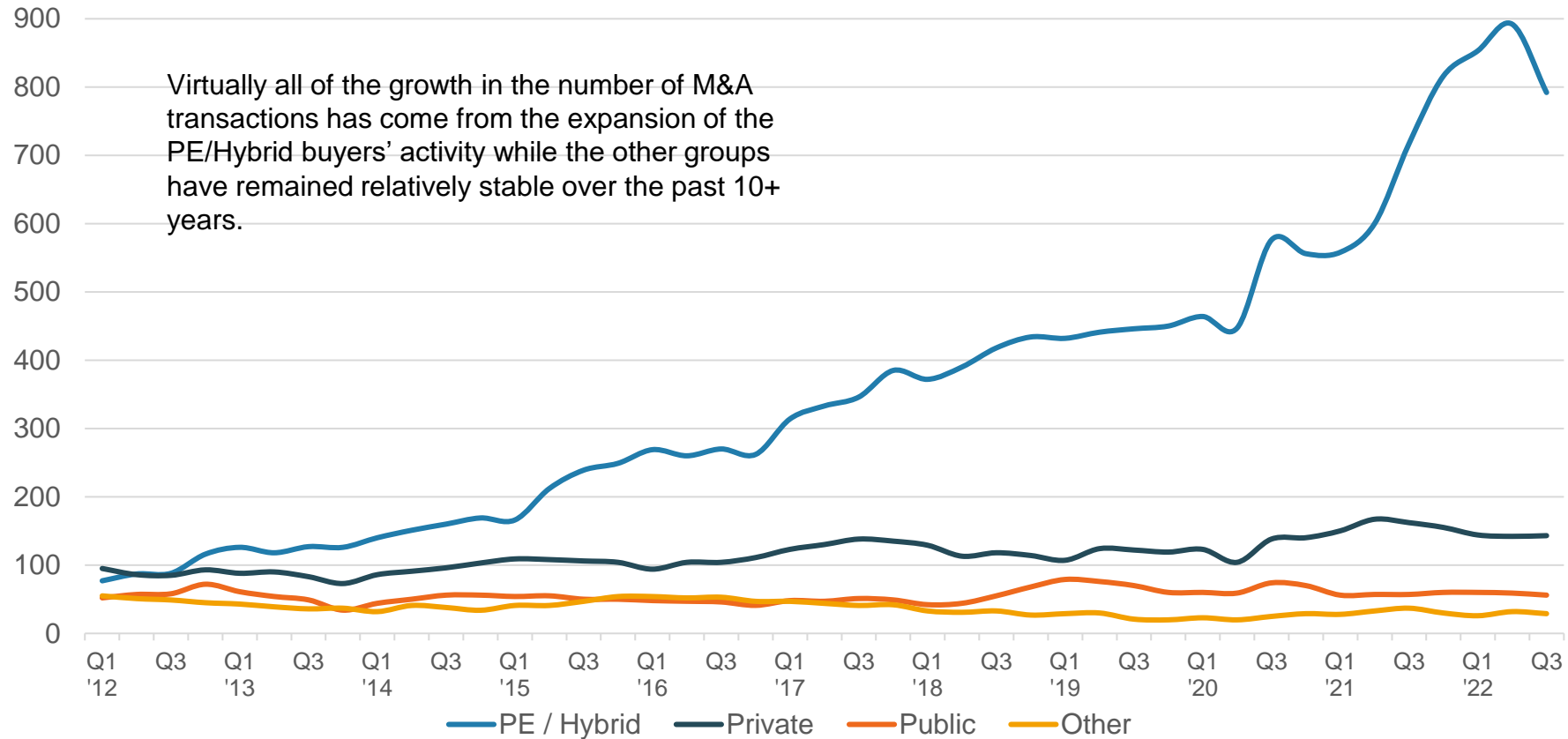
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Buyer	Ownership	2017	2018	2019	2020	2021	TTM 9/22
AssuredPartners	PE / Hybrid	26	38	44	38	52	29
Inszone Insurance Services	PE / Hybrid	0	2	6	10	12	29
Patriot Growth Insurance Services	PE / Hybrid	0	0	25	21	31	28
Gallagher	Public	30	36	34	23	25	20
All Other		326	321	280	331	377	362
Total Reported Transactions		611	643	650	795	1,061	1,020

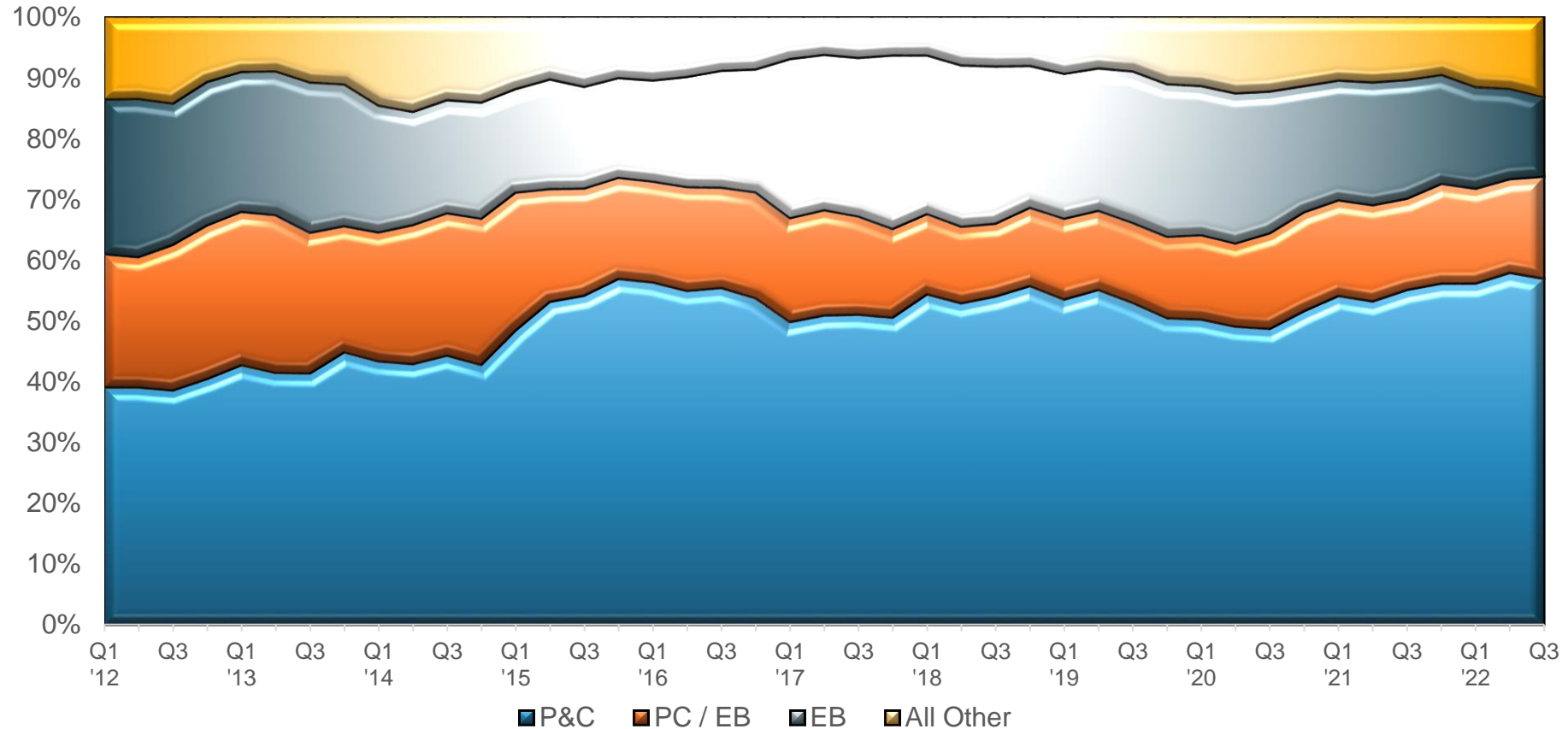
# Rolling 12-Month Activity by Buyer Type (% Total)



# Rolling 12-Month # Transaction by Buyer Type



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



# Significant Broker Transactions in 2022

Seller	Buyer	Estimate 2021 Revenue	Date
Westwood Insurance Agency (West Hills, CA)	Baldwin Risk Partners	\$82 million	March 2022
Distinguished Programs (New York, NY)	Aquiline Partners	\$122 million	April 2022
York International LLC	IMA Financial	\$32 Million	August 2022
BenefitsMall	Truist	\$150 Million	August 2022
M&T Insurance	Arther J. Gallagher	\$37 Million	September 2022

## Significant Transactions

# Private Equity-backed Ownership Changes

Insurance Agency	Lead Buyer / Investor	Description	Date
Unison (Oswald/RCMD) (Cleveland, OH)	Peloton Risk Advisors	Significant Minority Interest; Management Retains Majority	March 2022
NSM Insurance Group (Conshohocken, PA)	Carlyle Group	Acquired by Carlyle from White Mountain	May 2022
Foundation Risk Partners (Daytona Beach, FL)	Partners Group	Management maintains substantial stake and Warburg Pincus retains a meaningful minority position	August 2022



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