



North American Agent & Broker 2022 Year-end Merger & Acquisition Report

January 2023

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2022 Agent M&A Report



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Observations & Comments

- Changes appear to be afoot in the brokerage mergers and acquisitions sector as a significant rise in interest rates and economic uncertainty are likely forcing some buyers to pull back and causing nearly all buyers to proceed more cautiously. That, coupled with the large volume of sellers in the prior two years looking to avoid a perceived threat of rising capital gains rates, are likely the root causes of a pull back in deal activity.
- The year was a tale of two halves. In H1, deal count was greater each month than prior year counts for the same period. Immediately, H2 began the pull back as each month was less active than in the prior year. Total transactions in the Q4 2022 were 530, 25% less than that of the same period in 2021, and total deals for 2022 were 987, which is 8% lower than what was recorded in 2021.
- When the newly admitted categories of sellers add in 2022 are excluded (life insurance, retirement/wealth management, consulting and other businesses connected to insurance distribution), the decline is even more dramatic as the number of transactions on a year-over-year basis among declined 17% from 1,066 in 2021 to 885 in 2022.

Observations & Comments

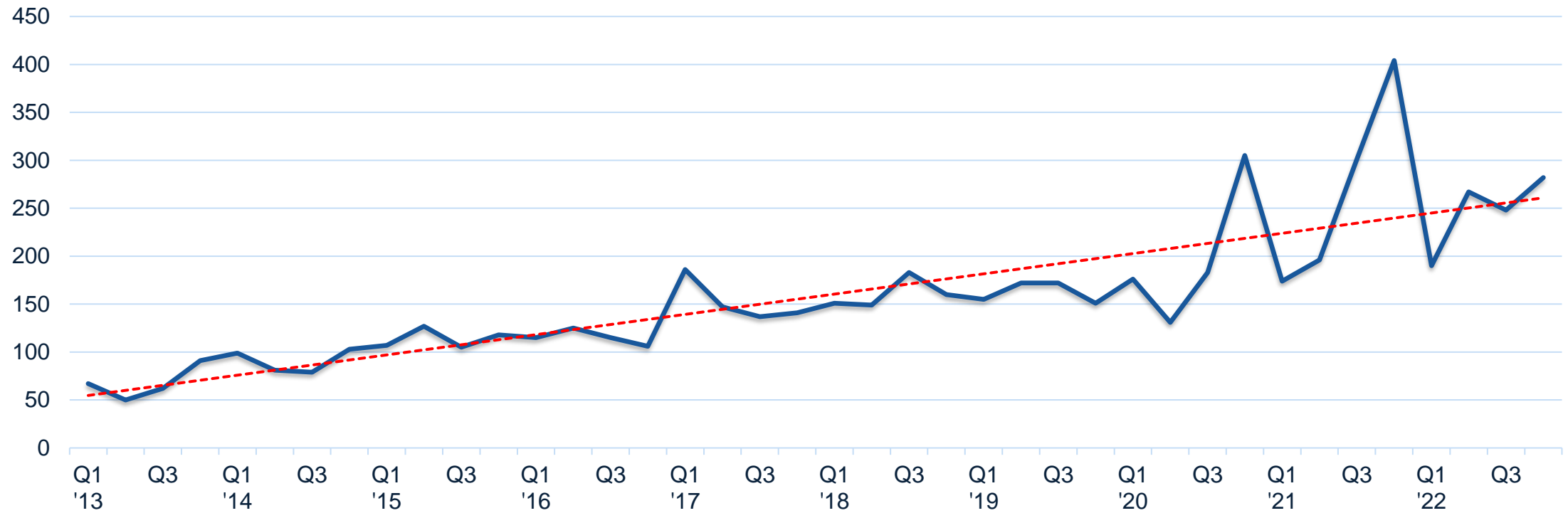
(continued)

- It is noteworthy that by all measures, deal activity in 2022 is still greater than the previous 5-year average. This points to the deal bubble that was 2020-21, as will be seen on page 5.
- Things can change quickly, however. As interest rates rose steadily throughout the year (more than doubling), the slow down in deal activity lagged by just a couple of months. Anecdotally, it appears that investors are scrutinizing deals more closely, some deals have failed to close, and valuations are generally on the decline.
- We expect to see the slower pace continue in 2023 as higher costs of capital and economic uncertainty will likely lead many to a slow-as-you-go strategy, and highly levered buyers may need to take a complete breather to digest what they've purchased.
- These conditions may create opportunity for well capitalized buyers, and at the same time the shrinking inventory of privately owned A-tier firms creates scarcity value for sellers.

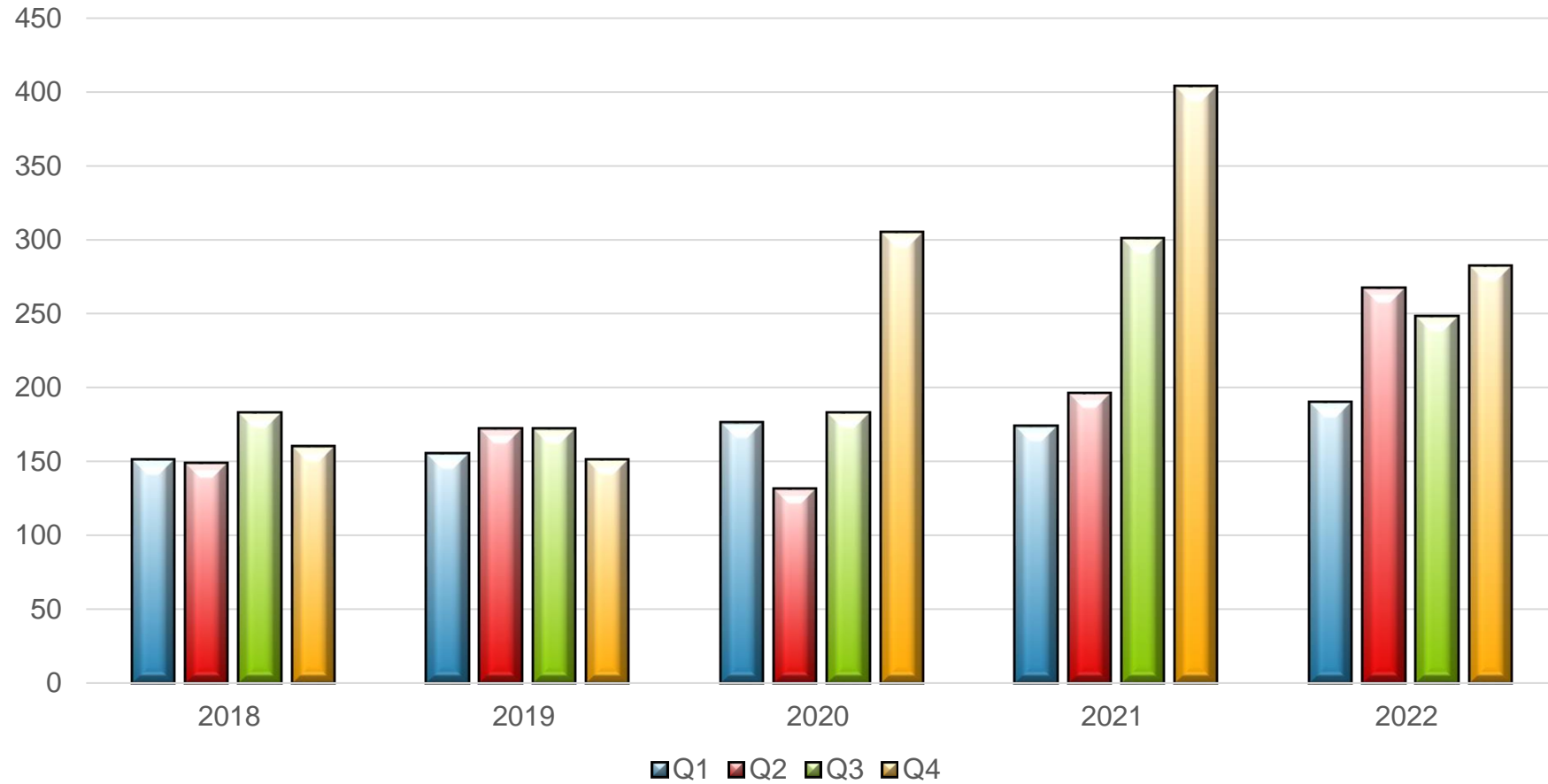
Highlights of 2022 M&A Activity

- 987 total transactions in 2022, down 8% from 1,075 in 2021
 - 885 retail, wholesale, and TPA transactions in 2022, down 17% from 1,066 in 2021
- 282 transactions in Q4-2022, 30% less than in the same period in 2021
- Acrisure led all buyers with 107 deals in 2022, down 3% from 2021 and 3% over 5-yr average
- Following were PCF Insurance (71 deals in 2022), Hub (70), High Street Partners (44), Inszone (42), and World Insurance Associates (39). Seven of the top ten buyers did fewer deals in 2022 than in 2021
- Private Equity-Backed / Hybrid (“PE/Hybrid”) buyers were responsible for 74% of all announced transactions in 2022, down from 77% in 2021
- Privately-owned buyers reported 163 transactions in 2022, a 5% increase over 2021
- Publicly traded brokers reported 51 transactions in 2022, a decline of 15% over 2021

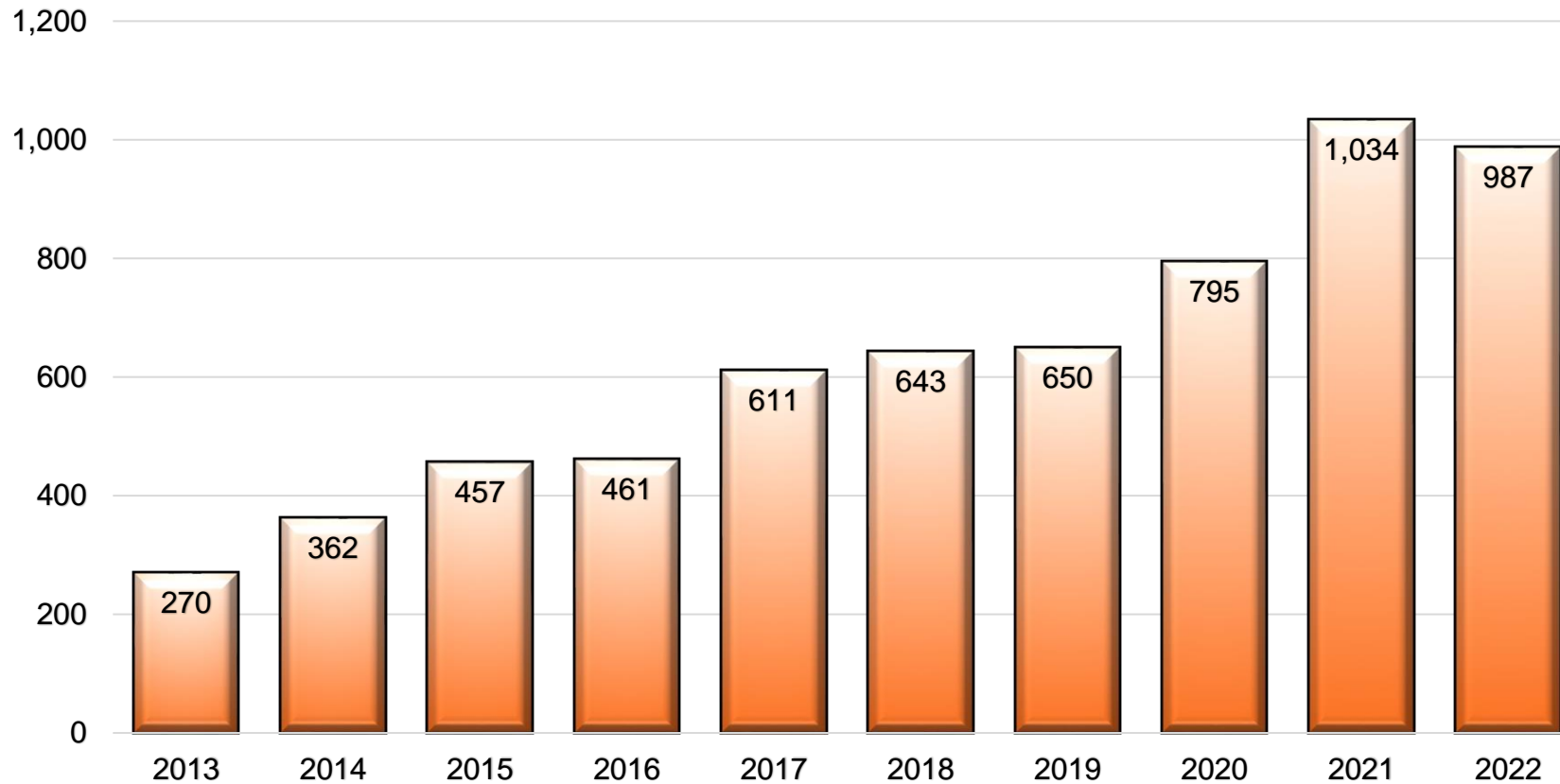
Quarterly M&A Activity



Quarterly M&A Activity



Agency Acquisitions By Year



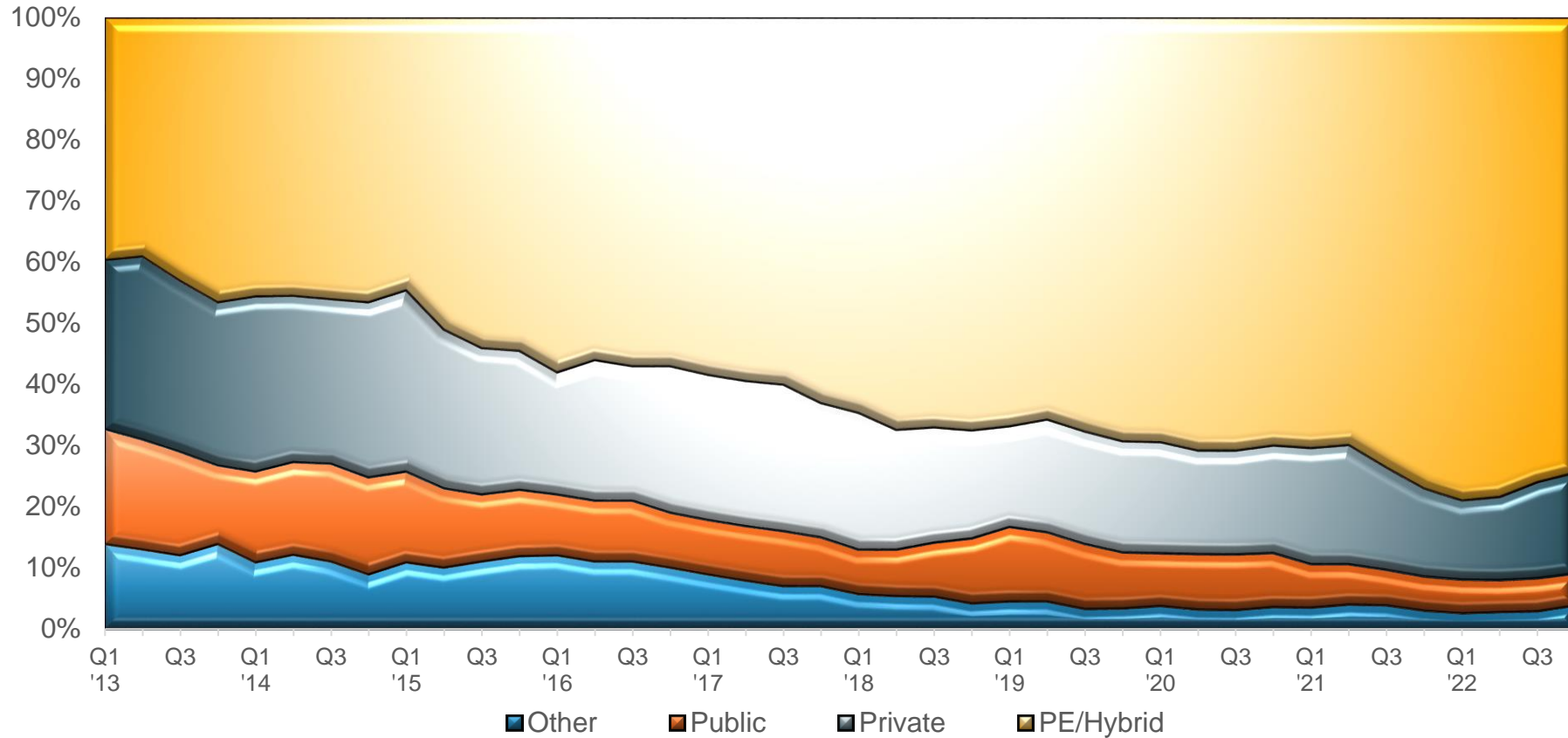
Most Active Buyers

Buyers With 20 or More Deals in 2022

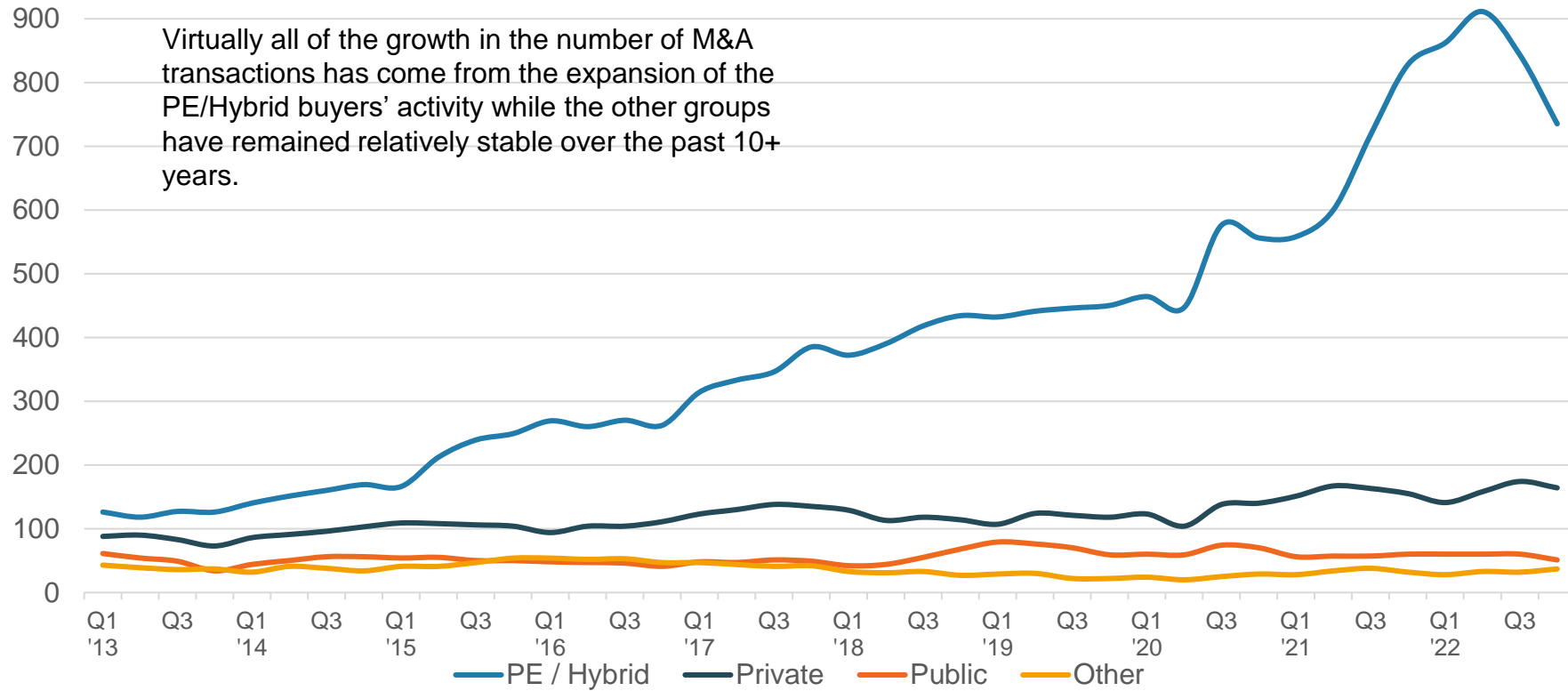
Buyer	Buyer Type	2018	2019	2020	2021	2022
Acrisure	PE-Hybrid	101	98	108	122	107
PCF Insurance	PE-Hybrid	4	4	36	99	71
Hub International	PE-Hybrid	59	52	65	62	70
High Street Partners	PE-Hybrid	1	3	9	71	44
Inszone Insurance Services	PE-Hybrid	2	6	10	12	42
World Insurance Associates	PE-Hybrid	9	18	42	53	39
BroadStreet Partners	PE-Hybrid	34	34	58	45	35
Liberty Company Insurance Brokers	PE-Hybrid	1	2	2	10	33
AssuredPartners	PE-Hybrid	38	44	38	52	33
Alera Group	PE-Hybrid	28	24	18	45	30
Keystone Agency Partners	PE-Hybrid	0	0	7	14	29
Patriot Growth Insurance Services	PE-Hybrid	0	25	21	31	27
The Hilb Group	PE-Hybrid	12	25	22	27	24
Risk Strategies Company	PE-Hybrid	10	22	18	24	23
Gallagher	Public	36	34	23	25	23
OneDigital	PE-Hybrid	27	17	32	21	21
Relation Insurance	PE-Hybrid	0	6	11	33	20
Sub-total		362	414	520	746	671
All Others		281	236	275	329	316
Totals for Year		643	650	795	1,075	987

Totals By Buyer / Seller Type

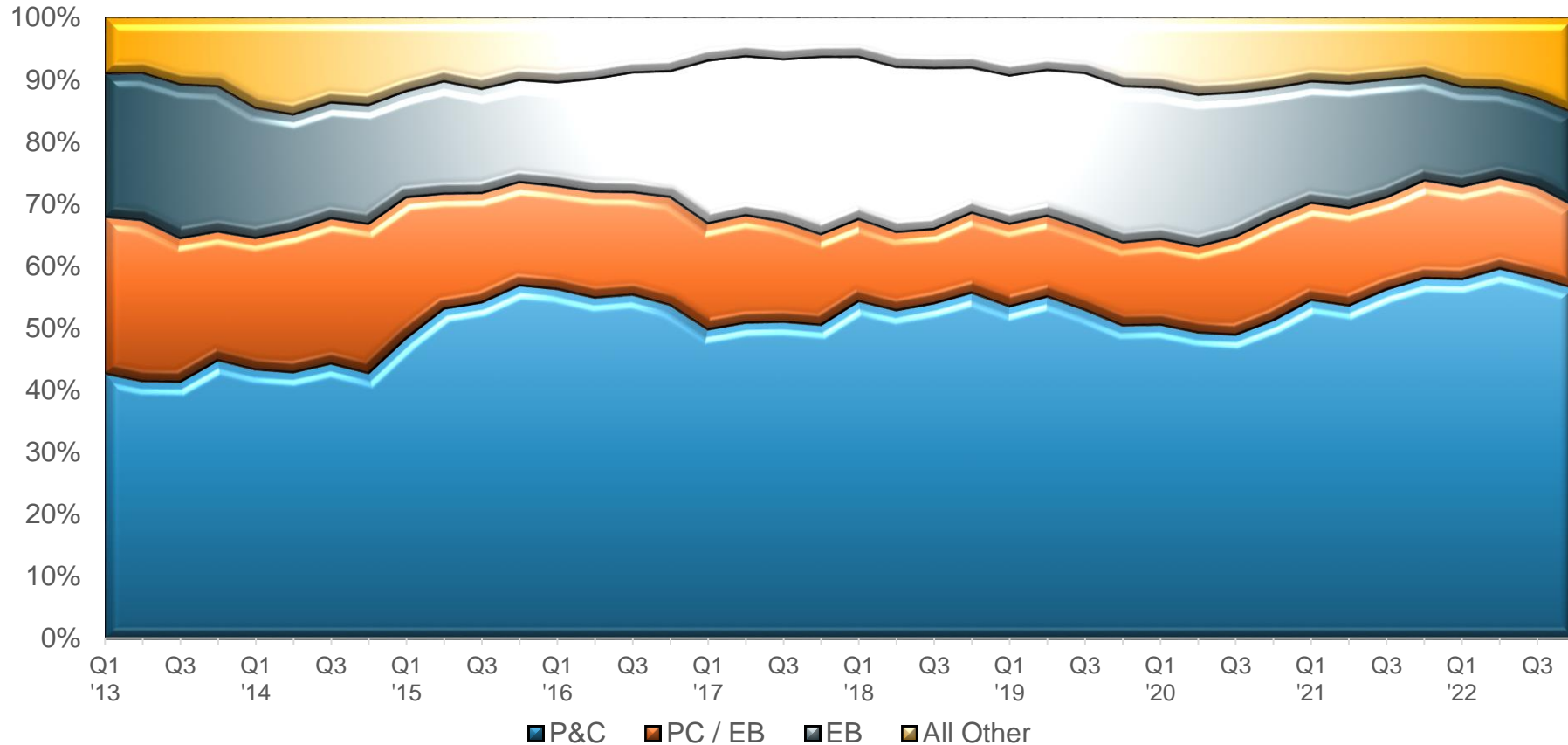
Rolling 12-Month Activity by Buyer Type (% Total)



Rolling 12-Month # Transaction by Buyer Type



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



Significant Transactions

Significant Broker Transactions in 2022

Seller	Buyer	Revenue	Date
Westwood Insurance Agency (West Hills, CA)	Baldwin Risk Partners	\$82 million	March 2022
Andreini & Company (San Mateo, CA)	PCF Insurance	\$25 million	July 2022
York International (Harrison, NY)	IMA	\$32 million	August 2022
BenefitsMall (Dallas, TX)	Truist	\$150 million	August 2022
M&T Insurance (Buffalo, NY)	Arthur J. Gallagher	\$37 million	September 2022
Haylor Freyer & Coon (Syracuse, NY)	Alera	\$36 million	October 2022
HMS Insurance Associates (Hunt Valley, MD)	Marsh Agency	\$48 million	December 2022

Private Equity Backed Ownership Changes in 2022

Insurance Agency	Lead Buyer / Investor	Description	Date
Unison (Cleveland and Baltimore)	Peloton Risk Advisors	Minority Investment from Management of Oswald and RCMD	March 2022
Distinguished Programs (New York, NY)	Aquiline Capital Partners	Majority Investment	April 2022
NSM Insurance Group (Conshohocken, PA)	Carlyle Group	Acquired from White Mountain	May 2022
Foundation Risk Partners (Daytona Beach, FL)	Partners Group	Acquired from Warburg Pincus	August 2022

Appendix 1: Ownership of Active Private Equity Backed Buyers

Broker	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022		
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					Partners Group	
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)	2018	2019	2020	2021	2022	5 Year Totals	
Top Buyers since 2018:								
1	Acrisure	Management/Various PE Investors	101	98	108	122	107	536
2	PCF Insurance	HGGC	4	4	36	99	71	214
3	Hub International	Hellman & Friedman, LLC	59	52	65	62	70	308
4	High Street Partners	Abry	1	3	9	70	44	127
5	Inszone Insurance Services	BHMS	0	0	6	12	42	60
6	World Insurance Associates	Charlesbank Capital	9	18	42	52	39	160
7	BroadStreet Partners	Ontario Teachers Pension Fund	34	34	58	45	35	206
8	AssuredPartners	GTCR	38	44	38	52	33	205
9	Alera Group	Genstar Capital	28	24	18	45	30	145
10	Keystone Agency Partners	Bain Capital	0	0	7	14	29	50
Active Buyers			274	277	387	573	500	2,011
All Others			160	174	169	255	235	993
Total Transactions			434	451	556	828	735	3,004

Appendix 3: Active Buyers - Privately Owned

Privately Owned		2018	2019	2020	2021	2022	5 Year Totals
Top Buyers since 2018:							
1	Liberty Company Insurance Brokers	1	2	2	10	33	48
2	Westland Insurance Group	3	2	10	9	15	39
T3	TrueNorth Cos	3	4	10	4	10	31
T3	Cross Insurance	5	12	9	7	10	43
5	Heffernan Insurance Brokers	0	2	8	11	8	29
6	BrokerLink	0	0	0	3	6	9
7	IMA Financial Group	0	0	7	8	5	20
T8	Charles Taylor PLC (London)	0	0	1	1	3	5
T8	Leavitt Group	5	1	1	4	3	14
T8	Element Risk Management	0	3	2	4	3	12
T8	Union Bay Risk Advisors	0	0	0	0	3	3
T8	Ensurise LLC	0	0	1	2	3	6
T8	Kaplansky Insurance	5	1	1	4	3	14
T8	Johnson & Johnson	0	1	1	0	3	5
	Active Buyers	17	26	50	61	96	278
	All Others	97	92	90	94	68	441
	Total Transactions	114	118	140	155	164	691

Appendix 4: Active Buyers - Publicly Traded

Publicly Traded		2018	2019	2020	2021	2022	5 Year
Top Buyers since 2018:							
1	Gallagher	36	34	23	25	23	141
2	Marsh McLennan Agencies	6	4	5	6	15	36
3	Brown & Brown	23	19	21	12	10	85
4	Baldwin Risk Partners	0	0	16	16	2	34
5	CBIZ	0	1	4	0	1	6
	Active Buyers	65	58	69	59	51	302
	All Others	3	2	1	1	0	7
	Total Transactions	68	60	70	60	51	309

Appendix 5: Active Buyers - Banks

Banks		2018	2019	2020	2021	2022	5 Year Totals
Top Buyers since 2018:							
1	Truist	1	1	5	2	4	13
T2	Eastern Bank	3	0	2	2	3	10
T2	Western Financial Group	2	1	1	0	3	7
4	Towne Bank	1	1	1	0	2	5
Active Buyers		7	3	9	4	12	35
All Others		12	4	8	14	10	48
Total Transactions		19	7	17	18	22	83

Appendix 6: Active Buyers - All Others

All Others		2018	2019	2020	2021	2022	5 Year Totals
Top Buyers since 2018:							
1	NavSav Insurance	0	0	0	2	8	10
2	Ambac Financial Group	0	0	0	0	2	2
T3	Victor Insurance Holdings	0	0	0	0	1	1
T3	Safety Insurance Group	0	0	0	0	1	1
T3	Britely Insurance, Inc	0	0	0	0	1	1
T3	AmTrust Financial Services	0	0	0	0	1	1
T3	Kastor Holdings	0	0	0	0	1	1
Active Buyers		0	0	0	2	15	17
All Others		8	14	12	12	0	46
Total Transactions		8	14	12	14	15	63

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