



**Agent & Broker
Merger & Acquisition Update
1st Half 2023**

July 2023

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Agent M&A Update



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Observations & Comments

- Deal volume continues to slide as the industry leaves the bubble created by low interest rates and an aging ownership base, yet a closer look shows that the number of deals completed in the last quarter as well as the trailing 12-month period are still greater than pre-2020 levels.
- There were 177 announced deals in Q2 2023; relatively flat compared to the 182 announced in the prior quarter. In year-over-year terms the count declined 36% over Q2 2022 and is 6% below the previous 5-year average.
- There were 359 announced insurance agency mergers and acquisitions during H1 2023, down 24% from 475 for the same period in 2022. H1 2023 tallies match the previous 5-year average.
- When we adjust for the 37 life/financial services, consulting, and other types of sellers from the H1 '23 count (compared to 54 in the same period in the prior year), there were a net 322 transactions. This represents a 23% decline in transactions using our past reporting criteria (P&C, Employee Benefits, TPAs).

Observations & Comments

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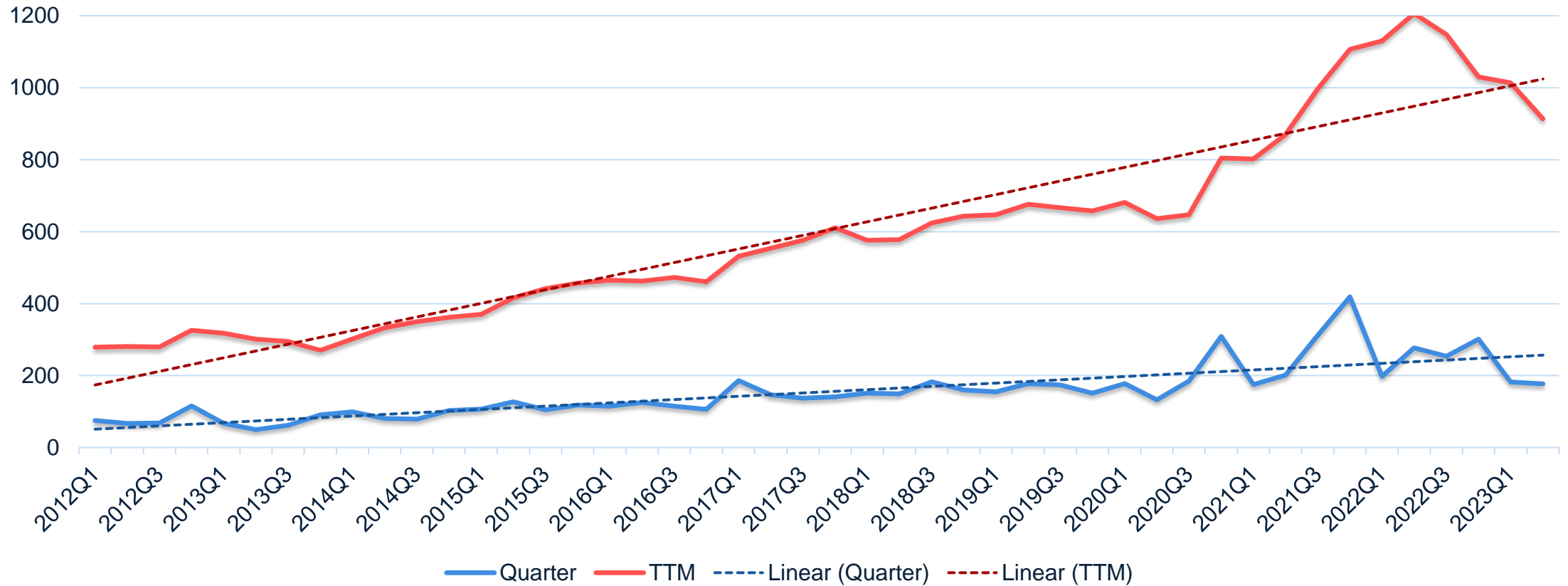
- While the interest rate environment has changed dramatically and forced some buyers to slow down or actually stand on the sidelines, we expect deal flow to continue at a rate similar to the 5-year average due to:
 - There are plenty of buyers who continue to be well positioned financially to complete transactions; and
 - There is still a large number of baby boomer agency owners without the ability or interest to perpetuate internally.
- We see a decrease in the average size of agency's sold, which makes it harder for active buyers to influence their growth trajectories via inorganic means. Consider the financial pressures on some buyers and the need for others to increase growth in a short time frame, we think it may be reasonable to expect some fairly large transactions to occur.

Highlights of 1st Half 2023 M&A Activity

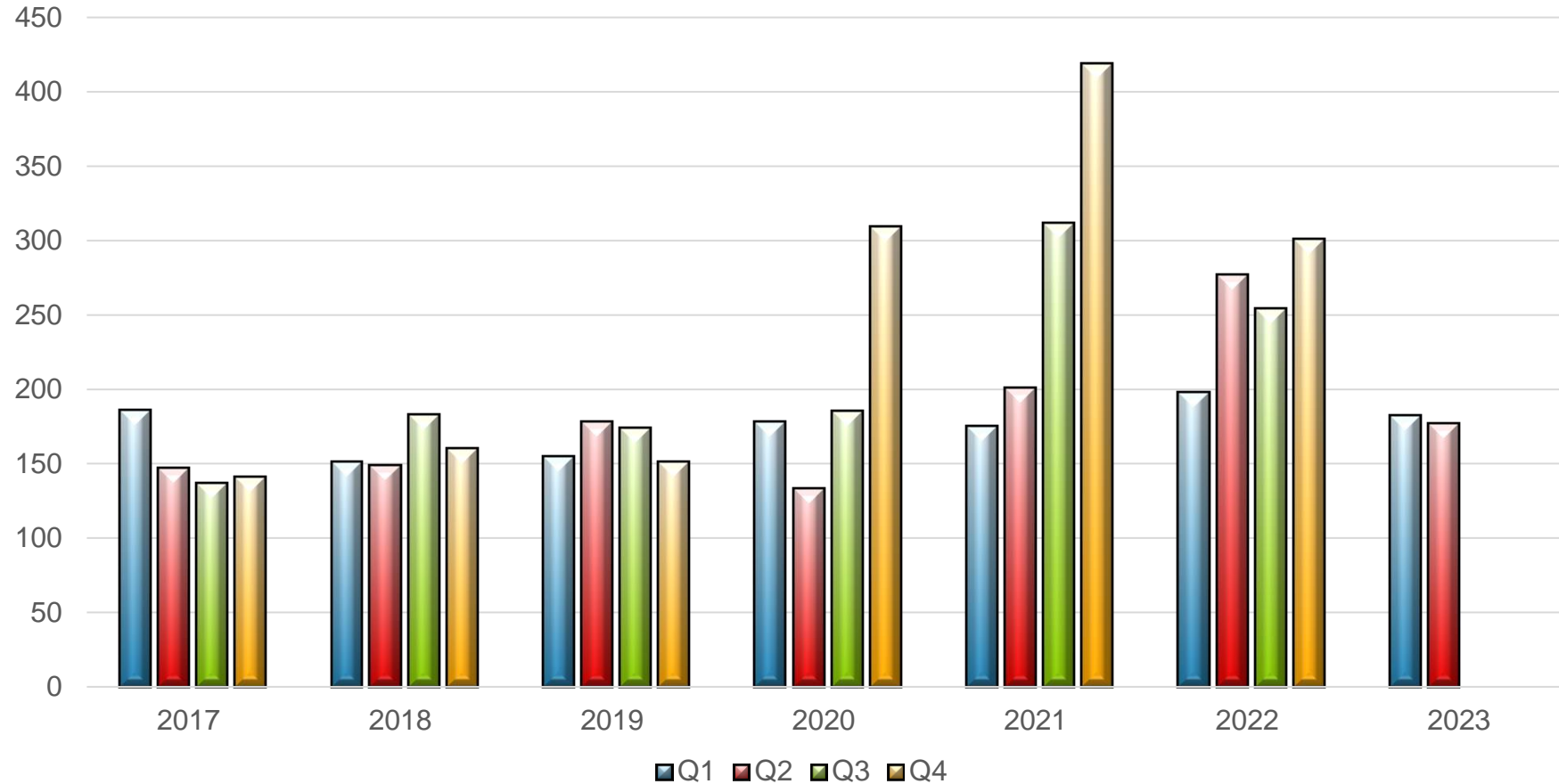
- 359 transactions in 1H-2023, down 24% from 475 for 1H-2022
- 173 transactions in Q2-2023, down 36% from the 277 recorded in the same period last year and off 6% from the previous five-year average
- 914 transactions in past 12 months, down 10% from 1,014 for the period ended March 2023 and 24% from the high watermark of 1,206 for the period ended Q2 2022
- Hub led all buyers with 29 transactions in the first half of 2023, down 15% from 34 last year
 - Followed by Broadstreet (26) and Inszone (22)
- Private Equity-Backed / Hybrid (“PE/Hybrid”) responsible for over 72% of all announced transactions in the past 12 months and 67% during the most recent quarter
- Privately-owned buyers posted 169 deals in the past 12 months (down from 202 at this time in 2022). In total, 22% of the deals closed in first half of 2023, similar to results in the same period last year

Summary Information

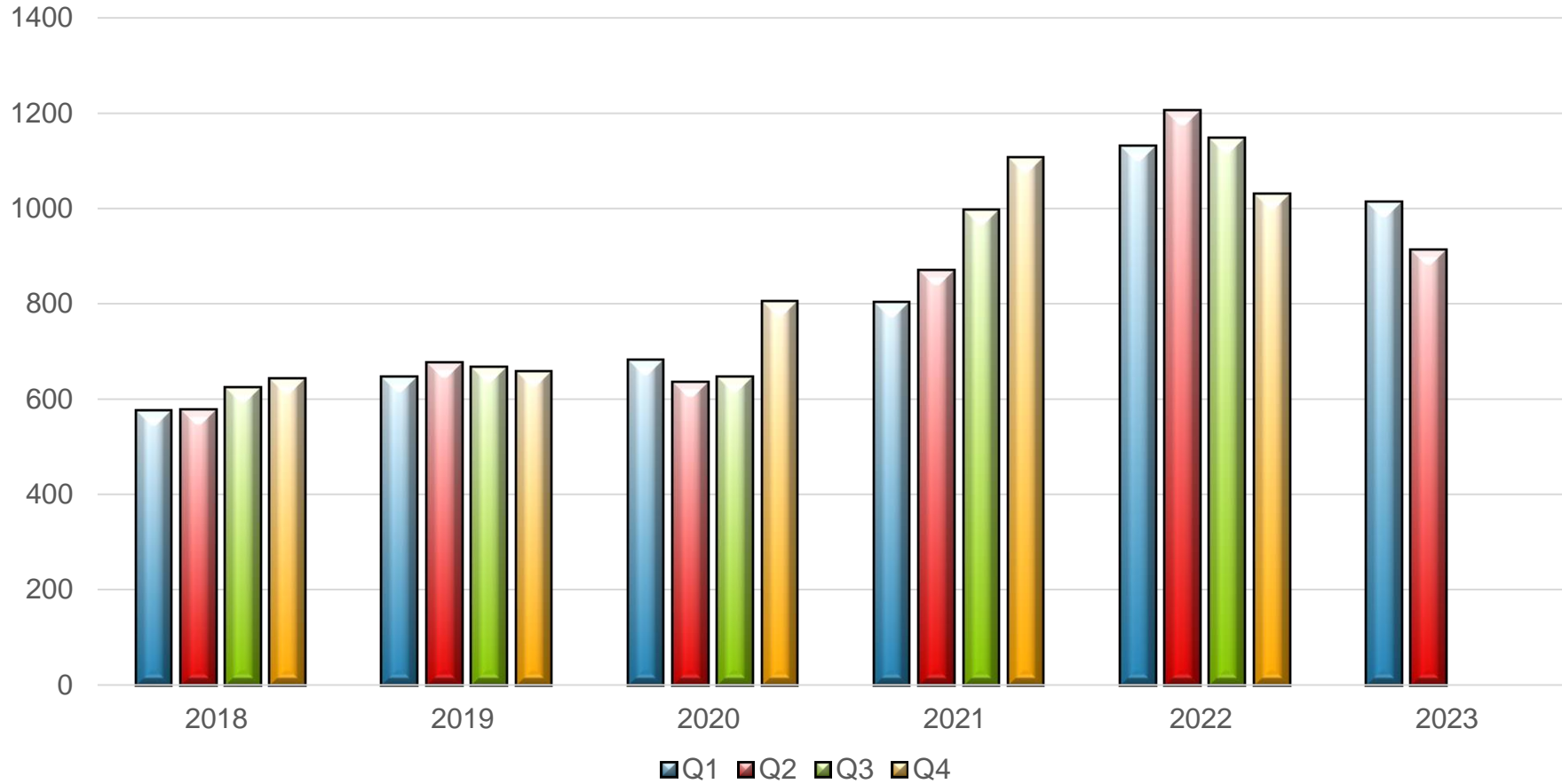
Quarterly M&A Activity



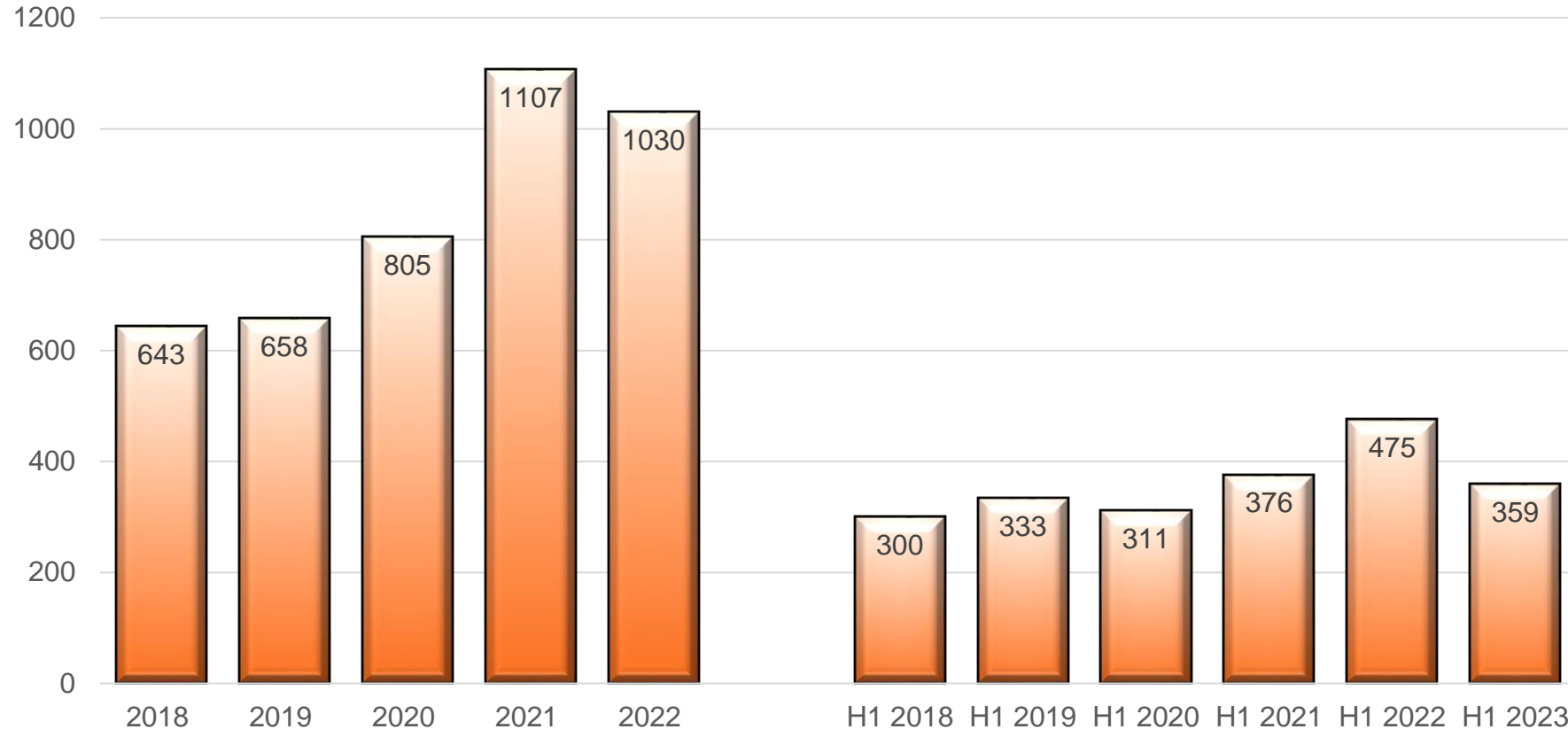
Quarterly M&A Activity



Quarterly Rolling 12-Month M&A Activity



Summary Agency Acquisitions By Year



Most Active Acquirers

Top 10 Acquirers (including ties) YTD in 2023

Buyer	Buyer Type	2018	2019	2020	2021	2022	H1-2023
Hub International	PE-Hybrid	59	52	65	62	70	29
BroadStreet Partners	PE-Hybrid	34	34	58	45	35	26
Inszone Insurance Services	PE-Hybrid	2	6	10	12	42	22
World Insurance Associates	PE-Hybrid	9	18	42	53	39	17
Patriot Growth Insurance Services	PE-Hybrid	0	25	21	31	27	16
Leavitt Group	Private	5	10	12	24	20	14
Gallagher	Public	36	34	23	25	26	14
Keystone Agency Partners	PE-Hybrid	0	0	7	22	29	14
Risk Strategies Company	PE-Hybrid	10	22	18	24	24	13
Integrity Marketing Group	PE-Hybrid	4	6	1	6	18	12
Sub-total		159	207	257	304	330	177
All Others		484	451	548	803	700	184
Totals for Year		643	658	805	1,107	1,030	361

Most Active Acquirers

Acquirers With 20 or More Deals in Past 12 Months

Buyer	Buyer Type	2018	2019	2020	2021	2022	TTM 6/23
Acrisure	PE-Hybrid	101	98	108	122	107	79
Hub International	PE-Hybrid	59	52	65	62	70	65
World Insurance Associates	PE-Hybrid	9	18	42	53	39	48
BroadStreet Partners	PE-Hybrid	34	34	58	45	35	45
Inszone Insurance Services	PE-Hybrid	2	6	10	12	42	43
Alera Group	PE-Hybrid	28	24	18	45	32	34
Patriot Growth Insurance Services	PE-Hybrid	0	25	21	31	32	33
High Street Partners	PE-Hybrid	1	3	9	71	44	32
Keystone Agency Partners	PE-Hybrid	0	0	7	22	29	32

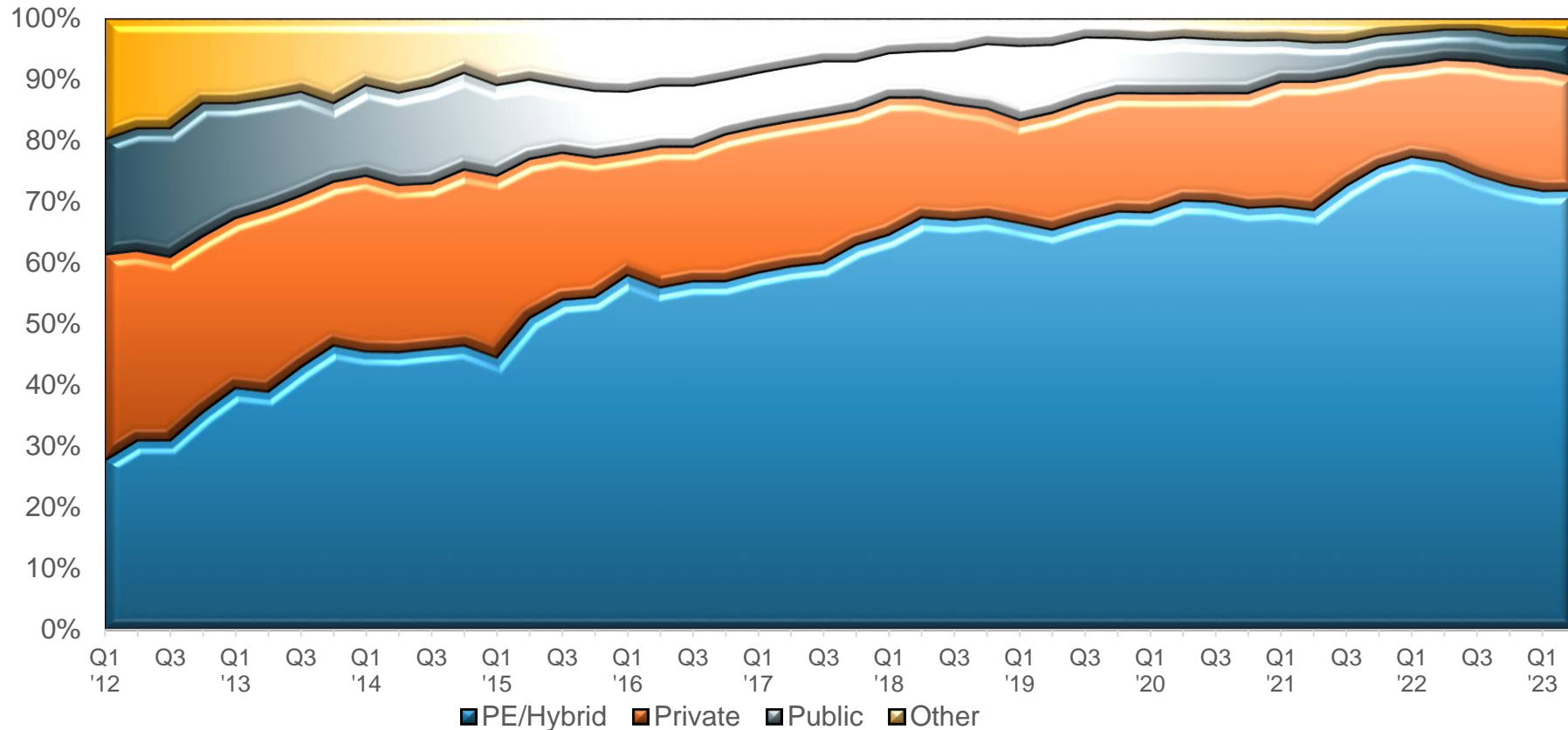
Most Active Acquirers

Acquirers With 20 or More Deals in Past 12 Months

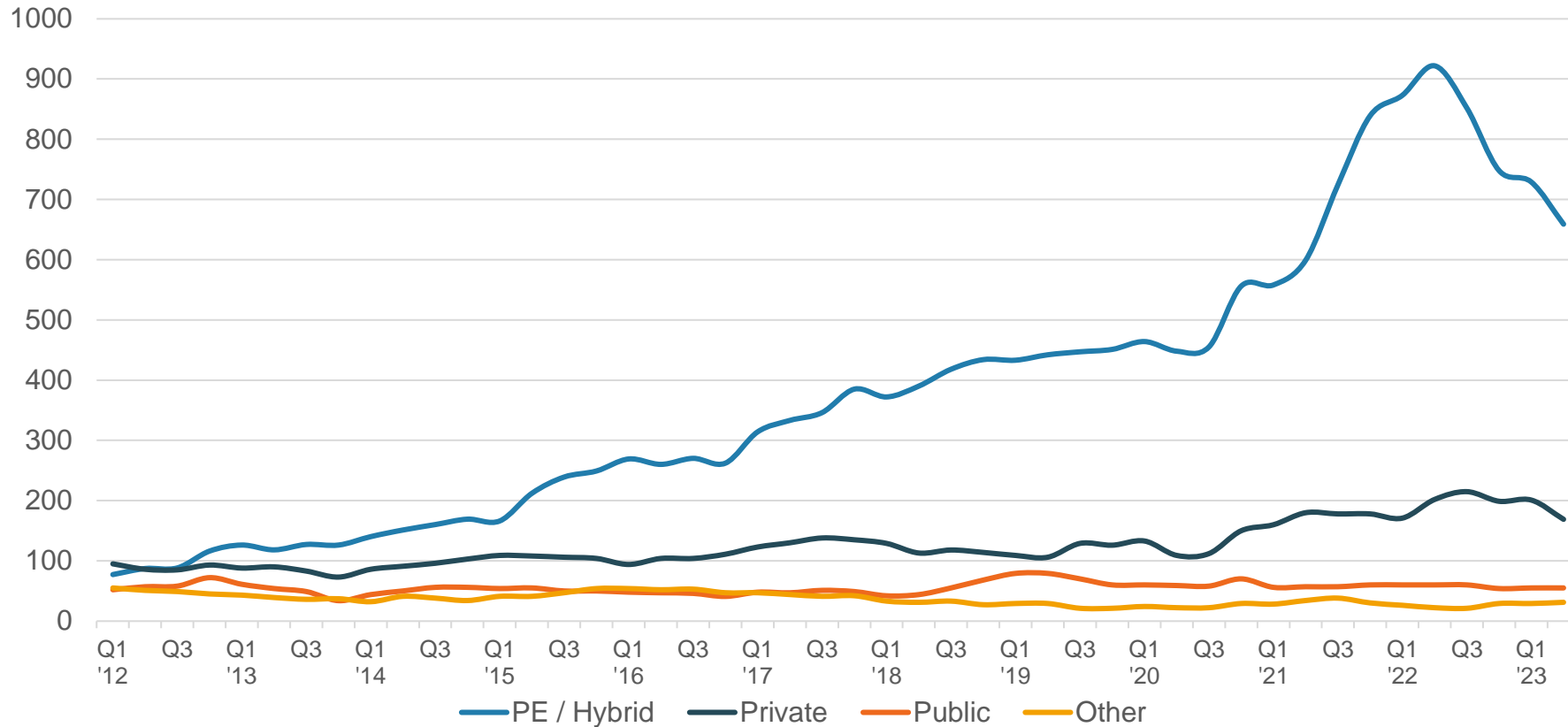
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Buyer	Buyer Type	2018	2019	2020	2021	2022	TTM 6/23
AssuredPartners	PE-Hybrid	38	44	38	52	33	31
Gallagher	Public	36	34	23	25	26	31
Risk Strategies Company	PE-Hybrid	10	22	18	24	24	30
Leavitt Group	Private	5	10	12	24	20	23
PCF Insurance	PE-Hybrid	4	4	36	99	71	23
The Hilb Group	PE-Hybrid	12	25	22	27	23	20
Sub-totals		238	301	379	592	520	490
All Others		405	357	426	515	510	424
Totals for Year		643	658	805	1,107	1,030	914

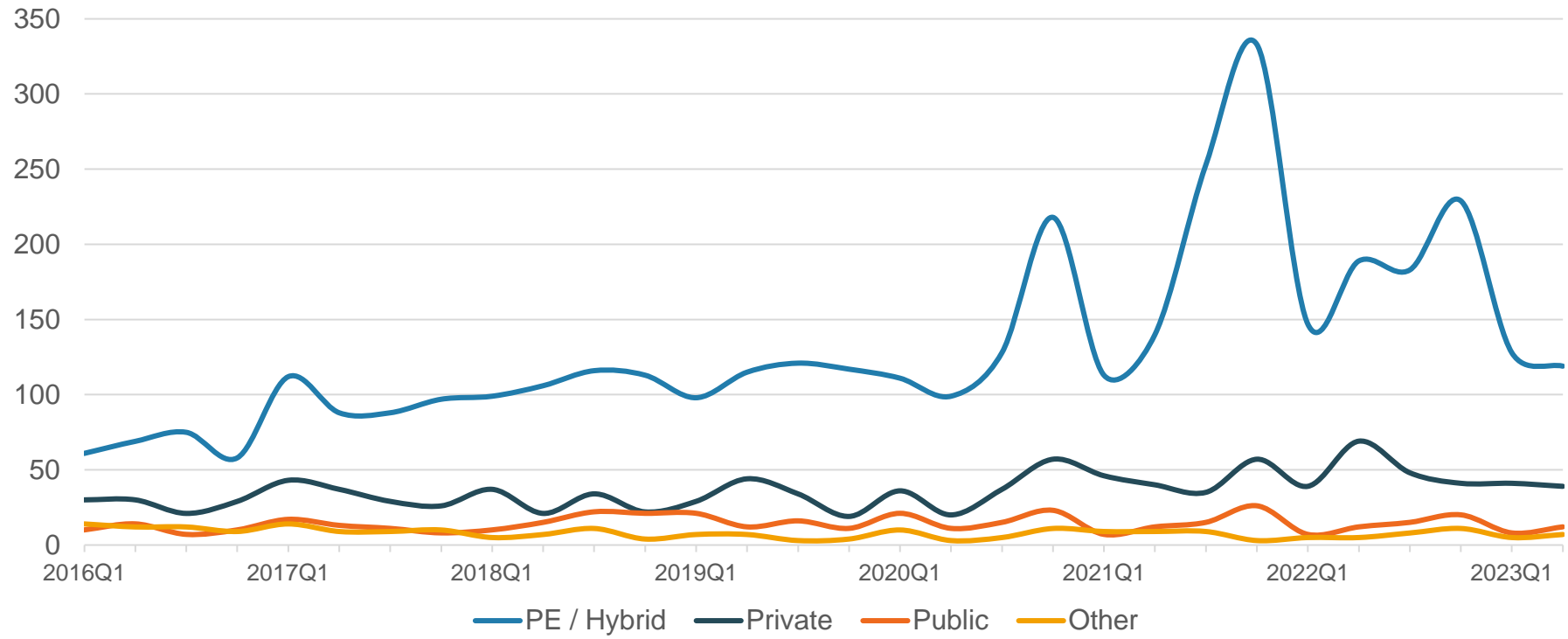
Rolling 12-Month Activity by Buyer Type (% Total)



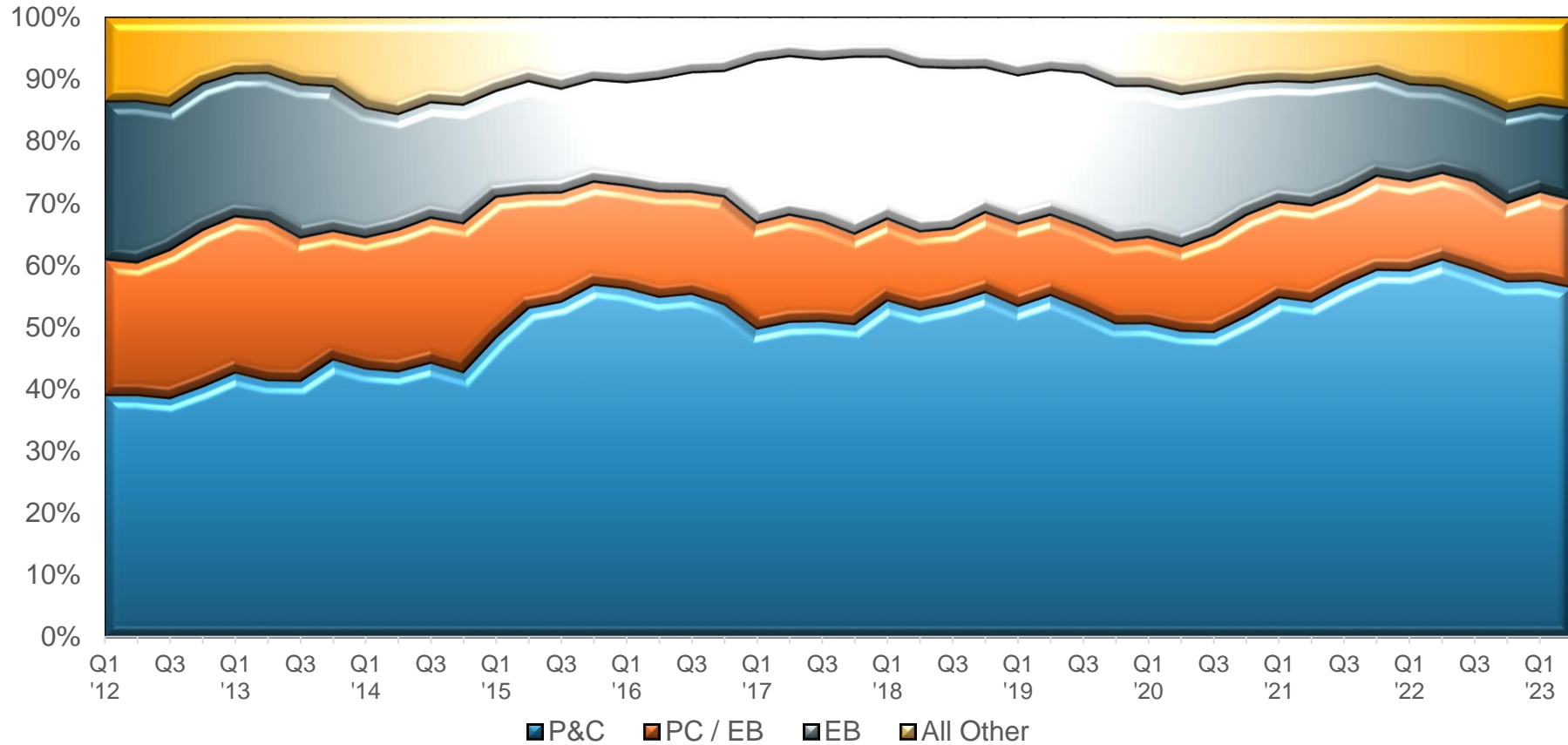
Rolling 12-Month # Transaction by Buyer Type



Quarterly # Transaction by Buyer Type



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



Significant Broker Transactions in 2023

Seller	Buyer	Estimate 2021 Revenue	Date
Westland Insurance Group (Surrey, BC)	Broadstreet	N/A	May 2023

Private Equity-backed Ownership Changes

Insurance Agency	Lead Buyer / Investor	Description	Date
Keystone Agency Partners (Harrisburg, PA)	Flexpoint Ford	A Significant Preferred Equity Interest to be Acquired	January 2023
Truist Insurance Holdings (Charlotte, NC)	Stone Point Capital	20% Minority Interest to be Acquired	April 2023
Hub International (Chicago, IL)	Leanoard Green & Partners	Significant Minority Interest to be Acquired	April 2023

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