



Agent & Broker

Merger & Acquisition Update

3rd Quarter 2023

Table of Contents

3rd Quarter 2023 Agent M&A Report



OPTIS Partners View	Page	3
Summary Information	Page	5
Most Active Buyers	Page	9
Totals by Buyer / Seller Type	Page	12
Significant Transactions	Page	15

Observations & Comments

- What most have surmised can now be documented: the 25-month M&A bubble that began in December 2020 is over. This bubble was led almost entirely by private equity-backed buyers who found many agency owners willing to sell for larger-than-expected valuations.
- There were 168 announced deals in Q3 2023; down 9% from the 184 announced in Q2 2023. In year-over-year terms the count declined 34% over Q3 2022 and is 24% below the previous 5-year Q3 average.
 - A driver of this reduction is the slowing activity from Acrisure and PCF. Between them they've booked 110 fewer transactions YTD in 2023 compared to 2022, a collective 81% decrease for the two firms that have been perennial deal leaders. That accounts for 56% of the YTD decrease in transactions over the same period last year.
 - Applying this same methodology to the five most active buyers in Q1-Q3 2022, total deal count was down by 172 in this current year, which accounts for 88% of the total decrease year over year.

Observations & Comments

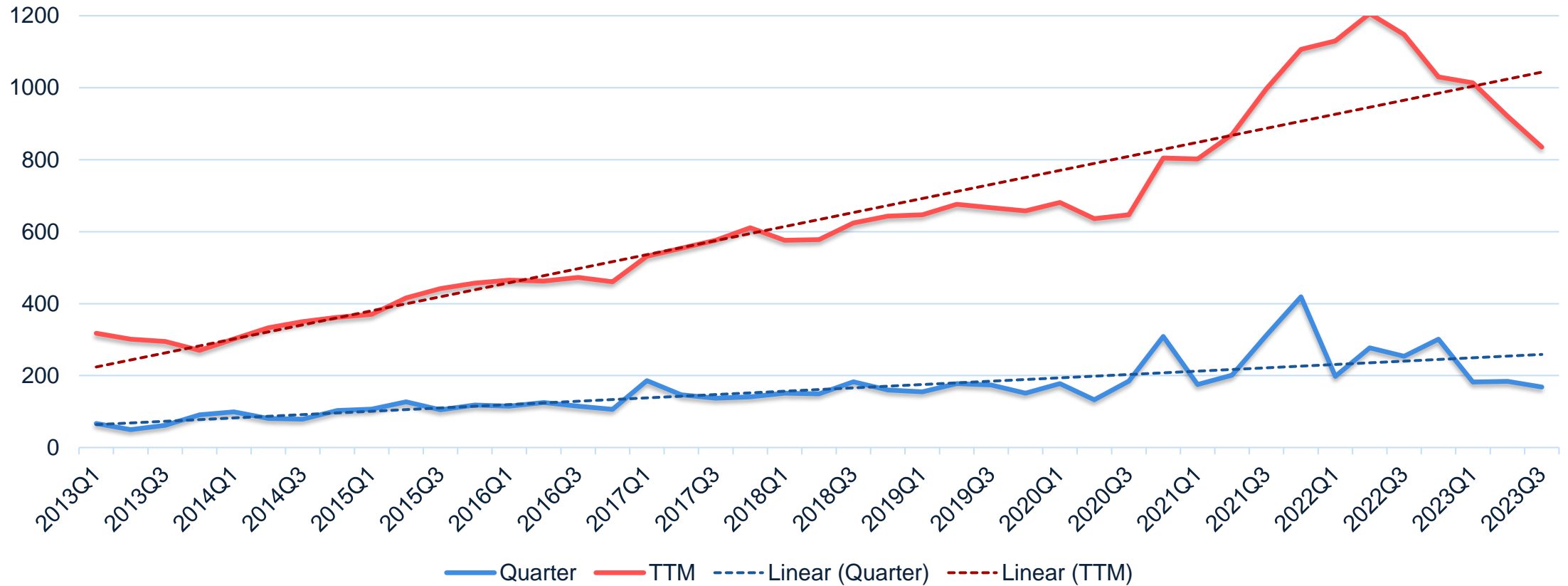
- Not all buyers have slowed their activity. Broadstreet Partners increased their year-over-year deal count by 20 (87% increase), Leavitt Group did 12 more so far this year (up 80%), and Arthur J. Gallagher is up by 10 (67% higher).
- There was also a decline in deal activity among life/financial services, consulting, and other related types of business, which year-over-year is down by 42%.
- We anticipate more of reversion to the mean in Q4 and expect total deal count for the year to be in the neighborhood of 750 transactions; more than in 2018-2020 but less than in the bubble.
- We look for more significant transactions in Q4 2023:
 - There were five large transactions reported in Q3 2023. See page 16. Also, Arthur J. Gallagher announced in October the proposed acquisition of Cadence Insurance from Cadence Bank (formerly Bancorp South).
 - There were also five recapitalizations of private equity-backed firms, and two more were announced in October. See page 17.

Highlights of Q1-Q3 2023 M&A Activity

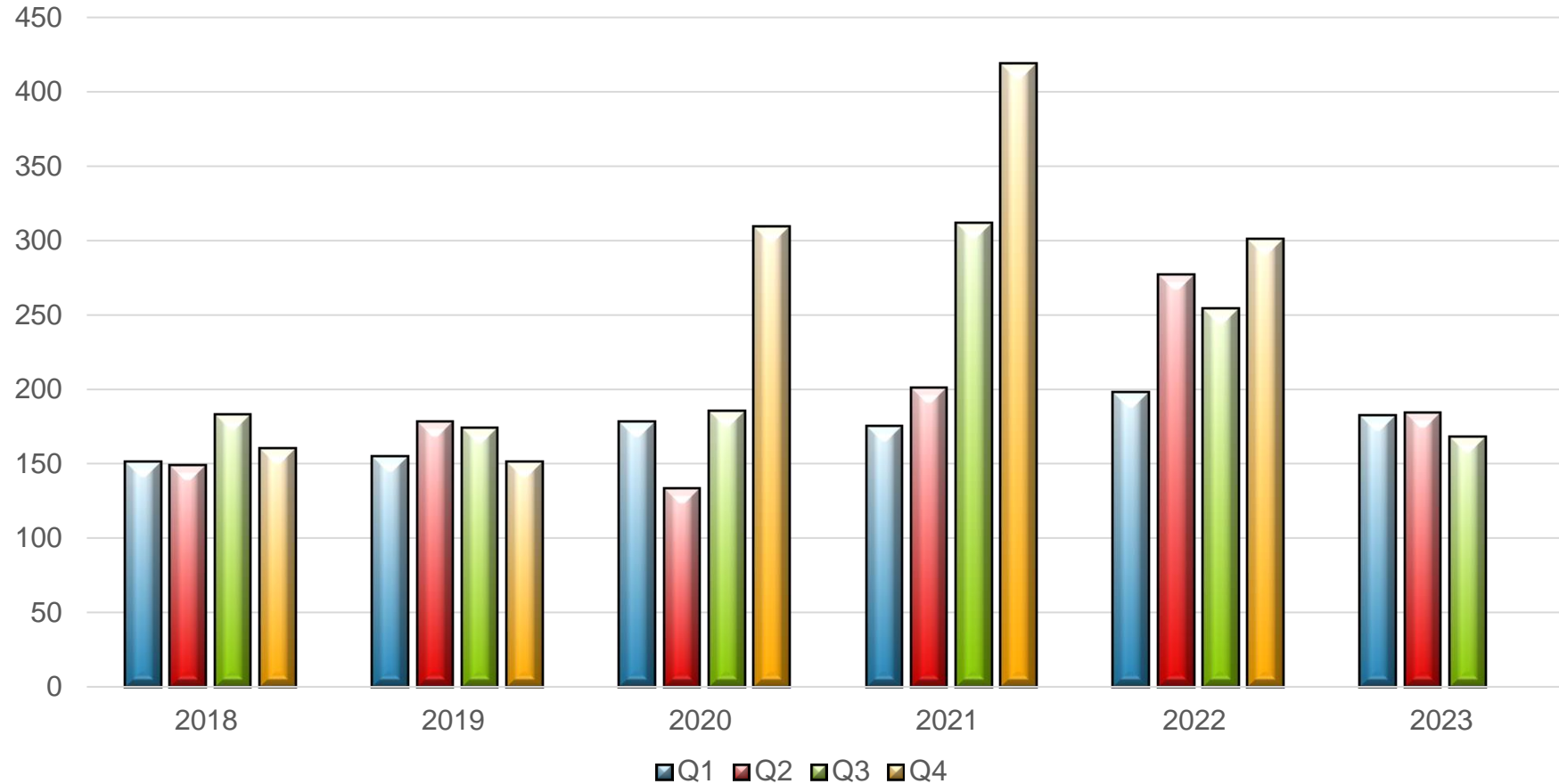
- 534 transactions in Q1-Q3 2023, down 27% from 729 for Q1-Q3 2022.
- 168 transactions in Q3 '23, 34% lower than the prior year and 7% below the pre-bubble 2018-2020 average.
- 835 transactions in past 12 months, down from the all-time high water mark of 1,148 in the period ended June 2022, a 27% decline yet 29% higher than in the three years prior to the M&A bubble.
- Broadstreet Partners led all buyers with 43 transactions in the first 3 quarters of 2023, up from 23 in the same period last year. Broadstreet was followed by Hub International (37) and Levitt and Inszone (both at 27).
- Private Equity-Backed / Hybrid (“PE/Hybrid”) responsible for 70% of all announced transactions in the past 12 months and 64% during the most recent quarter.
- Privately-owned buyers completed 20% of the deals closed YTD 2023 versus 22% in the same period last year.

Summary Information

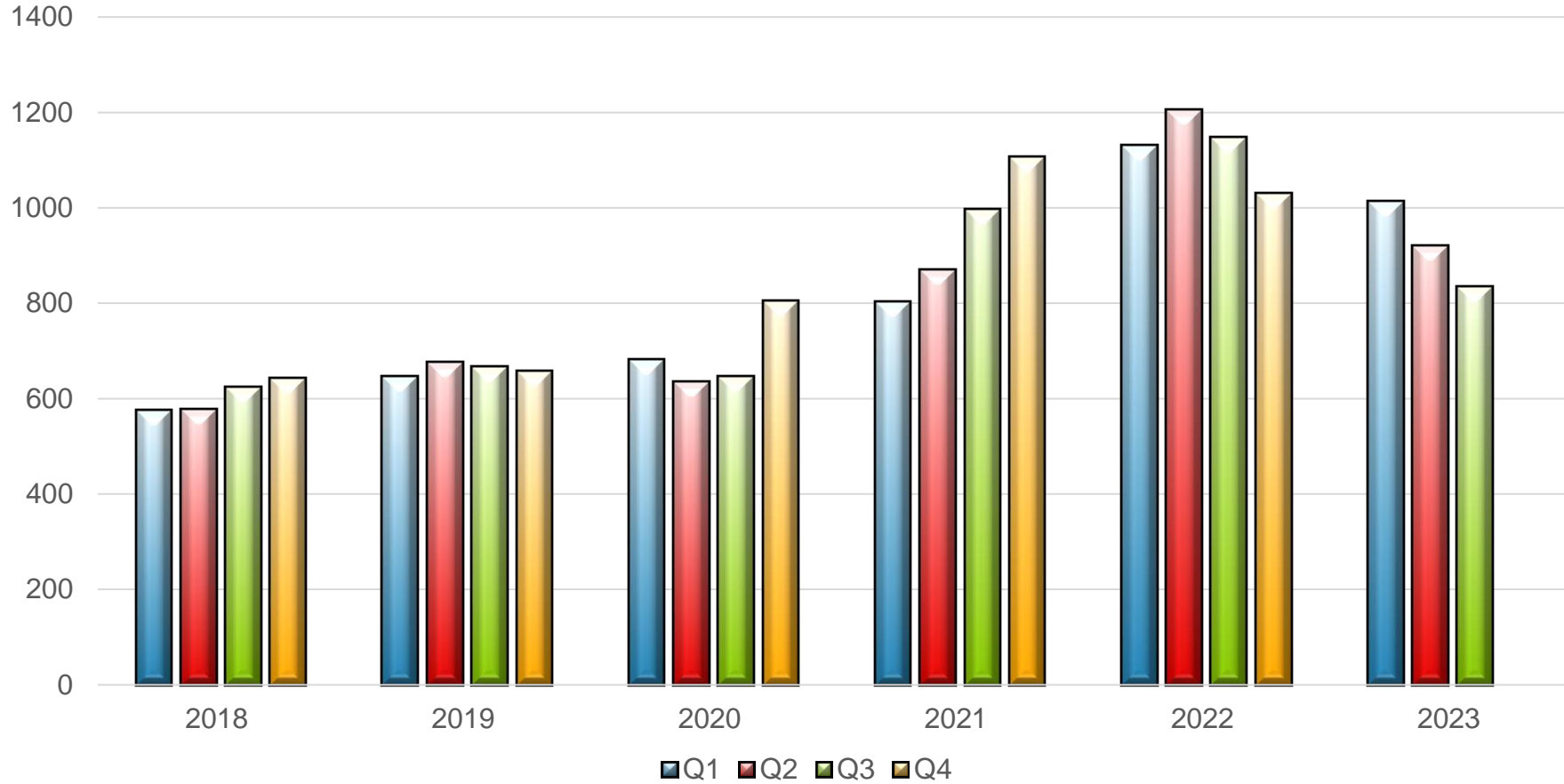
Quarterly M&A Activity



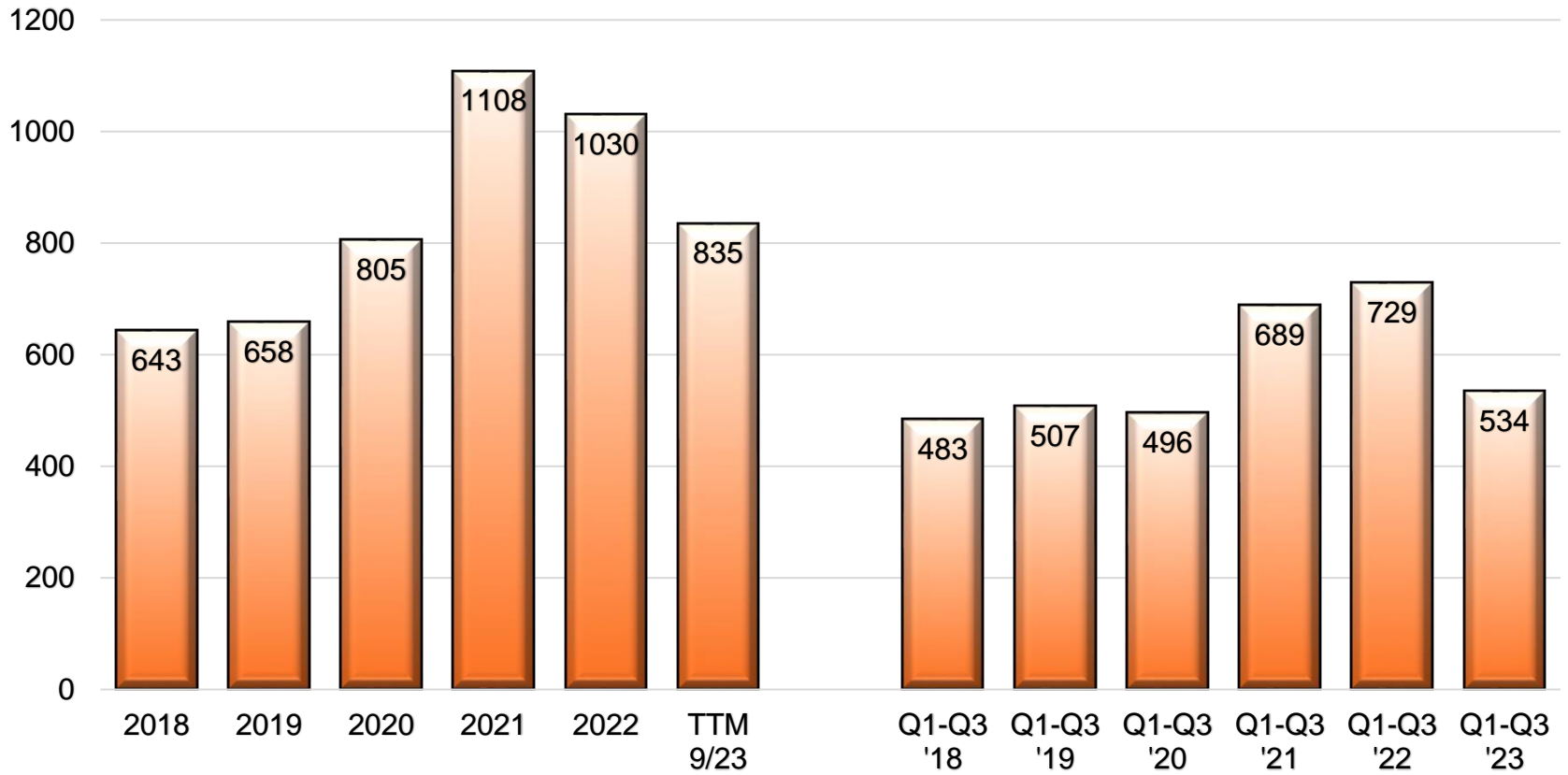
Quarterly M&A Activity



Quarterly Rolling 12-Month M&A Activity



Agency Acquisitions By Year and Q1-Q3



Most Active Acquirers

Active Acquirers With 15 or More Deals in 2023

Buyer by Type	Ownership	2018	2019	2020	2021	2022	Q1-Q3 2023
BroadStreet Partners	PE-Hybrid	34	34	58	45	35	43
Hub International	PE-Hybrid	59	52	65	62	70	37
Leavitt Group	Private	5	10	12	24	20	27
Inszone Insurance Services	PE-Hybrid	2	6	10	12	42	27
World Insurance Associates	PE-Hybrid	9	18	42	53	39	26
Gallagher	Public	36	34	23	25	26	25
Acrisure	PE-Hybrid	101	98	108	122	107	24
Risk Strategies Company	PE-Hybrid	10	22	18	24	24	23
Keystone Agency Partners	PE-Hybrid	0	0	7	22	29	19
Patriot Growth Insurance Services	PE-Hybrid	0	25	21	31	32	17
High Street Partners	PE-Hybrid	1	3	9	71	44	15
All Other		386	356	432	617	562	251
Total Reported Transactions		643	658	805	1,108	1,030	534

Most Active Acquirers

Acquirers With 20 or More Deals in Past 12 Months

Buyer	Ownership	2018	2019	2020	2021	2022	TTM 9/23
Acrisure	PE-Hybrid	101	98	108	122	107	60
BroadStreet Partners	PE-Hybrid	34	34	58	45	35	55
Hub International	PE-Hybrid	59	52	65	62	70	53
Inszone Insurance Services	PE-Hybrid	2	6	10	12	42	45
World Insurance Associates	PE-Hybrid	9	18	42	53	39	43
Gallagher	Public	36	34	23	25	26	36
Leavitt Group	Private	5	10	12	24	20	32
Risk Strategies Company	PE-Hybrid	10	22	18	24	24	30
Patriot Growth Insurance Services	PE-Hybrid	0	25	21	31	32	30

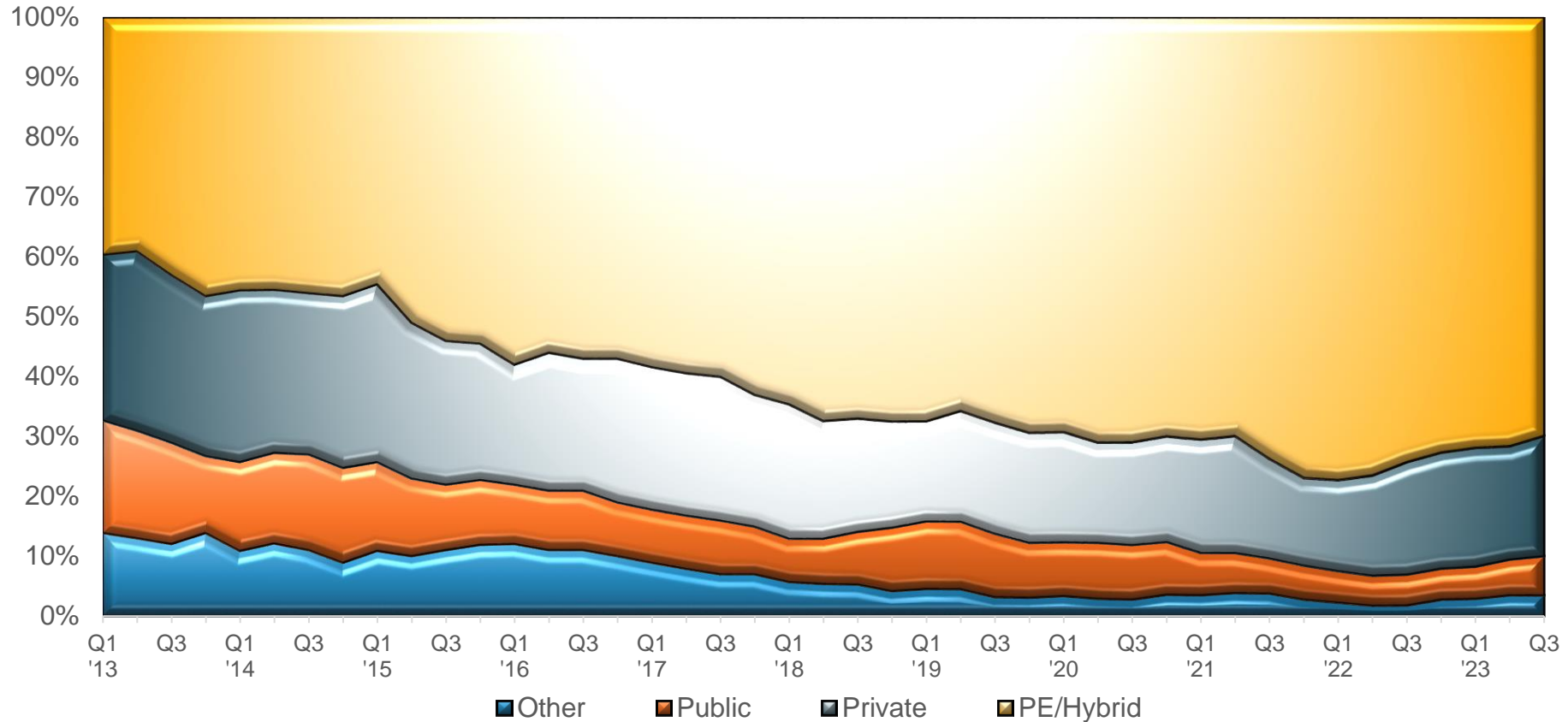
Most Active Acquirers

Acquirers With 20 or More Deals in Past 12 Months

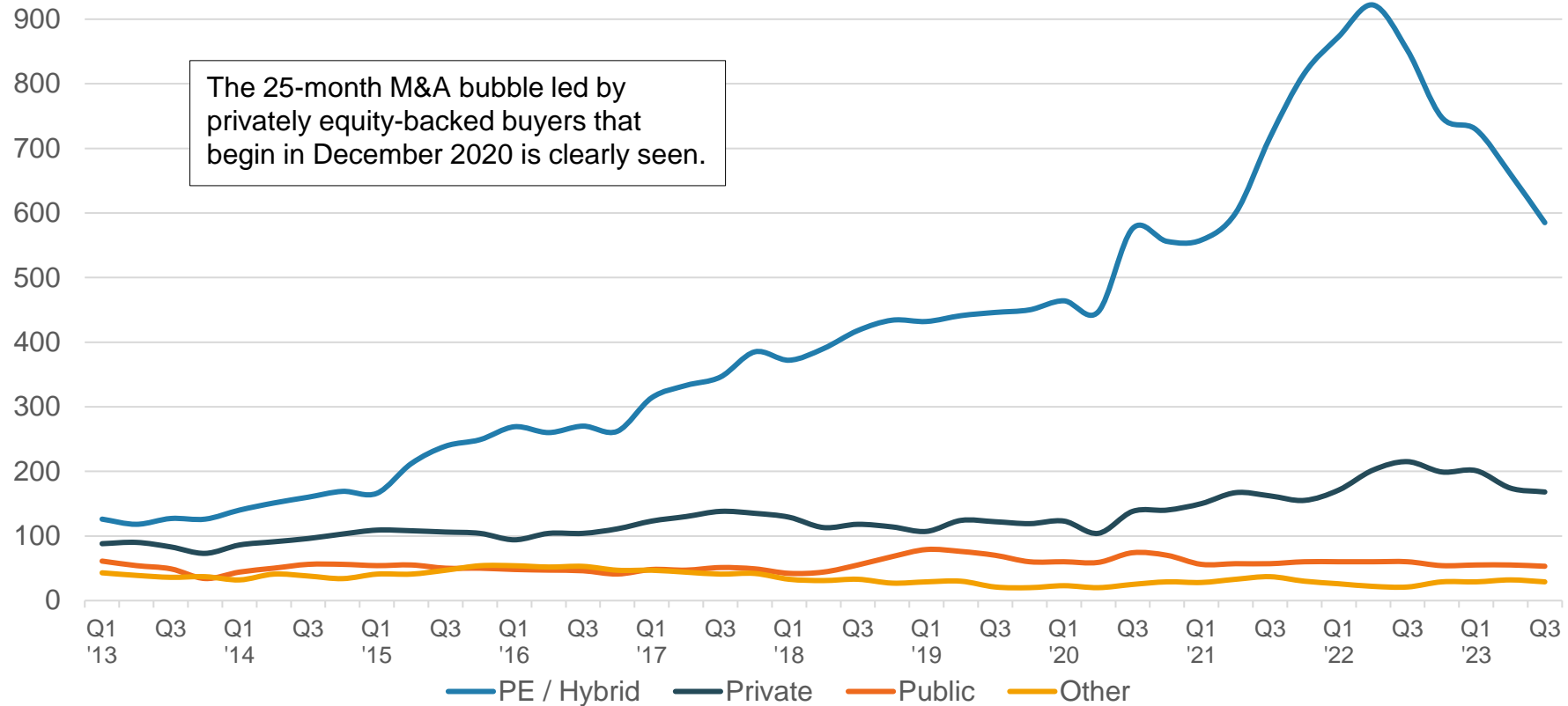
(continued)

Buyer	Ownership	2018	2019	2020	2021	2022	TTM 9/23
Keystone Agency Partners	PE-Hybrid	0	0	7	22	29	28
High Street Partners	PE-Hybrid	1	3	9	71	44	28
Alera Group	PE-Hybrid	28	24	18	45	32	27
All Others		459	430	522	694	637	428
Totals for Year		643	658	805	1,108	1,030	835

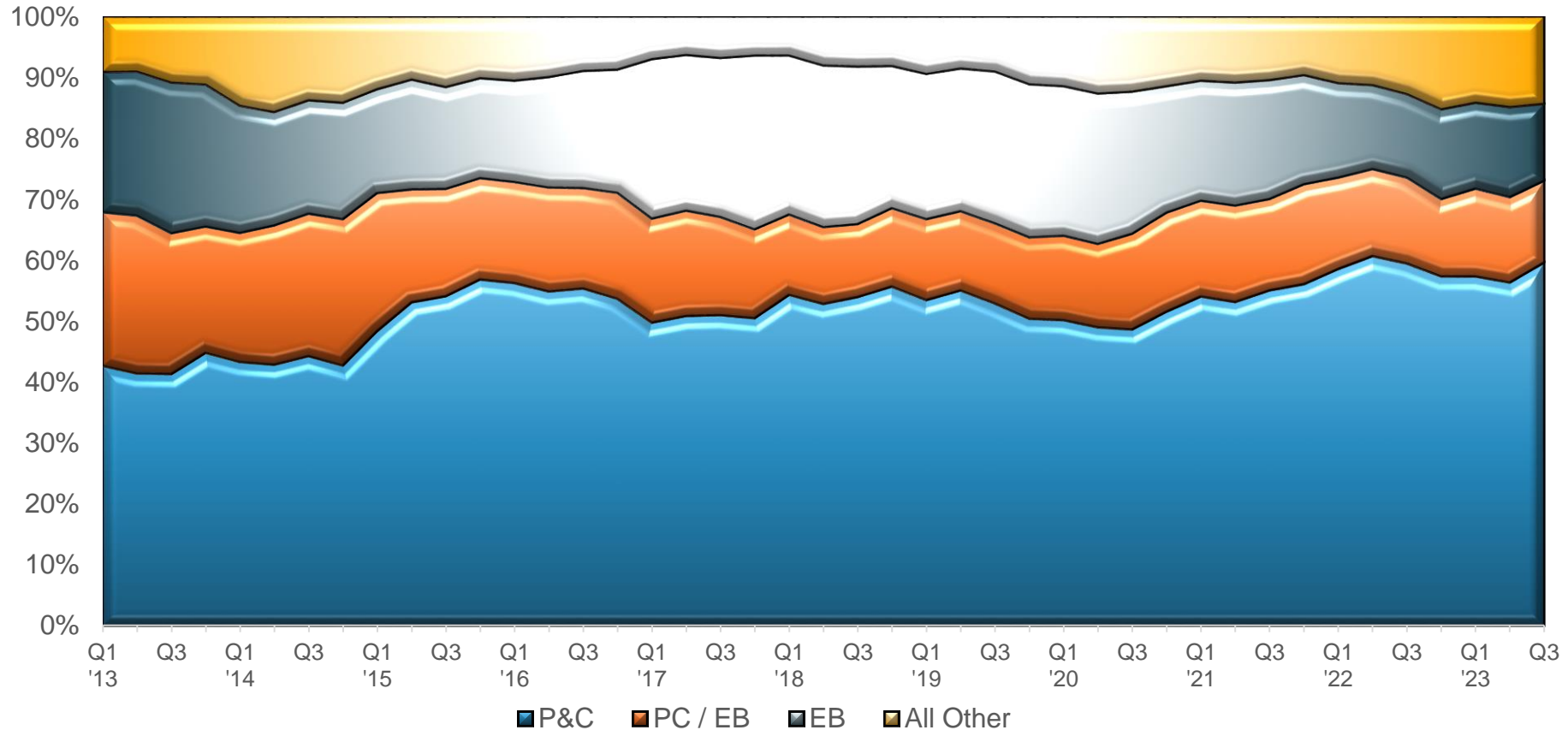
Rolling 12-Month Activity by Buyer Type (% Total)



Rolling 12-Month # Transaction by Buyer Type



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



Significant Broker Transactions in 2023

Seller	Buyer	Estimate 2022 Revenue	Date
Westland Insurance Group (Surrey, BC)	Broadstreet Partners	N/A	May 2023
HORAN Health (Cincinnati, OH)	Hub International	30 Million	June 2023
Graham Company (Philadelphia, PA)	Marsh McLennan Agency	74 Million	August 2023
Eastern Insurance Group (Natick, MA)	Arthur J. Gallagher	104 Million	September 2023
Stahl & Associates (St. Petersburg, FL)	Higginbotham	33 Million	September 2023

Significant Transactions

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 Acquired	April 2023
Hub International (Chicago, IL)	Leanoard Green & Partners	Significant Minority Interest Acquired	September 2023
WalkerHughes Insurance (Indianapolis, IN)	BW Forsyth Partners	Significant Minority Interest Acquired	September 2023
Oakbridge Insurance Agency (Atlanta, GA)	Audax	Acquired from Corsair Capital	September 2023

OPTIS PARTNERS



Connect with us:

Steve Germundson

612-718-0598

germundson@optisins.com

Tim Cunningham

312-235-0081

cunningham@optisins.com

www.optisins.com

Dan Menzer

630-520-0490

menzer@optisins.com