



North American Agent & Broker 2023 Year-end Merger & Acquisition Report

January 2024

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2023 Agent M&A Report



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Observations & Comments

- It appears the industry may be settling in to a new normal, or perhaps it's returning to an old one, a year after the completion of the 25-month wave of deals that concluded at the end of 2022. As seen on page 7, the deal volume each quarter of 2023 was at or above each of the quarters before this rush of deals.
- Noticeable is the consistent volume of transactions in 2023 year with a slight increase each quarter, as one may expect. There was also no mad-dash to the finish line at year end that we typically see as 10% of the year's deals were done in December compared to an average of 20% over the prior 3 years (peak year was 2021 when 31% of the deals were done in December).
- When 2023 deal count is compared to the 3 years prior to the onset of the wave, an 11% increase was tallied. This increase came about despite a smaller supply of sellers as over 2,300 firms sold during the bubble.

Observations & Comments

(continued)

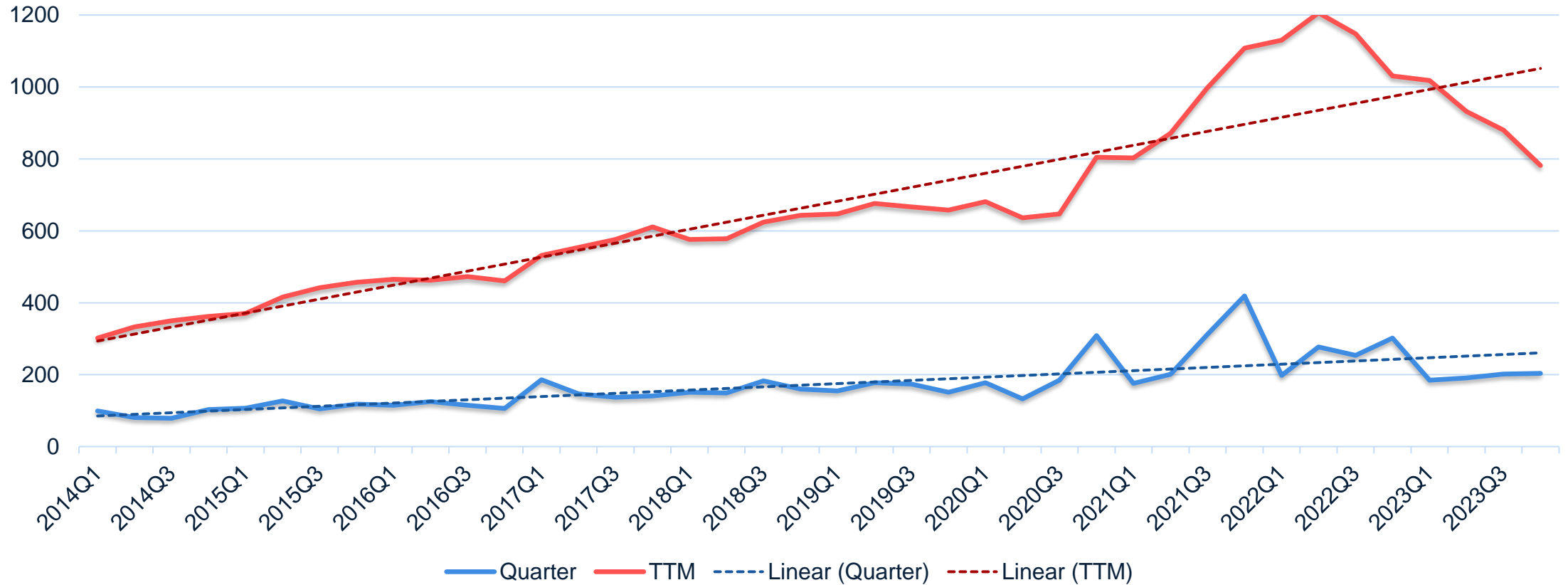
- Looking a little deeper at the data we find that of the 249 fewer deals done in 2023, just two firms accounted for nearly 60% of the decline: perennial deal-count leaders Acrisure (71 fewer deals) and PCF (69 fewer).
- As the economy appears to stabilize and perhaps the U.S. finds the soft landing the Fed is trying to achieve, we fully expect to see the pace of deal flow pick up where it left off in 2023. While some buyers will continue to slow their deal activity as they devote resources to integration or further digest the debt on their balance sheets, others are as active if not more so than ever in a field of competition that has slightly fewer active players.
- If the above continues to play out as described, we also expect valuations for the better firms to hold and perhaps increase slightly. Valuations for the other firms will remain strong, though soften somewhat. Regardless of the quality of the firm, underwriting of transactions should remain tighter than in the bubble years.

Highlights of 2023 M&A Activity

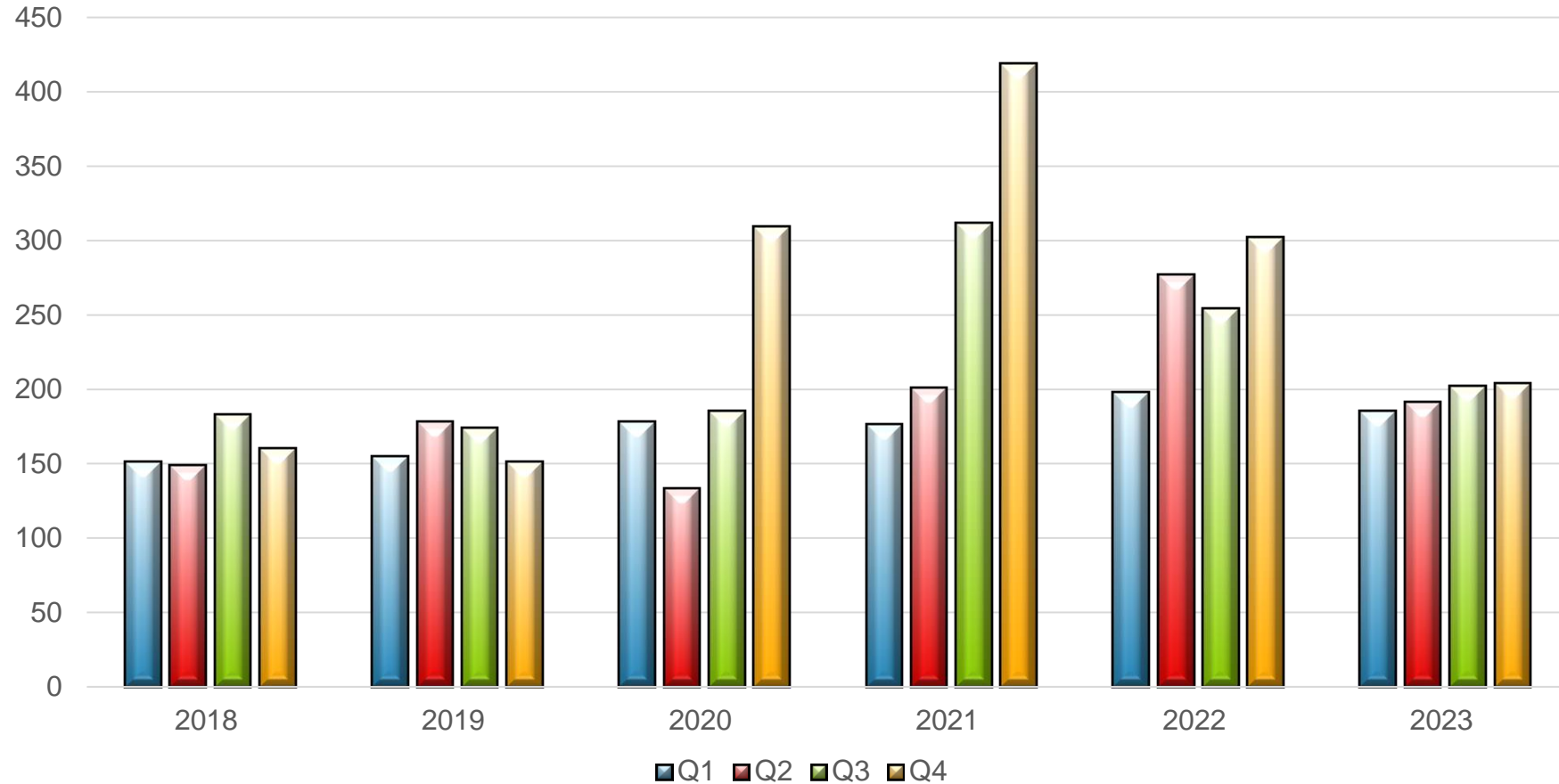
- 782 total deals in 2023, down 24% from 1,031 in 2022 and 8% below previous 5-year average
 - 707 retail, wholesale, and TPA transactions in 2023, also down 24% from 929 in 2022
- 204 deals in Q4-2023, 32% less than same period 2022 and 24% below prior 5-year average
- Hub Int'l led buyers with 65 deals in 2023, down 7% from 2022; up 6% over the 5-year average
- Following were Broadstreet (59 deals in 2023), Inszone (46) while Acrisure, Gallagher, and World all completed 36 deals. Broadstreet and Leavitt increased the number of deals the most in 2023 at 70% each while Acrisure's count slid the most at 66% compared to 2022
- Deal volume was lower for all buyer categories in 2023:
 - Private Equity-Backed / Hybrid ("PE/Hybrid") buyers reported 543, down 27%
 - Privately-owned buyers reported 167, down 16%
 - Publicly traded brokers reported 47, a decline of 13%
- Private Equity/Hybrid buyers completed 69% of the 2023 transactions, down from 76% in 2022

Summary Information

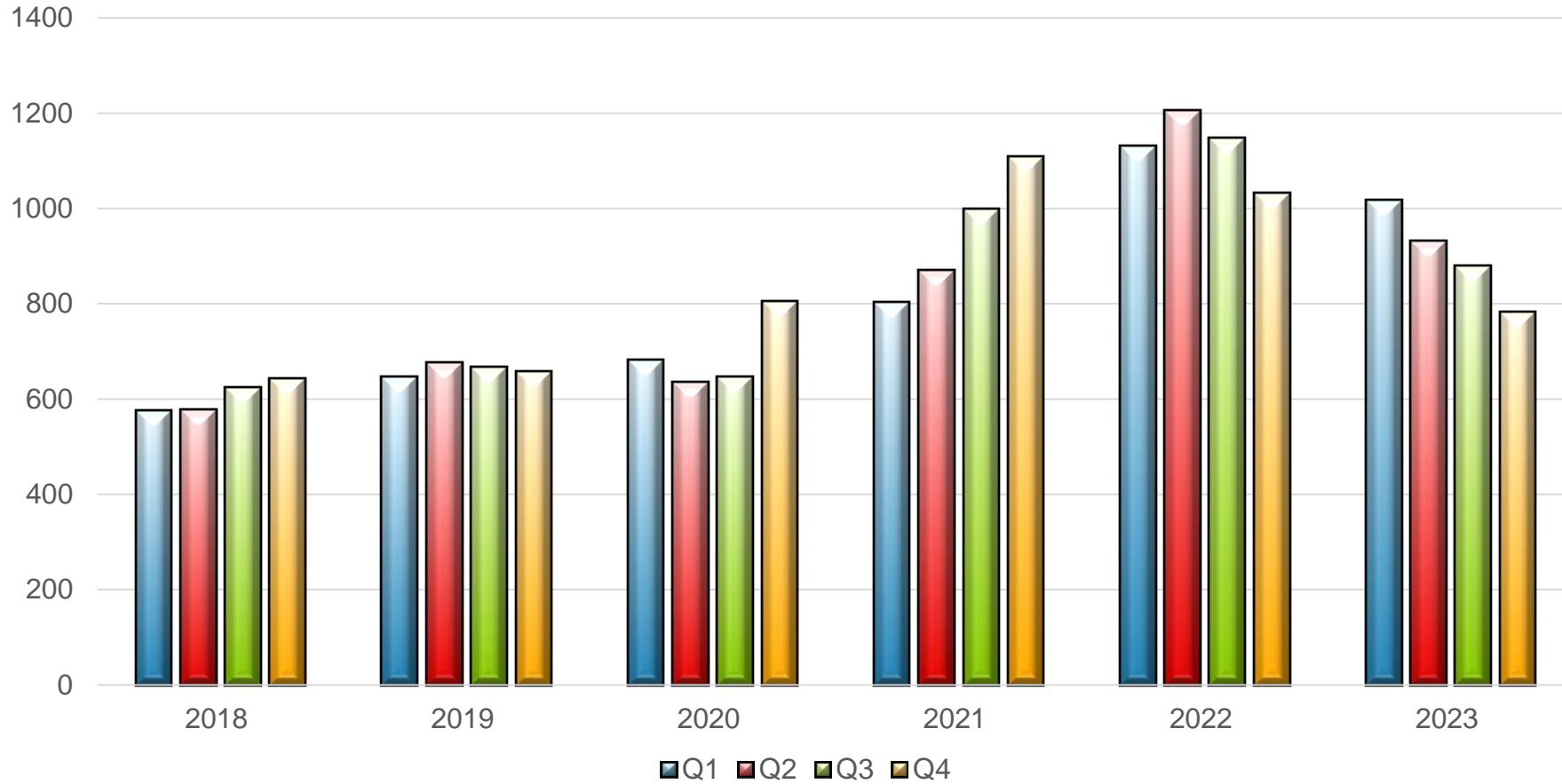
Quarterly M&A Activity



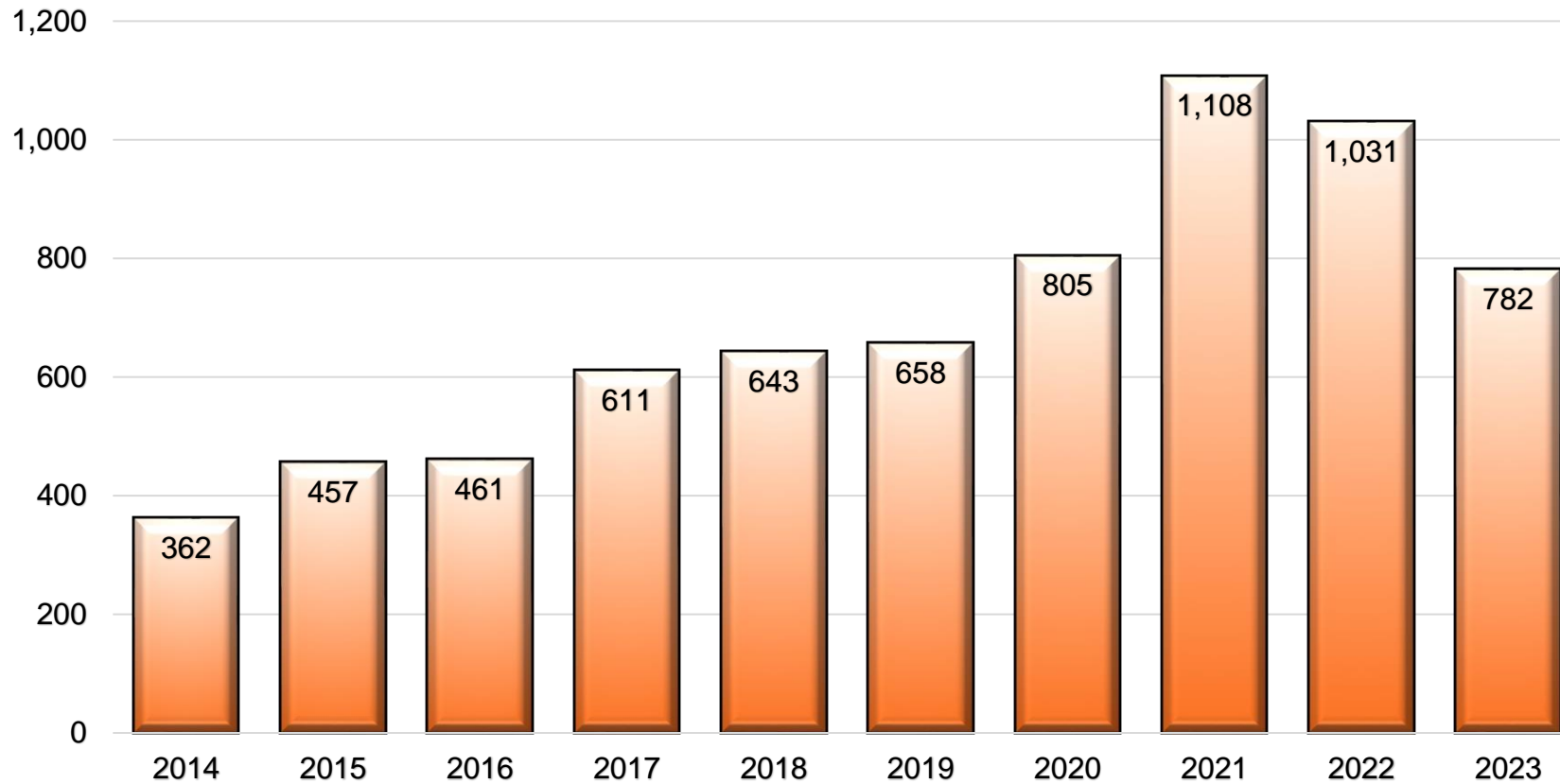
Quarterly M&A Activity



Quarterly Rolling 12-Month M&A Activity



Agency Acquisitions By Year



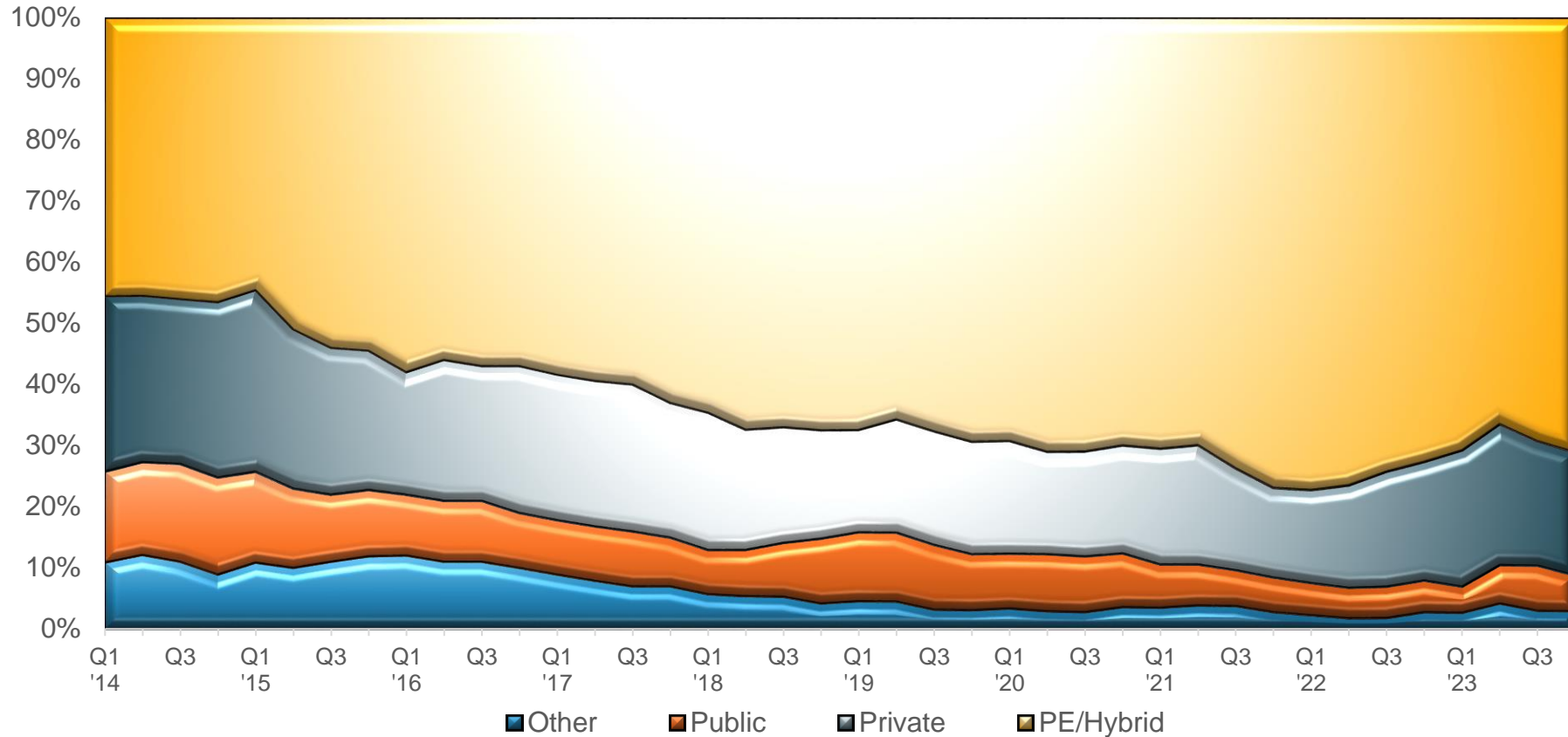
Most Active Buyers

Buyers With 20 or More Deals in 2023

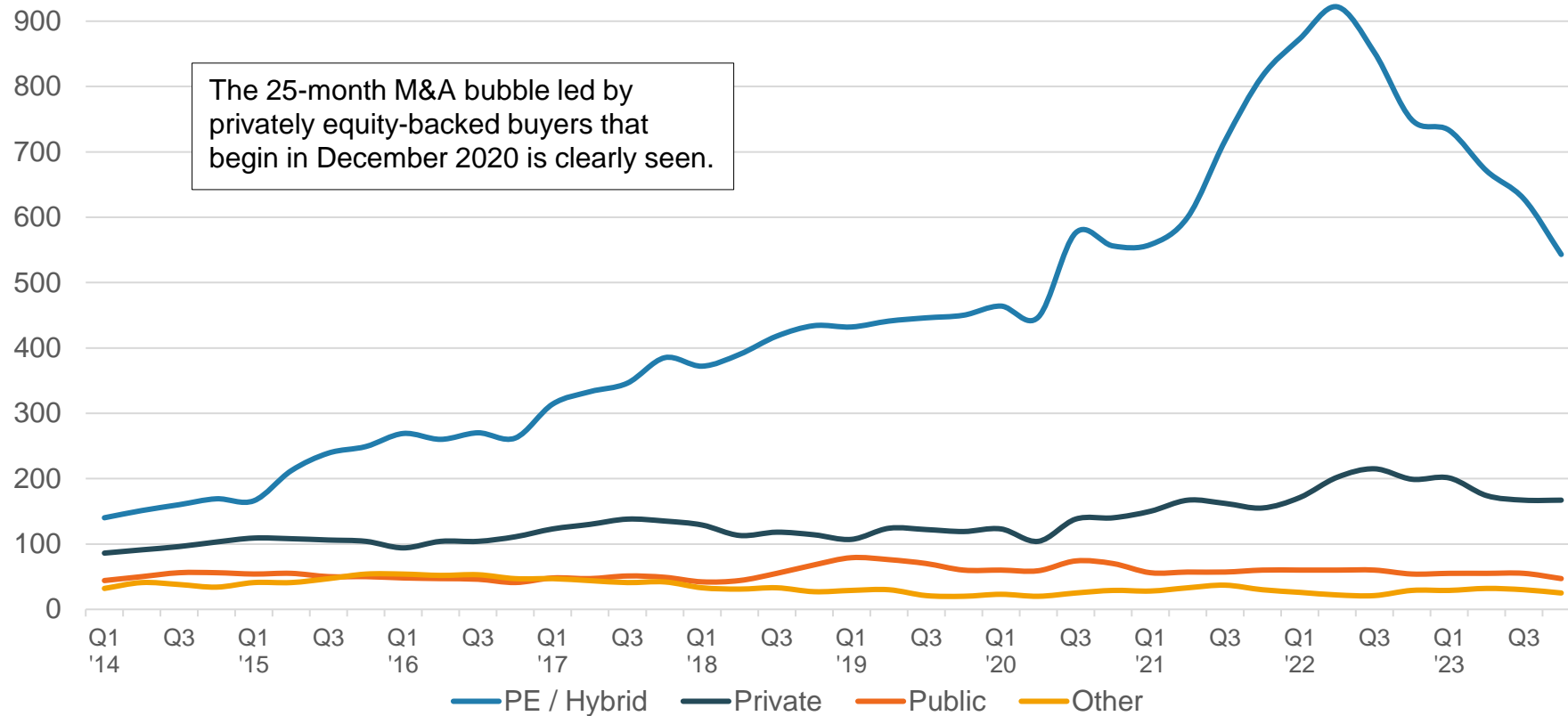
Buyer	Buyer Type	2018	2019	2020	2021	2022	2023
Hub International	PE-Hybrid	59	52	65	62	70	65
BroadStreet Partners	PE-Hybrid	34	34	58	45	35	59
Inszone Insurance Services	PE-Hybrid	2	6	10	12	42	46
Acrisure	PE-Hybrid	101	98	108	122	107	36
Gallagher	Public	36	34	23	25	26	36
World Insurance Associates	PE-Hybrid	9	18	42	53	39	36
Leavitt Group	Private	5	10	12	24	20	34
Risk Strategies Company	PE-Hybrid	10	22	18	24	24	29
Keystone Agency Partners	PE-Hybrid			7	22	29	29
Patriot Growth Insurance Services	PE-Hybrid		25	21	31	32	25
High Street Partners	PE-Hybrid	1	3	9	71	44	24
The Hilb Group	PE-Hybrid	12	25	22	27	24	21
Sub-totals		269	327	395	518	492	440
All Others		374	331	410	590	539	342
Totals for Year		643	658	805	1,108	1,031	782

Totals By Buyer / Seller Type

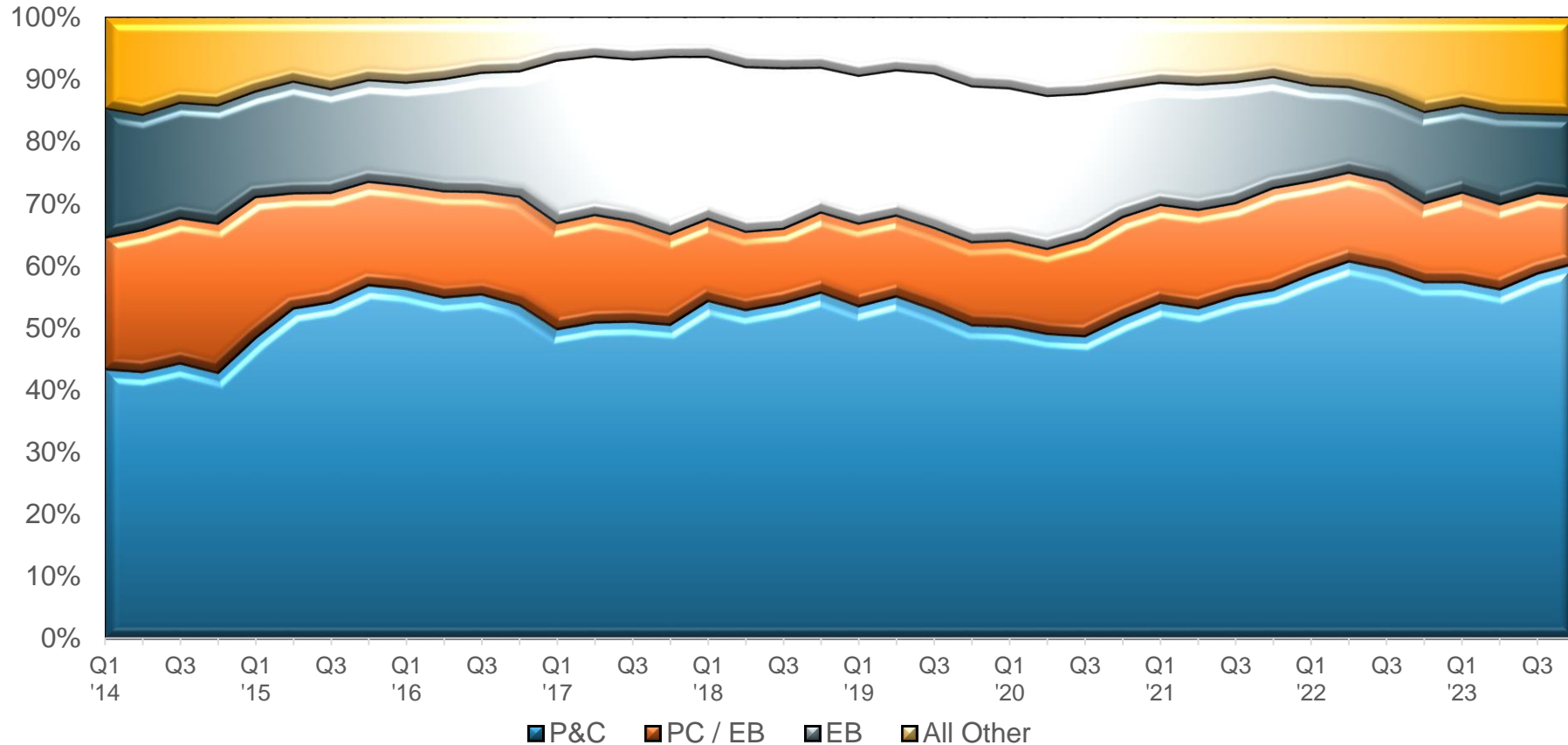
Rolling 12-Month Activity by Buyer Type (% Total)



Rolling 12-Month # Transaction by Buyer Type



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



Significant Broker Transactions in 2023

Seller	Buyer	Estimate 2022 Revenue	Date
Ameritrust Group (Southfield, MI)	BC/BS of Michigan	\$122 Million	January 2023
Dwight Andrus Insurance (Lafayette, LA)	Hub International	\$30 Million	March 2023
Westland Insurance Group (Surrey, BC)	Broadstreet Partners	N/A	May 2023
HORAN Health (Cincinnati, OH)	Hub International	\$30 Million	June 2023

Significant Broker Transactions in 2023

(continued)

Seller	Buyer	Estimate 2022 Revenue	Date
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
Cadence Insurance (Baton Rouge, LA)	Arthur J. Gallagher	\$152 Million	October 2023

Significant Transactions

Private Equity-backed Ownership Changes in 2023

Insurance Agency	Lead Buyer / Investor	Description	Date
Keystone Agency Partners (Harrisburg, PA)	Flexpoint Ford	A Significant Preferred Equity Interest to be Acquired	January 2023
PCF Insurance (Lehi, UT)	Carlyle Group and HGGC	Co-invested \$500 million preferred equity stake	February 2023
Truist Insurance Holdings (Charlotte, NC)	Stone Point Capital	20% Minority Interest Acquired	April 2023
Hub International (Chicago, IL)	Leonard Green & Partners	Significant Minority Interest Acquired	April 2023
World Insurance Associates	Goldman Sachs Asset Management	Goldman Sachs joins Charlesbank Capital Partners as co-lead investors	August 2023

Private Equity-backed Ownership Changes in 2023

(continued)

Insurance Agency	Lead Buyer / Investor	Description	Date
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
Lawley (Buffalo, NY)	Pritzker Private Capital	Significant Minority Interest Acquired	October 2023
Inszone Insurance Services (Rancho Cordova, CA)	Lightyear Capital	Lightyear joins BHMS as co-lead investors	November 2023

Appendix 1: Ownership of Active Private Equity Backed Buyers

Broker	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023		
Alliant Insurance Services	KKR			KKR / Stone Point			KKR / Stone Point/Canadian Pension Fund							
Hub	Apax / Morgan Stanley	Hellman & Friedman					H&F/Atlas				H&F/Atlas/LGP			
USI	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			Owl Rock / Crescent	Owl Rock/Crescent/HGGC			HGCC/Carlyle	
Foundation Risk Partners						Warburg Pincus						Partners Group		
High Street Partners						Huron Capital				Abry				
Patriot Growth Insurance										Summit Partners			GI Partners / Summit	
World Insurance Associates											Charlesbank			Charlesbank / Goldman Sachs
Inszone											BHMS			BHMS/Lightyear
Oakbridge Insurance											Corsair Capital			Audax
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)	2019	2020	2021	2022	2023	5 Year Totals
Top Buyers since 2019:								
1	Hub International	Hellman & Friedman/Atlas/LGP	52	65	62	70	65	314
2	BroadStreet Partners	Ontario Teachers Pension Fund	34	58	45	35	59	231
3	Inszone Insurance Services	BHMS/Lightyear		6	12	42	46	106
T4	Acrisure	Management/Various PE Partners	98	108	122	107	36	471
T4	World Insurance Associates	Charlesbank/Goldman Sachs	18	42	52	39	36	187
T6	Risk Strategies Company	Kelso	22	16	24	24	29	115
T6	Keystone Agency Partners	Bain Capital		7	22	29	29	87
8	Patriot Growth Insurance	GI Partners/Summit	25	21	31	32	25	134
9	High Street Partners	Abry	3	9	70	44	24	150
10	The Hilb Group	Carlyle	25	22	27	24	21	119
Active Buyers			277	354	467	446	370	1,914
All Others			174	202	372	303	173	1,224
Total Transactions			451	556	839	749	543	3,138

Appendix 3: Active Buyers - Privately Owned

Privately Owned		2019	2020	2021	2022	2023	5 Year Totals
Top Buyers since 2019:							
1	Leavitt Group	10	12	24	20	34	100
2	TrueNorth Cos	4	10	4	10	13	41
3	Heffernan Insurance Brokers	2	8	11	8	11	40
T4	IMA Financial Group		7	8	5	8	28
T4	Westland Insurance Group	2	10	9	15	8	44
6	Cross Insurance	12	9	7	10	7	45
T7	Duffy Insurance Agency		1	3	1	4	9
T7	Sunstar Insurance		1	3	6	4	14
T7	Kaplansky Insurance	1	1	4	4	4	14
T7	Liberty Company Insurance Brokers	2	2	10	33	4	51
T7	Ryan Specialty Group	6	1	2	2	4	15
	Active Buyers	33	61	83	112	97	401
	All Others	81	57	57	43	67	305
	Total Transactions	114	118	140	155	164	691

Appendix 4: Active Buyers - Publicly Traded

Publicly Traded		2019	2020	2021	2022	2023	5 Year
Top Buyers since 2019:							
1	Gallagher	34	23	25	26	36	144
2	Brown & Brown	19	21	12	10	6	68
3	Marsh McLennan Agencies	4	5	6	15	4	34
Active Buyers		57	49	43	51	46	246
All Others		3	21	17	3	1	45
Total Transactions		60	70	60	54	47	291

Appendix 5: Active Buyers - Banks

Banks		2019	2020	2021	2022	2023	5 Year Totals
Top Buyers since 2019:							
T1	Truist	1	5	2	4	1	13
T1	Salem Five Insurance Services			3	1	1	5
T1	GTE FederalCredit Union					1	1
T1	Community Bank System			1		1	2
T1	Texas Regional Bank					1	1
T1	Fairfield County Bank					1	1
T1	Western Financial Group	1	1		3	1	6
T1	Mid-Missouri Insurance					1	1
T1	Farmers Union Service Association					1	1
T1	Community State Bank					1	1
	Active Buyers	1	5	6	5	4	21
	All Others	6	12	12	17	6	53
	Total Transactions	7	17	18	22	10	74

Appendix 6: Active Buyers - All Others

All Others		2019	2020	2021	2022	2023	5 Year Totals
Top Buyers since 2019:							
1	Brokerlink Inc.					6	6
2	Lamb Insurance Services		1			4	5
T3	AccuRisk					1	1
T3	Holman					1	1
T3	Crum & Forster Accident & Health					1	1
T3	Ambac Financial Group				2	1	3
T3	Valent Group					1	1
	Active Buyers	0	1	0	2	15	18
	All Others	14	12	12	5	0	43
	Total Transactions	14	13	12	7	15	61

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