



North American Agent & Broker Merger & Acquisition Update 1st Quarter 2024

April 2024

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1st Quarter 2024 Agent M&A Report



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Observations & Comments

- It's been 15 quarters since the pace of M&A in the insurance distribution business was as slow as it was Q1 '24 when 155 transactions were recorded. Of note, 133 deals were recorded in Q2 '20, the peak of the pandemic. This marks the 5th consecutive quarter of deal volume below the long-term trend line.
- There were 53 distinct buyers identified in this quarter:
 - ❖ 26 were private equity; one announcing it's first deal and another announcing it's second.
 - ❖ 24 were privately held; ten announcing their first deal and another two announcing their second.
- On a trailing 4-quarter basis, the most notable changes among active buyers include:
 - ❖ BroadStreet Partners leads the group in picking up the annual pace with 74 reported deals compared to the previous 5-year average of 46.
 - ❖ Acrisure's paced slowed the most to 34 per year compared to the previous 5-year average of 94.

Observations & Comments

(continued)

- In the last four quarters compared to the previous 4-quarter period, just two firms (Acrisure and PCF) combined for 47% of the reduction in the industry's deal count. It took the combined increases of 11 firms to make up for the decreases of those two.
- There were 204 distinct buyers over the past eight quarters: 62% did 1 deal, 11% did 2 deals, and just 2% did three. That leaves 25% (51) that did four or more deals ("Active Buyers").
 - ❖ Buyers not considered active declined by 29% in the 2nd half of this period while Active Buyers changed by just one (60% did fewer, 40% did more deals in the 2nd half).
- The preceding data is indicative of a broadening distribution of deals among the Active Buyer universe. The remaining buyers may be more opportunistic than strategic in their approach to M&A. It's easy to imagine the reduction is a function of numerous factors including rising interest rates, elevated valuations, a smaller pool of targets, or a combination of these factors.

Observations & Comments

(continued)

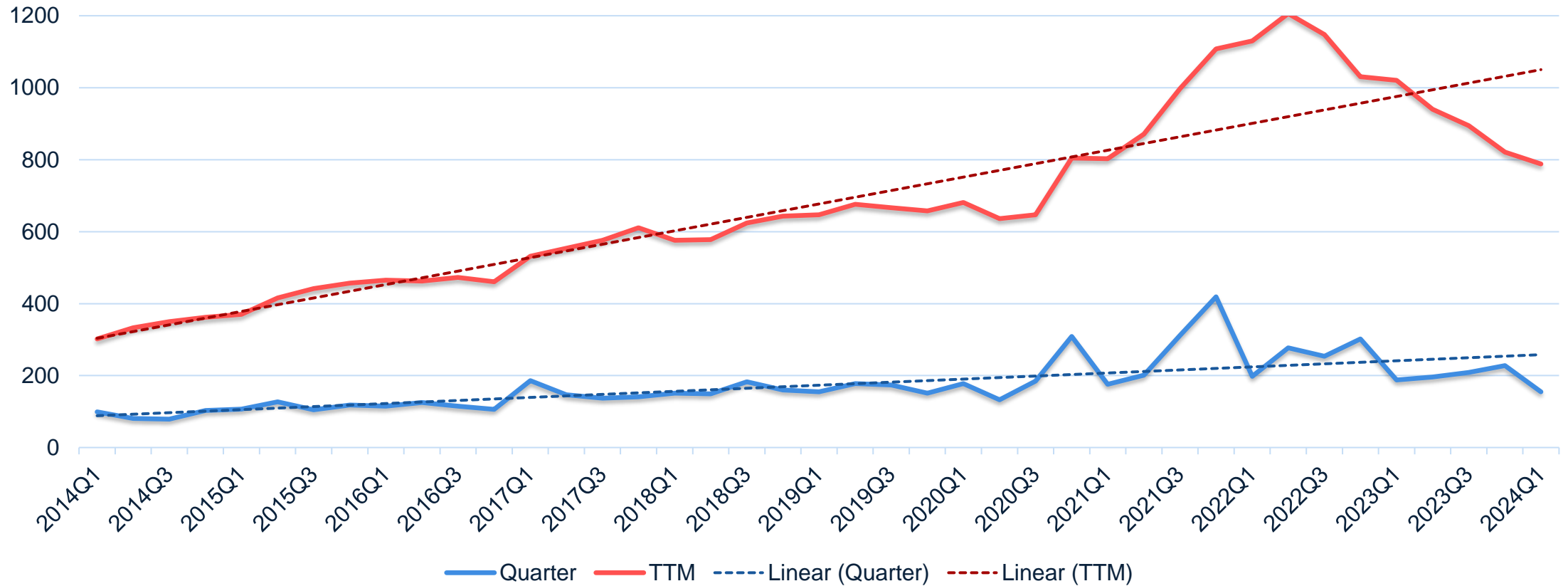
- There is little reason to believe that deal pace will decline from current levels. With 26 active private equity backed brokers and other very active buyers, all of which are still looking to deploy capital, the primary constraint may simply be on the supply side. Nonetheless, there are still a lot of agencies that will need to sell.
- While some buyers continue to exercise discipline in pricing, there are still plenty on the buy side that will maintain higher valuations, particularly for the better firms.

Highlights of Q1 2024 M&A Activity

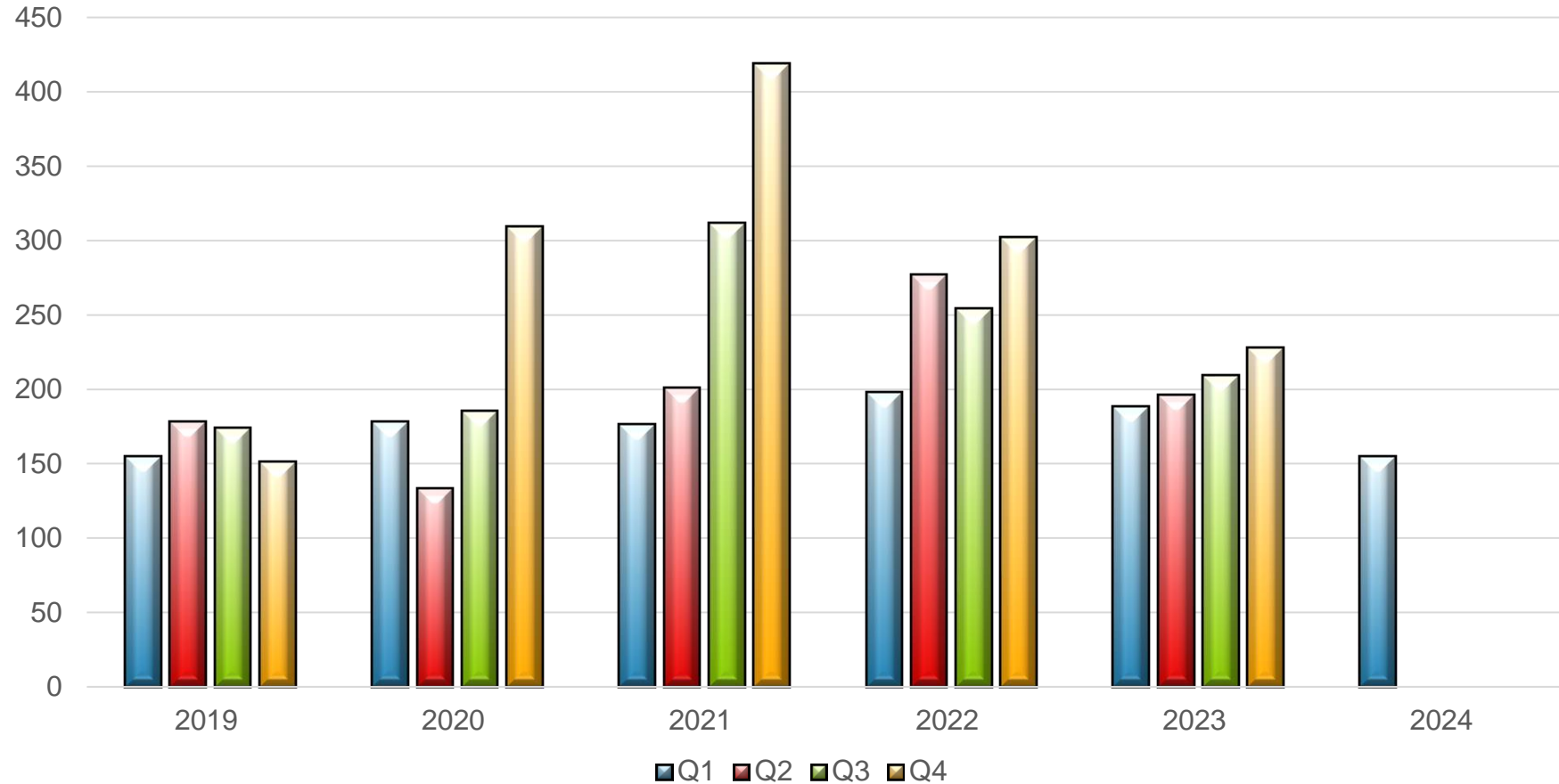
- 155 total transactions in Q1 '24, down 18% from 188 in Q1 '23
- BroadStreet Partners continues to lead all buyers in Q1 deals with 29 in Q1 '24, more than doubling the 14 reported in Q1 '23.
- Following were Inszone Insurance Services and Hub International at 12 and 10 deals, respectively, in Q1 '24; both doing four more deals in a year-over-year comparison. Each of the most active buyers for the quarter did the same or more deals in Q1 '24 than in Q1 '22
- Historically very active buyers High Street Partners, Acrisure, Patriot Growth Insurance Services, and Risk Strategies all did fewer deals in Q1 '24 v. Q1 '23
- Private Equity-Backed / Hybrid (“PE/Hybrid”) buyers were responsible for 71% of all announced transactions in both Q1 '24 and Q1 '23
- Privately-owned buyers reported 32 deals in Q1 '24 versus 41 in Q1 '23
- Publicly traded brokers reported 12 transactions in Q1 '24 compared to 8 in Q1 '23

Summary Information

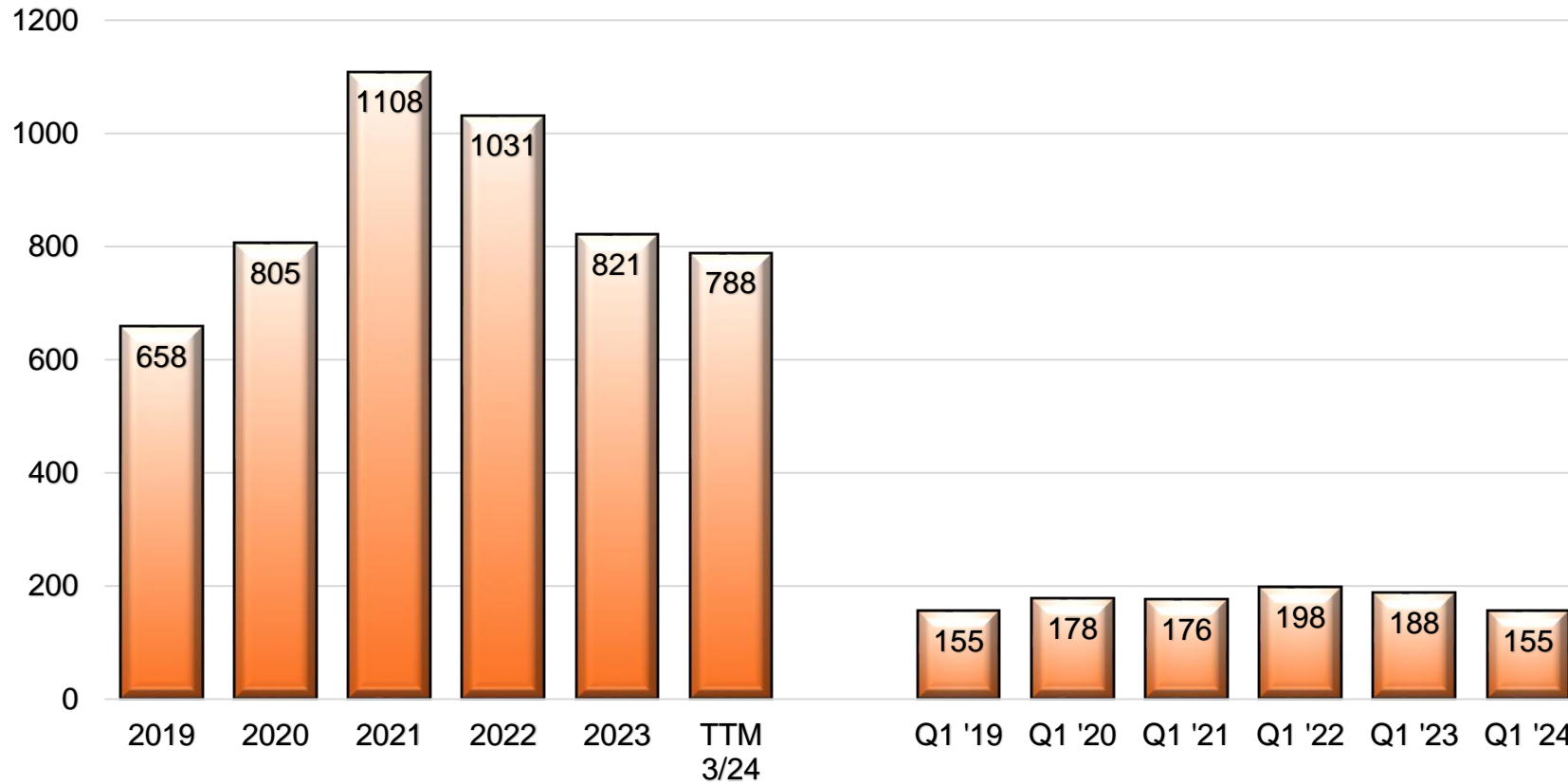
Quarterly M&A Activity



Quarterly M&A Activity



Agency Acquisitions By Year and Quarter



Most Active Buyers

Active Acquirers With 5 or More Deals in Q1 2024

Buyer	Buyer Type	Q1 '19	Q1 '20	Q1 '21	Q1 '22	Q1 '23	Q1 '24
BroadStreet Partners	PE-Hybrid	9	16	12	5	14	29
Inszone Insurance Services	PE-Hybrid		4	2	12	8	12
Hub International	PE-Hybrid	12	17	13	14	6	10
Keystone Agency Partners	PE-Hybrid			2	3	7	8
OneDigital	PE-Hybrid	2	8	3	9	5	7
Gallagher	Public	12	6	4	4	7	7
ALKEME	PE-Hybrid				5	3	5
Leavitt Group	Private	1	2	3	4	5	5
Sub-totals		36	53	39	56	55	83
All Others		119	125	137	142	133	72
Totals for Year		155	178	176	198	188	155

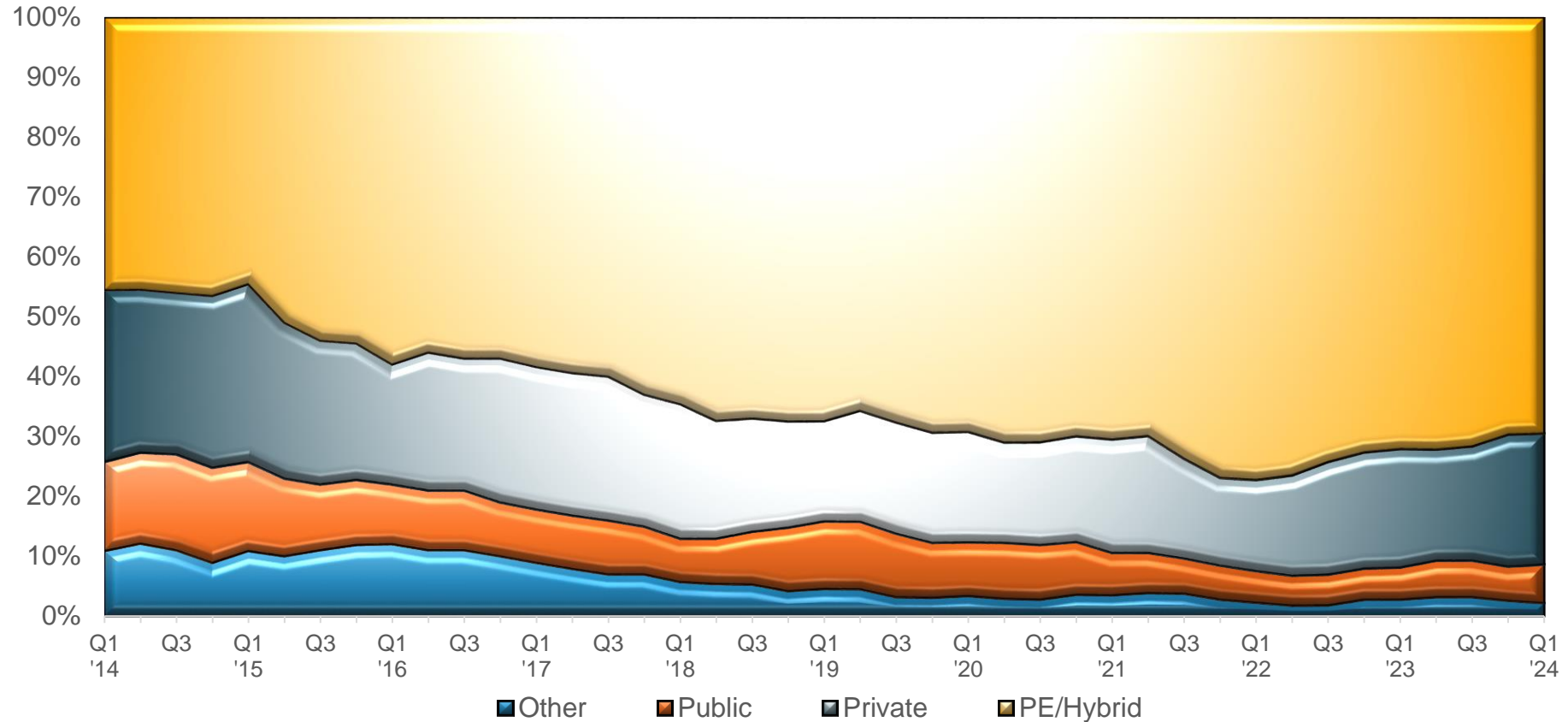
Most Active Buyers

Buyers With 20 or More Deals in Past 12 Months

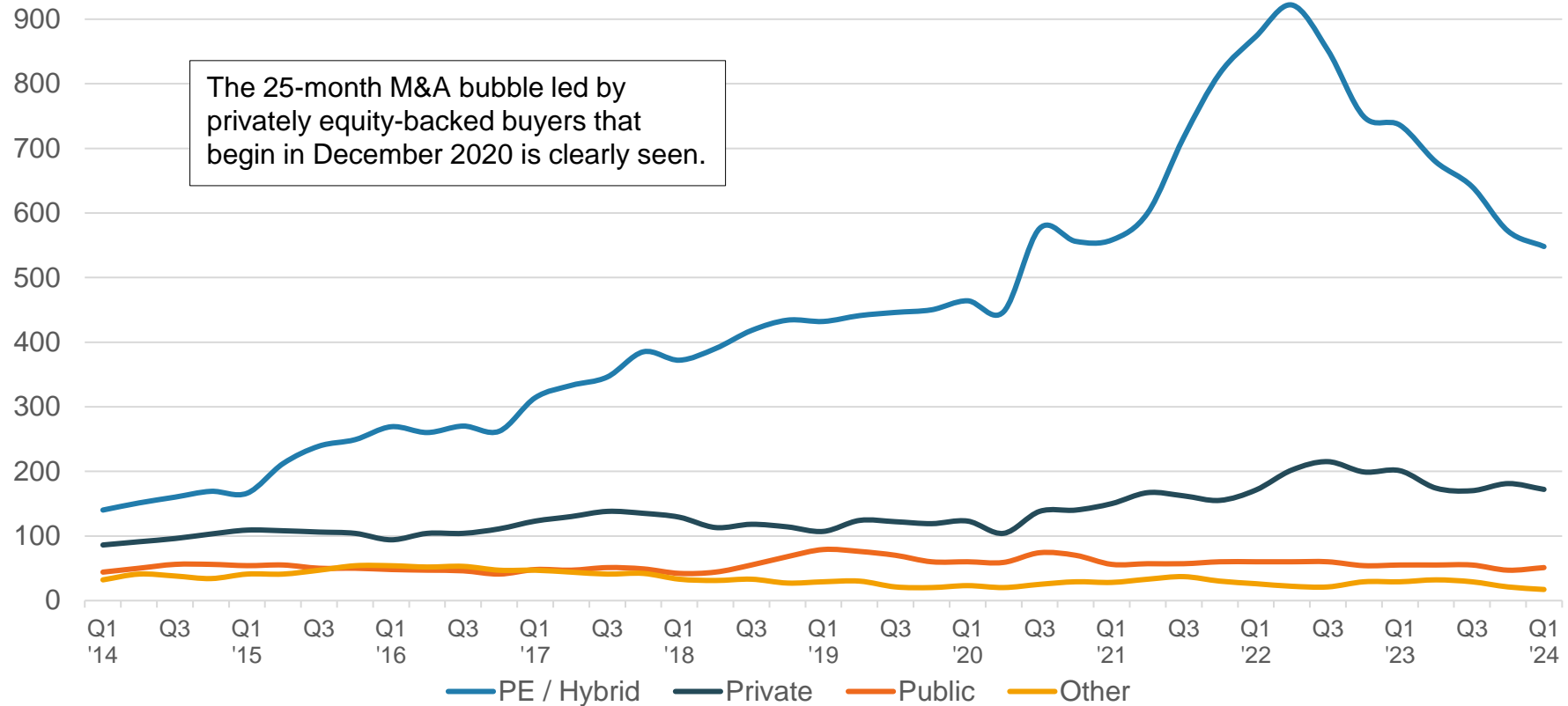
Buyer	Buyer Type	2019	2020	2021	2022	2023	TTM 3/24
BroadStreet Partners	PE-Hybrid	34	58	45	35	59	74
Hub International	PE-Hybrid	52	65	62	70	65	69
Inszone Insurance Services	PE-Hybrid	6	10	12	42	45	49
Gallagher	Public	34	23	25	26	36	36
Acrisure	PE-Hybrid	98	108	122	107	36	34
Leavitt Group	Private	10	12	24	20	34	34
Keystone Agency Partners	PE-Hybrid		7	22	29	29	30
World Insurance Associates	PE-Hybrid	18	42	53	39	36	28
Risk Strategies Company	PE-Hybrid	22	18	24	24	29	25
Patriot Growth Insurance Services	PE-Hybrid	25	21	31	32	32	25
AssuredPartners	PE-Hybrid	44	38	52	33	26	24
High Street Partners	PE-Hybrid	3	9	71	44	24	23
OneDigital	PE-Hybrid	17	32	21	21	19	21
Sub-total		363	443	564	522	470	472
All Others		295	362	544	509	351	316
Totals for Year		658	805	1,108	1,031	821	788

Totals By Buyer / Seller Type

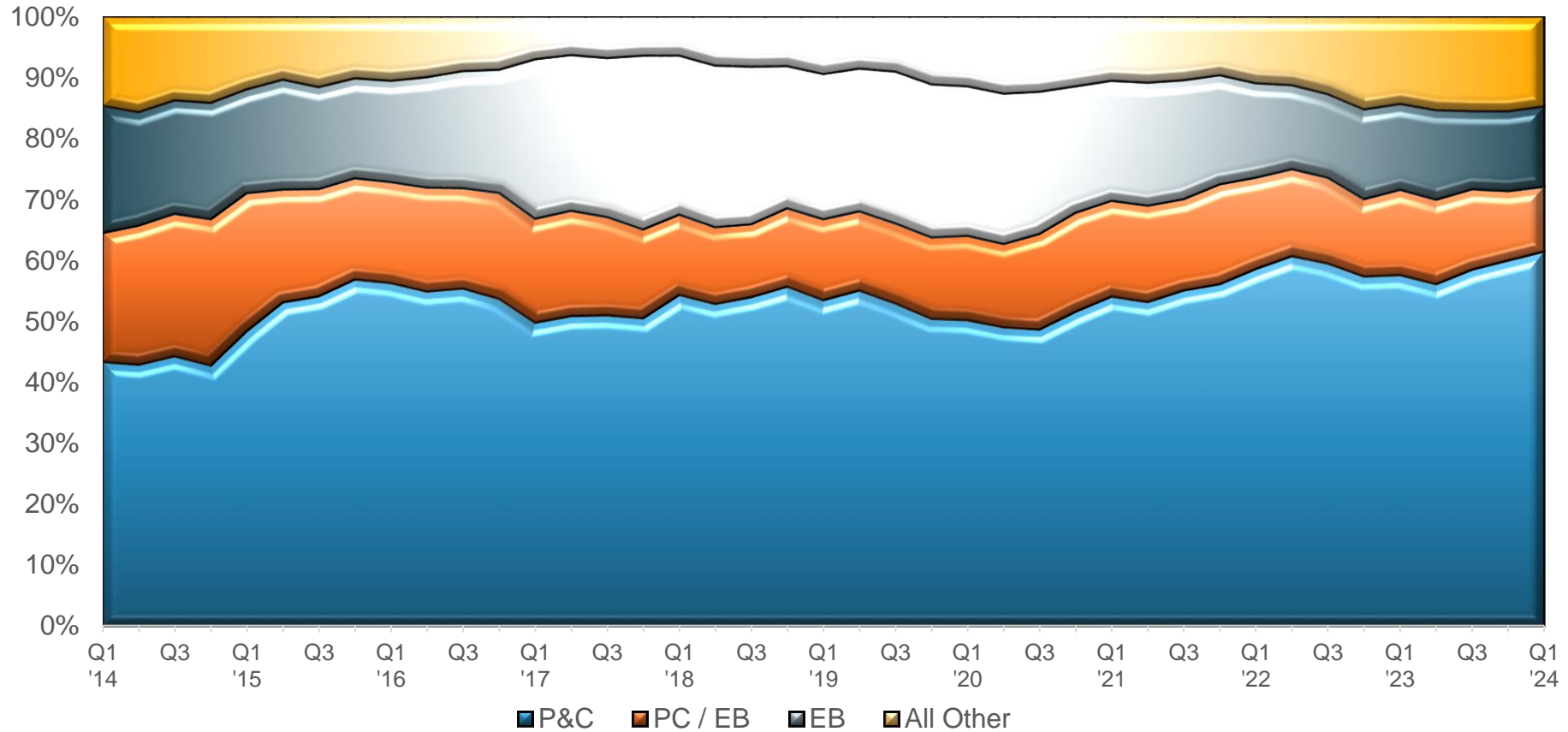
Rolling 12-Month Activity by Buyer Type (% Total)



Rolling 12-Month # Transaction by Buyer Type



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



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