



# Agent & Broker Merger & Acquisition Update 1<sup>st</sup> Half 2024

July 2024

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## Agent M&A Update



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# Observations & Comments

- It's been 16 quarters since deal volume was at the current pace in Q2-2024, and there have been eight consecutive quarters in which deal count has reduced. Yet looking back even further, the current rate of transactions is still materially above the pace the industry experienced before the wave of transactions starting in December 2020. . . but for how much longer?
- There were 146 announced deals in Q2-2024; down slightly compared to the 154 announced in the prior quarter. In year-over-year terms the count declined 26% over Q2-2023 and is also 26% below the previous 5-year average.
- There were 300 announced insurance agency mergers and acquisitions during H1-2024, down 22% from 385 for the same period in 2022. H1-2023 tallies are 20% below the previous 5-year average.
- A factor that hasn't changed is the drive of private equity to make investments in insurance distribution. Since 2017, this group of investors have made 60%-80% of the total number of deals in each quarter.

# Observations & Comments

(continued)

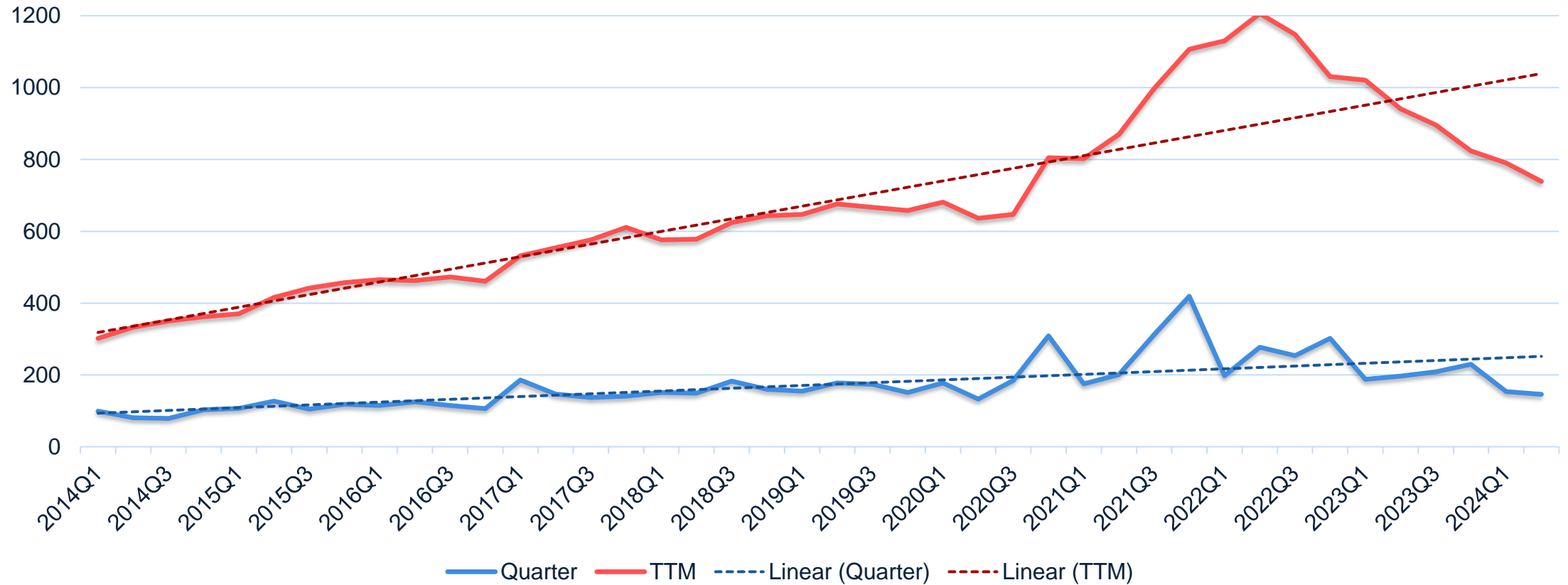
- There have been some sizeable transactions reported in Q2-2024 with the closing of the Truist sale to a consortium lead by Stone Point Capital and Aon's purchase of NFP. Also Trustmark National Bank sold top 100 broker Fisher Brown Bottrell to Marsh McLennan Agency. Considering the challenges large buyers have to move the "growth needle" and the difficulties of some large firms to internally perpetuate, we will likely see more large transactions over the next twelve months. Premium valuations for such firms will continue.
- For smaller transactions, we may see a leveling out in the number of transactions completed going forward for the foreseeable future. There are a lot of buyers (62 have done deals in 2024), some of whom who were on the sidelines are coming back, and there are still plenty of sellers. Though the 25-month wave of deal activity won't return, it's conceivable that a pace of 650-750 deals per year could last quite a few years. Valuations should remain strong for those possessing a history of growth and relative youth on the team.

# Highlights of 1<sup>st</sup> Half 2024 M&A Activity

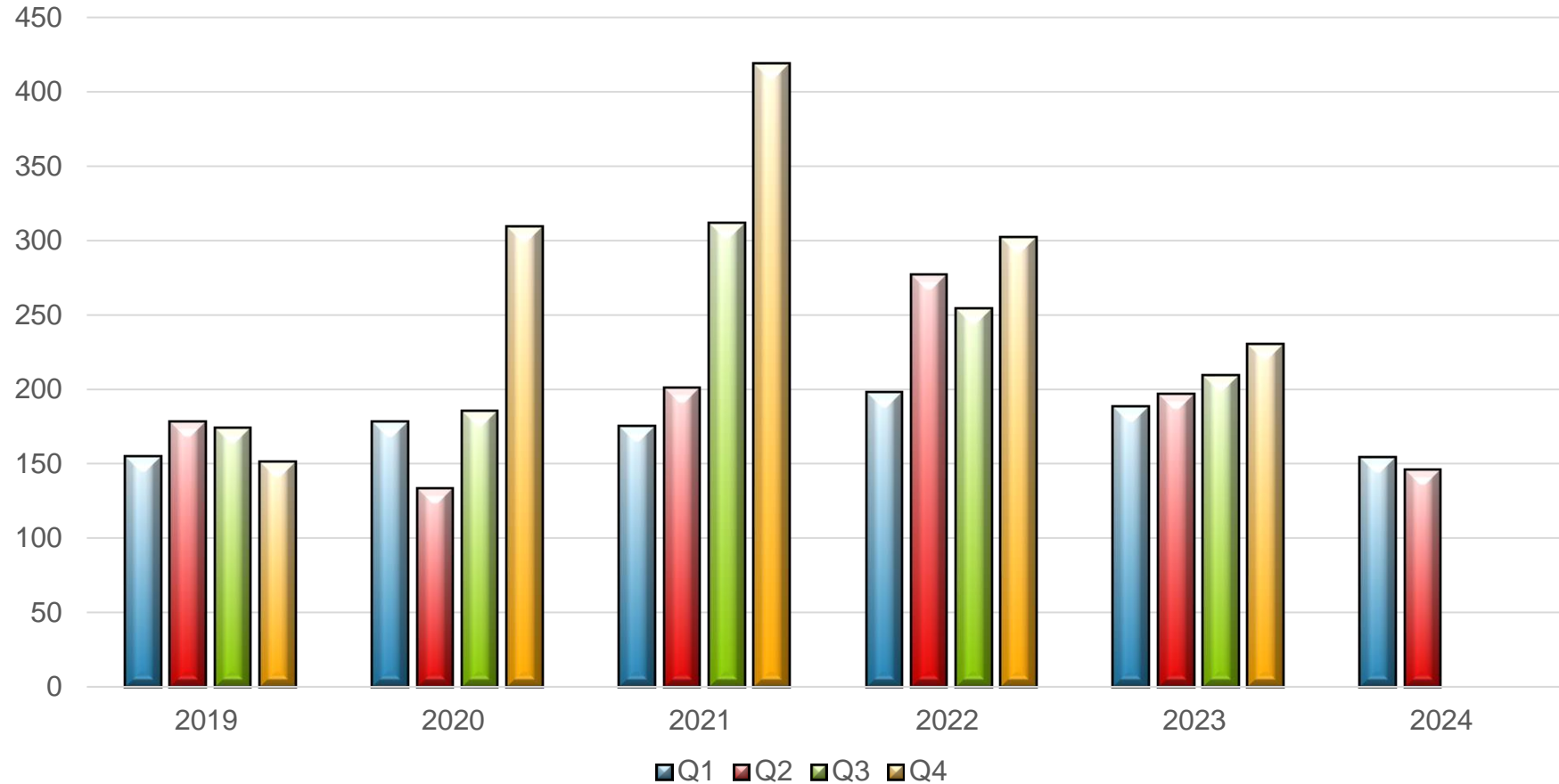
- 300 transactions in H1-2024, down 20% from 385 for H1-2023
- 146 transactions in Q2-2024, down 26% from 197 recorded in the same period last year and also 26% below the previous five-year average
- 739 transactions in past 12 months, down 21% from 941 for the period ended June 2024
- Broadstreet Partners led all buyers with 46 transactions in the first half of 2024, nearly doubling their same period 2023 totals (26)
  - Followed by Inszone Insurance Services (27) and Hub International (26)
- Private Equity-Backed / Hybrid (“PE/Hybrid”) responsible for over 71% of all announced transactions in the past 12 months and 78% during the most recent quarter
- Privately-owned buyers posted 145 deals in the past 12 months (down from 175 at this time in 2023). In total, nearly 20% of the deals closed in first half of 2024 were from this group, similar to results in the same period last year

# Summary Information

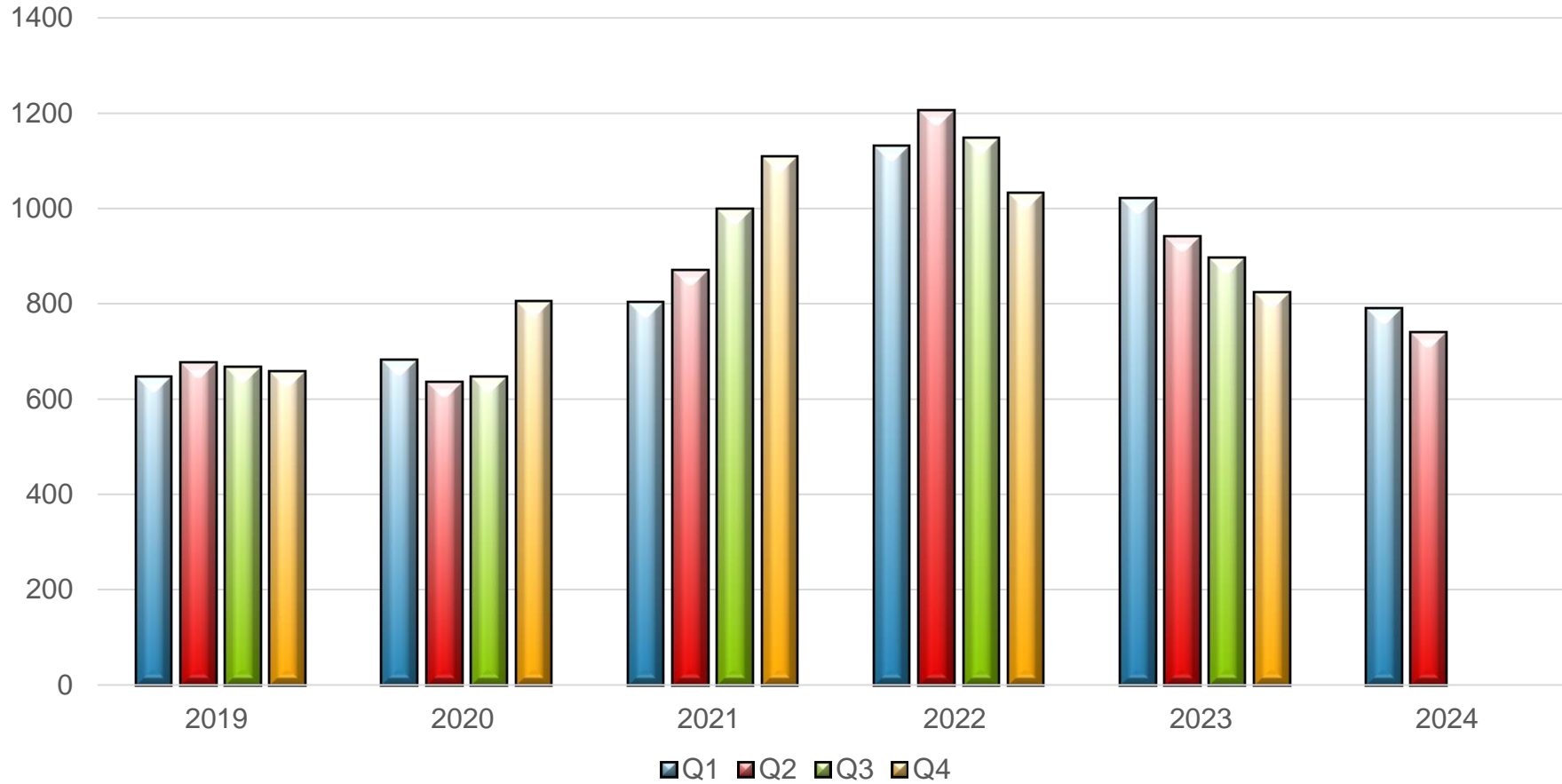
## Quarterly M&A Activity



# Quarterly M&A Activity

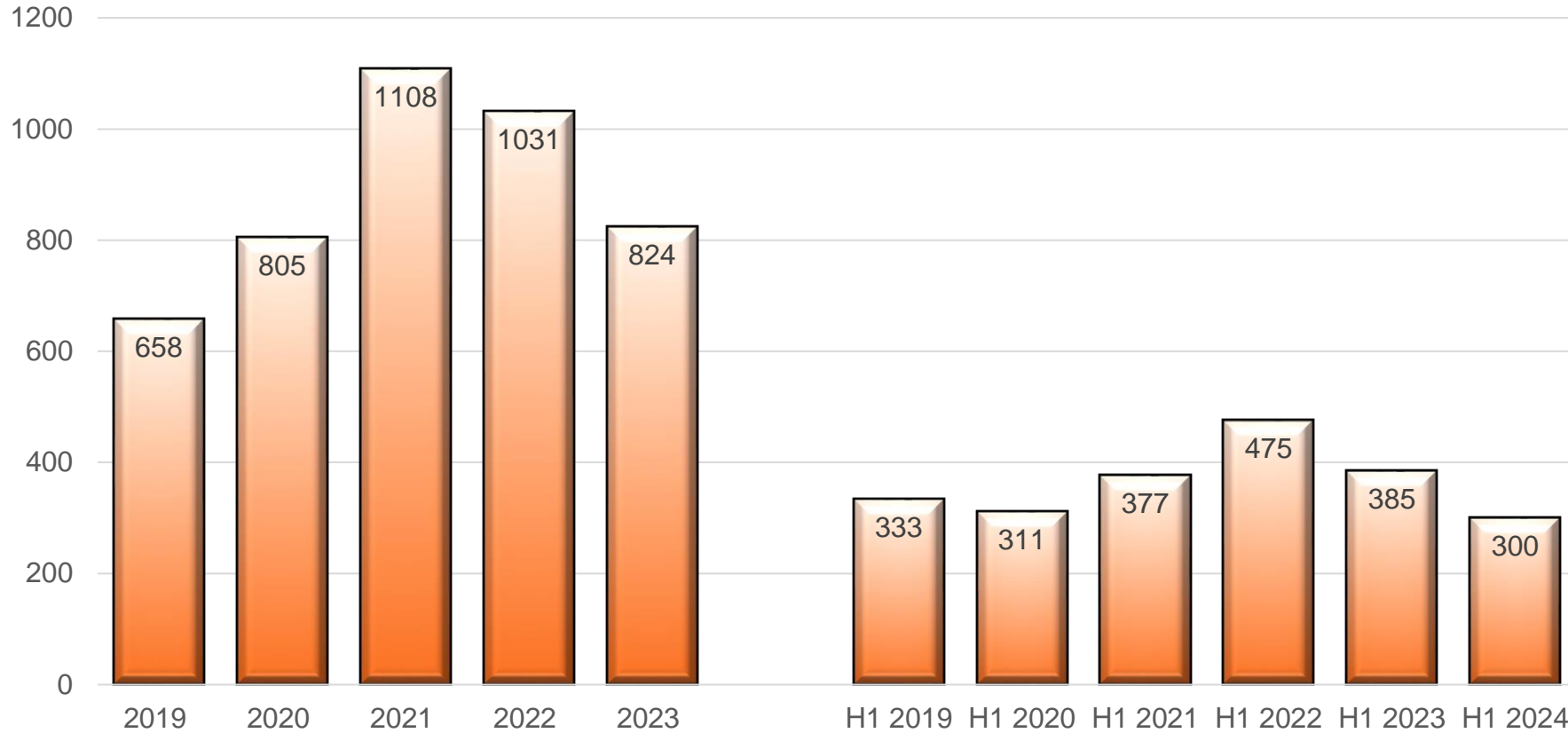


# Quarterly Rolling 12-Month M&A Activity





# Summary Agency Acquisitions By Year



## Most Active Acquirers

# Top 10 Acquirers (including ties) YTD in 2024

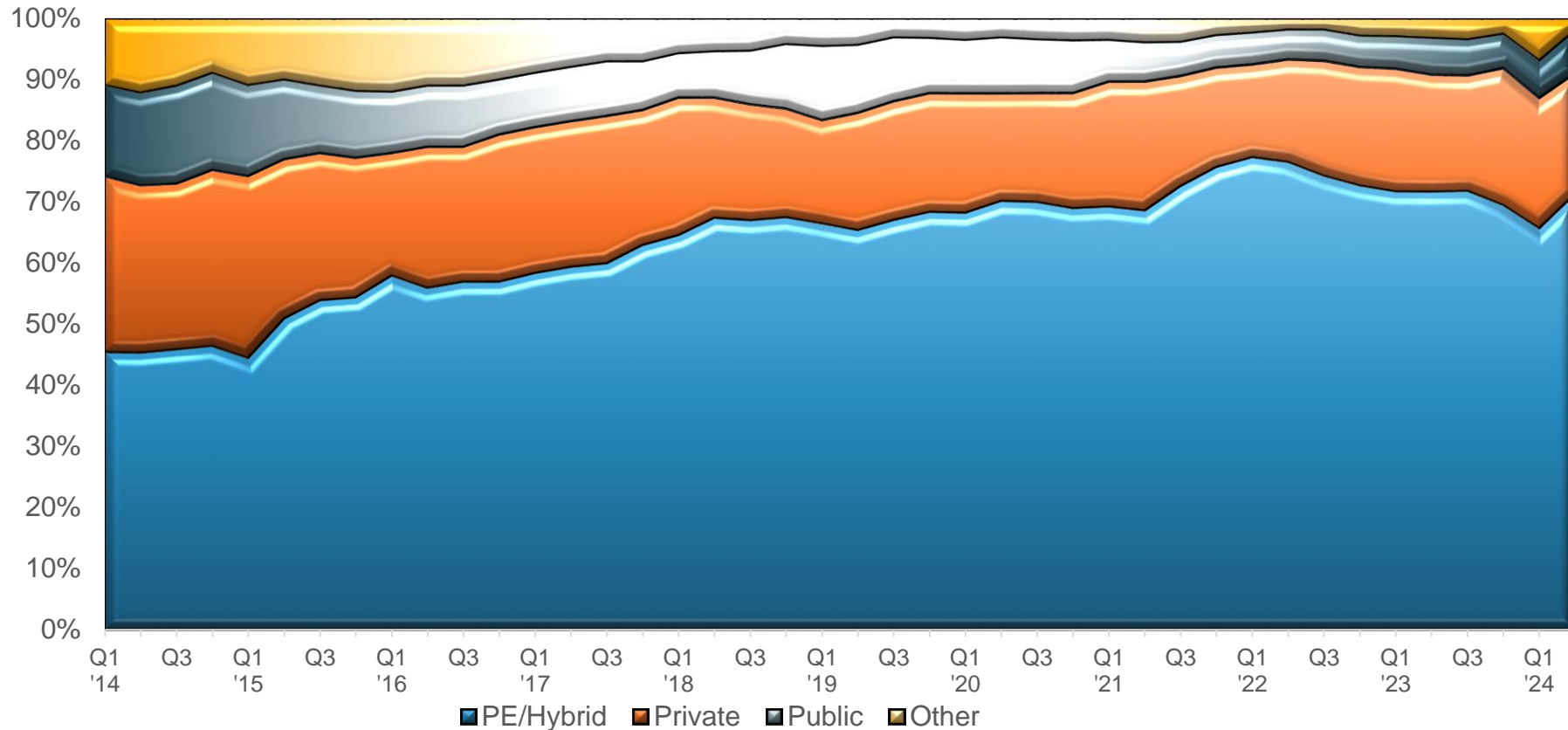
Buyer	Buyer Type	2019	2020	2021	2022	2023	H1-2024
BroadStreet Partners	PE-Hybrid	34	58	45	35	59	46
Inszone Insurance Services	PE-Hybrid	6	10	12	42	45	27
Hub International	PE-Hybrid	52	65	62	70	65	26
Keystone Agency Partners	PE-Hybrid	0	7	22	29	29	14
Leavitt Group	Private	10	12	24	20	34	13
Gallagher	Public	34	23	25	26	36	13
OneDigital	PE-Hybrid	17	32	21	21	19	9
ALKEME	PE-Hybrid	0	0	7	11	12	9
PCF Insurance	PE-Hybrid	4	36	99	71	2	8
Acrisure	PE-Hybrid	98	108	122	107	36	7
Risk Strategies Company	PE-Hybrid	22	18	24	24	29	7
Alliant Insurance Services	PE-Hybrid	7	6	22	10	18	7
Higginbotham & Assoc	PE-Hybrid	5	9	6	13	9	7
Sub-total		289	384	491	479	393	193
All Others		369	421	617	552	431	107
<b>Totals for Year</b>		<b>658</b>	<b>805</b>	<b>1,108</b>	<b>1,031</b>	<b>824</b>	<b>300</b>

## Most Active Acquirers

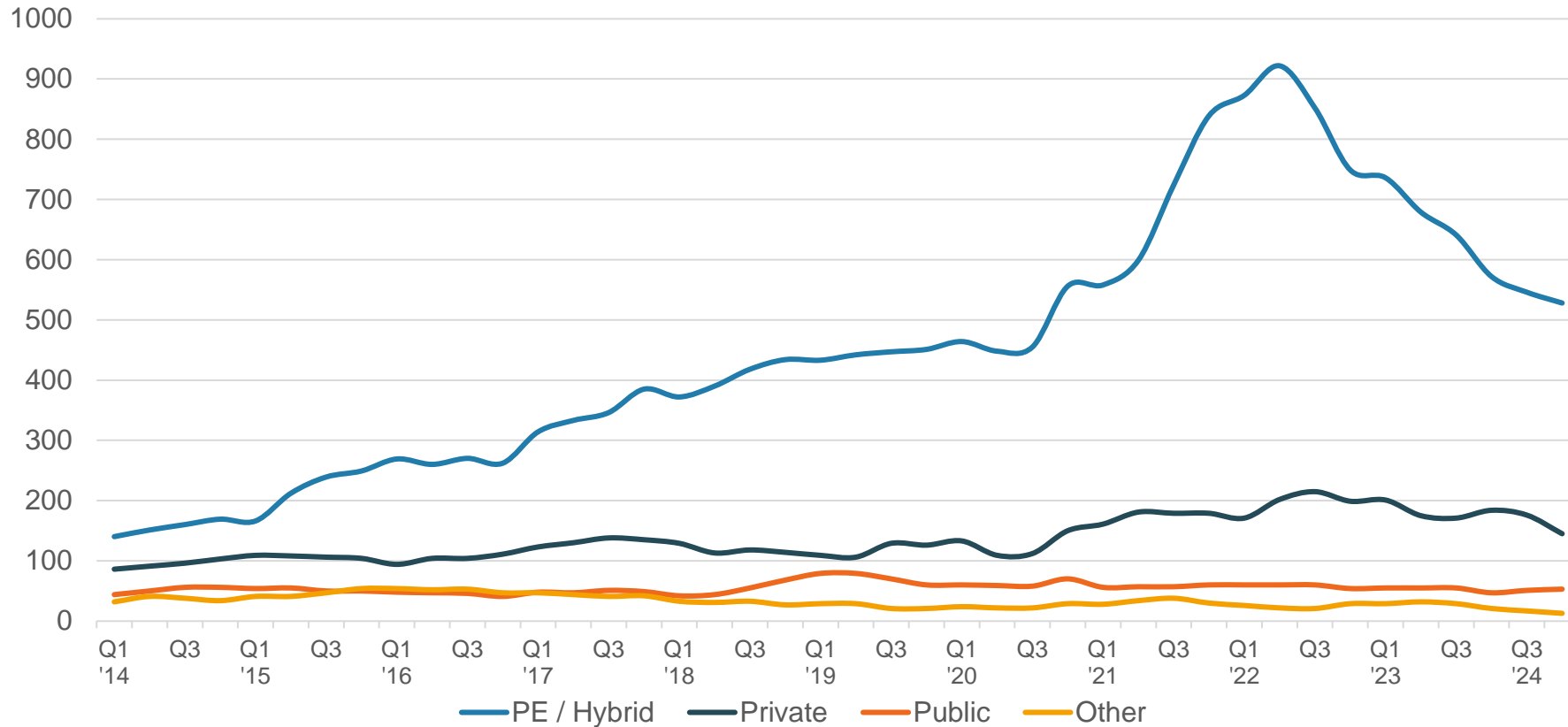
# Acquirers With 20 or More Deals in Past 12 Months

Buyer	Buyer Type	2019	2020	2021	2022	2023	TTM 6/24
BroadStreet Partners	PE-Hybrid	34	58	45	35	59	79
Hub International	PE-Hybrid	52	65	62	70	65	62
Inszone Insurance Services	PE-Hybrid	6	10	12	42	45	53
Gallagher	Public	34	23	25	26	36	35
Leavitt Group	Private	10	12	24	20	34	33
Acrisure	PE-Hybrid	98	108	122	107	36	33
Keystone Agency Partners	PE-Hybrid	0	7	22	29	29	29
Risk Strategies Company	PE-Hybrid	22	18	24	24	29	23
World Insurance Associates	PE-Hybrid	18	42	53	39	36	23
Patriot Growth Insurance Services	PE-Hybrid	25	21	31	32	32	21
AssuredPartners	PE-Hybrid	44	38	52	33	26	20
High Street Partners	PE-Hybrid	3	9	71	44	24	20
Sub-total		346	411	543	501	451	431
All Others		312	394	565	530	373	306
<b>Totals for Year</b>		<b>658</b>	<b>805</b>	<b>1,108</b>	<b>1,031</b>	<b>824</b>	<b>737</b>

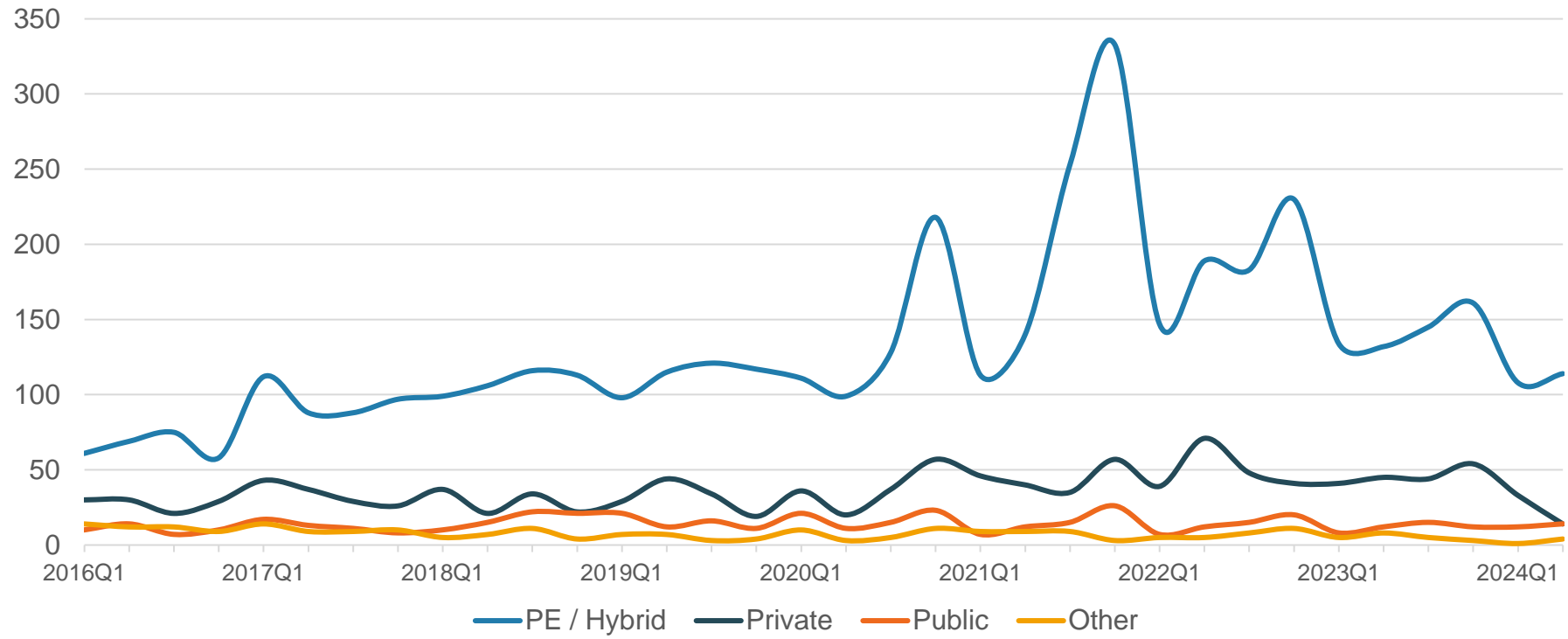
# Rolling 12-Month Activity by Buyer Type (% Total)



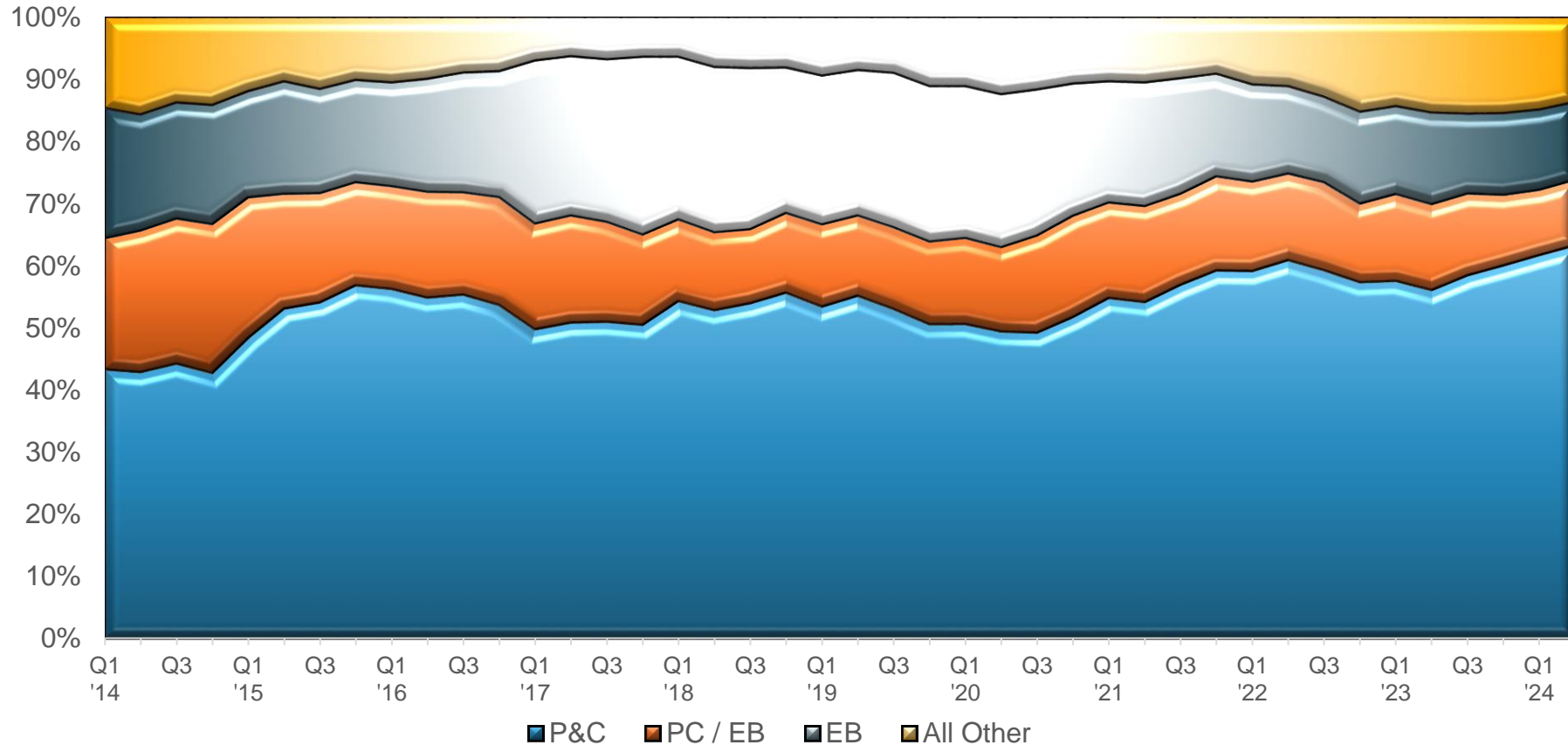
# Rolling 12-Month # Transaction by Buyer Type



# Quarterly # Transaction by Buyer Type



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



## Significant Broker Transactions in 2023

Seller	Buyer	Estimate 2021 Revenue	Date
NFP Corporation (New York, NY)	AON	\$2 billion	April 2024
Truist Insurance Holdings (Charlotte, NC)	Stone Point Capital / Clayton Dubilier & Rice / Others	\$3.4 billion	May 2024
Fisher Brown Bottrell (Jackson, MS)	Marsh McLennan Agency	\$58 million	June 2024



# Private Equity-backed Ownership Changes

Insurance Agency	Lead Buyer / Investor	Description	Date
Axis Insurance Managers (Vancouver, BC)	Lee Equity Partners	A Significant Minority Investment	June 2024

# OPTIS PARTNERS



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