

# Insurance Distribution Q3 2023 M&A Update

## Public Broker Comparables

(all financials in millions of \$USD, except per share items)										
Company	Ticker	09/29/23 Close Price	1-Yr. Price Change	09/29/23 Market Cap.	LTM Financials <sup>(1)</sup>			EBITDA Margin	Market Cap/ Revenue	
					Net Income	Revenue	EBITDA		Revenue	EBITDA
Marsh & McLennan Companies, Inc.	MMC	\$190.30	22.9%	\$93,999	\$3,282	\$21,592	\$5,722	26.5%	4.8x	18.0x
Aon plc	AON	324.22	17.6%	65,773	2,675	12,874	3,944	30.6%	6.2x	20.1x
Arthur J. Gallagher & Co.	AJG	227.93	29.1%	49,120	1,112	8,836	2,536	28.7%	5.8x	20.2x
Willis Towers Watson Public Limited Company	WTW	208.96	1.1%	21,904	1,075	9,078	2,211	24.4%	3.2x	13.2x
Brown & Brown, Inc.	BRO	69.84	12.6%	19,808	732	3,969	1,284	32.3%	5.7x	17.5x
Ryan Specialty Holdings, Inc.	RYAN	48.40	17.6%	5,636	73	1,855	451	24.3%	nm	nm
Median									5.7x	18.0x
Mean									5.1x	17.8x

## Notable Transactions

Announcement Date	Acquirer	Target	Distribution Strategy
09/28/23	Higginbotham Insurance Agency, Inc.	Stahl & Associates Insurance Inc.	Commercial brokerage and employee benefits
09/26/23	Audax Management Company, LLC	Oakbridge Insurance Agency LLC	Retail agency
09/19/23	Arthur J. Gallagher & Co. (NYSE:AJG)	Eastern Insurance Group LLC	Retail agency focused on personal P&C
09/18/23	World Insurance Associates	Ellsworth Corporation	Retail agency
09/11/23	KKR & Co. Inc. (NYSE:KKR)	USI Insurance Services, LLC	MGA focused on commercial lines and employee benefits
09/11/23	Arthur J. Gallagher & Co. (NYSE:AJG)	Southern Insurance Group, LLC	Retail agency
09/06/23	PCF Insurance Services	Allied Marketing Insurance Group, LLC	Retail health and benefits agency
09/05/23	World Insurance Associates	PRISM Insurance Group	MGA
08/29/23	One80 Intermediaries Inc.	GMI Insurance Services	MGA focused on commercial auto
08/01/23	Marsh & McLennan Agency LLC (NYSE: MMC)	The Graham Company	Retail agency
07/12/23	Nexus Underwriting Limited	Evolve Cyber Insurance Services LLC	MGA focused on cyber

## Market Commentary

The insurance distribution M&A market has sustained its momentum throughout the first three quarters of 2023 with nearly 500 transactions announced across the United States.

We continue to see public brokers trade at record high multiples as confidence in the sector continues. High public trading multiples coupled with significant private equity investments indicates substantial potential consideration for sellers, making this an opportunistic time to execute succession planning or explore growth partnerships.

Significant M&A transactions announced in Q3:

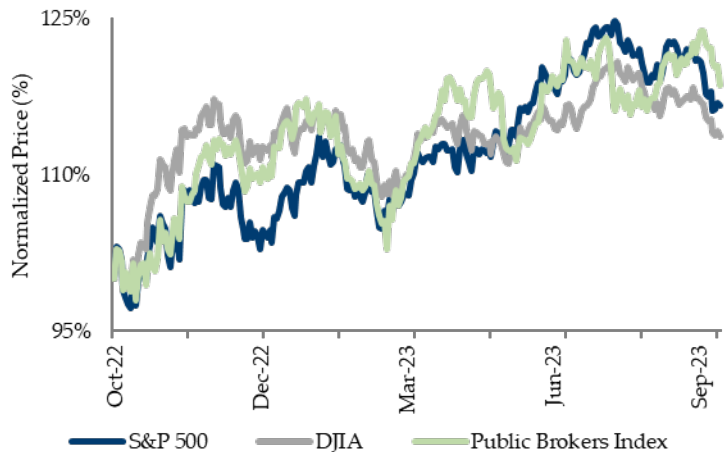
- AJ Gallagher acquired Eastern Insurance Group, LLC from Eastern Bank for \$510m, representing roughly a 13.8x EBITDA valuation multiple.<sup>(2)</sup>
- Marsh & McLennan Agency acquired The Graham Company, a top 100 broker with over \$73m of brokerage revenue in 2022.<sup>(2)</sup>

Significant private equity announcements:

- KKR made a substantial investment of over \$1bn in USI Insurance Services.
- Stone Point Capital is in negotiations to acquire the remaining 80 percent of Truist Insurance Holdings for \$10bn as bank-owned insurance arms continue to be sold months after the banking crisis earlier this year.
- AssuredPartners, backed by private equity firms GTCR and Apax Partners, is exploring options including a full or partial sale or an IPO, valuing the company around \$16bn. The company is on track for \$850m in EBITDA for 2023, representing roughly an 18.8x valuation multiple.<sup>(2)</sup>

## Public Broker Index<sup>(3)</sup>

The Public Brokers Index returned 18.6 percent through Q3 2023 LTM, outperforming both the S&P 500 and the Dow Jones.



## Looking Forward

We expect this momentum to carry into Q4 and 2024. M&A will continue to thrive thanks to strong public market valuations and scarcity value that comes from numerous buyers in the market and an increasingly limited number of sellers.

Sherman & Company is an investment banking firm dedicated to the convergence of the insurance, healthcare, technology, and asset & wealth management industries.

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### Sub-Sector Coverage

- Retail Brokers
- Wholesale Brokers
- Managing General Agents
- Managing General Underwriters
- Program Managers
- Benefits General Agencies
- IMOs/FMOs/LMOs
- Digital Distribution

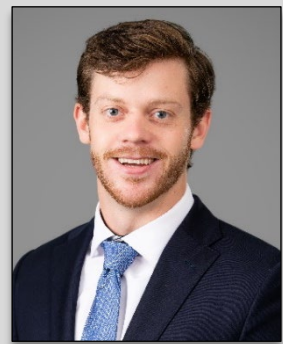
### Dedicated Insurance Distribution Team



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#### Expertise

Our firm's dedicated bankers bring demonstrated experience and numerous references of maximizing value for sellers.

#### Knowledge

Our team understands the evolution of the distribution market and leverages our sector expertise to guide our clients.

#### Relationships

Our firm's bankers have developed deep-rooted relationships with key decision makers across the industry.

### Sherman & Company Transaction Experience

Undisclosed



**TOKIO MARINE**  
HCC

has acquired



**Gulf Guaranty**  
Health

Sell-Side Advisor

Undisclosed



**AmWINS**  
Group, Inc.


has acquired



**LISI**  
and  
**COpower**


Sell-Side Advisor

Undisclosed



**p&f**


has acquired



**ANDREINI**  
AND COMPANY


Sell-Side Advisor

Undisclosed



**ONE80**  
INTERMEDIARIES

has acquired



**van Wagonen**

Sell-Side Advisor

\$400.0 Million



**State Farm**

has acquired



**GAINSCO** Auto Insurance®

Sell-Side Advisor

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