

# Insurance Distribution 2023 M&A Year In Review

## Public Broker Comparables

(all financials in millions of \$USD, except per share items)										
Company	Ticker	12/15/23 Close Price	1-Yr. Price Change	12/15/23 Market Cap.	LTM Financials <sup>1</sup>			EBITDA Margin	Market Cap/ Revenue EBITDA	
Marsh & McLennan Companies, Inc.	MMC	\$187.12	13.3%	\$92,264	\$3,466	\$22,204	\$5,936	26.7%	4.2x	15.5x
Aon plc	AON	310.43	3.9%	62,153	2,723	13,131	4,027	30.7%	4.7x	15.4x
Arthur J. Gallagher & Co.	AJG	222.81	19.6%	48,107	1,137	9,213	2,573	27.9%	5.2x	18.7x
Willis Towers Watson Public Limited Company	WTW	236.73	-1.6%	24,445	1,021	9,291	2,568	27.6%	2.6x	9.5x
Brown & Brown, Inc.	BRO	69.47	25.2%	19,771	747	4,094	1,350	33.0%	4.8x	14.7x
Ryan Specialty Holdings, Inc.	RYAN	42.23	5.1%	4,996	56	1,935	472	24.4%	2.6x	10.6x
Median:									4.4x	15.0x
Mean:									4.0x	14.1x

## Market Commentary

- In the first half of 2023, the M&A market was heavily impacted by five interest rate hikes totaling 200 bps from November 2022 through May 2023. We saw this affect the insurance distribution M&A market with a lagging impact on deal volume and the amount of significant transaction announcements through the second quarter. With interest rates holding steady throughout Q3 and Q4, many acquirers have accepted and adapted to the “higher for longer” mantra, reigniting their inorganic growth strategies.
- The public broker index has seen a 13.6 percent return through November YTD and public brokers continue to trade at record high multiples representing extreme confidence in the market. High public trading multiples coupled with several significant private equity investments made throughout the year creates a competitive marketplace leading to substantial potential consideration for sellers. It continues to be an opportunistic time for owners to execute a succession plan or explore growth partnerships.
- In the second half of 2023, buyers’ confidence in their inorganic growth strategies grew. Numerous sizeable transactions were announced, including Travelers’ recent acquisition of Corvus Insurance, a cyber-insurance MGU, for \$435 million and Marsh McLennan Agency’s acquisition of The Graham Company, a top 100 broker with roughly \$75 million of revenue in 2022.
- We have seen several significant bank divestments of their insurance arms in order to build capital and capitalize on the high valuations in the market. Arthur J. Gallagher spent roughly \$1.4 billion on the acquisitions of Eastern Insurance and Cadence Insurance representing an average EBITDA multiple of 14.2x. We expect to see more bank owned insurance agencies sold in 2024.

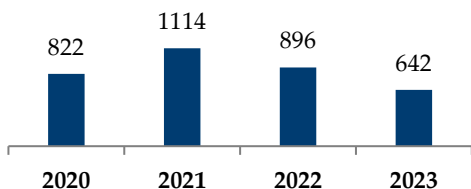
## Private Equity Investments<sup>2</sup>

Announcement Date	Investor	Target	Distribution Strategy	Deal Value (\$)
11/28/2023	Lightyear Capital LLC	Inszone Insurance Services	P&C and employee benefits broker	NA
11/08/2023	Goldman Sachs Asset Management	DOXA Insurance Holdings LLC	MGA/wholesale broker	NA
10/23/2023	Pritzker Private Capital Partners	Lawley Service, Inc.	Employee benefits retail agency	NA
10/20/2023	White Mountains Insurance Group (NYSE:WTM)	Bamboo Ide8 Insurance Services, LLC	MGA focused on personal P&C	285
09/26/2023	Audax Management Company, LLC	Oakbridge Insurance Agency LLC	Retail agency	NA
09/18/2023	BW Forsyth Partners, LLC	WalkerHughes Insurance	Retail agency	NA
09/11/2023	KKR & Co. Inc. (NYSE:KKR)	USI Insurance Services, LLC	Broker focused on commercial lines and employee benefits	>1,000
08/21/2023	Goldman Sachs Asset Management	World Insurance Associates LLC	Broker focused on multiple lines and wealth management	1,000
04/28/2023	Leonard Green & Partners, L.P.	Hub International Limited	Multiline broker	NA
02/21/2023	The Carlyle Group Inc. (NASDAQ:CG)/ HGGC, LLC	PCF Insurance Services of the West, LLC	Broker focused on commercial P&C	500
02/16/2023	Stone Point Capital LLC	Truist Insurance Holdings, Inc.	Broker focused on risk management solutions	1,950
01/19/2023	Flexpoint Ford, LLC	Keystone Agency Partners	Broker partnering with independent agencies	NA

## Notable Transactions<sup>2</sup>

Announcement Date	Acquirer	Target	Seller	Rev (\$)	Deal Value (\$)	Rev (x)	EBITDA (x)
12/04/2023	World Insurance Associates LLC	Exchange Underwriters Inc.	CB Financials Services, Inc. (NASDAQM:CBFV)	6.0	30.5	5.1x	NA
12/01/2023	USI Insurance Services Inc.	BOK Financial Insurance, Inc.	BOK Financial Corp.	NA	NA	NA	NA
11/13/2023	The Travelers Companies, Inc. (NYSE:TRV)	Corvus Insurance Holdings Inc.	Corvus Insurance Holdings Inc.	NA	435.0	NA	NA
11/07/2023	Arthur J. Gallagher & Co. (NYSE:AJG)	The Evans Agency, LLC	Evans Bancorp, Inc. (NYSE:EVBN)	NA	NA	NA	NA
10/24/2023	Arthur J. Gallagher & Co. (NYSE:AJG)	Cadence Insurance, Inc.	Cadence Bank (NYSE:CADE)	170.0	904.0	5.3	14.6
09/19/2023	Arthur J. Gallagher & Co. (NYSE:AJG)	Eastern Insurance Group LLC	Eastern Bank (NASDAQ:EBN)	104.0	510.0	4.9	13.8
08/01/2023	Marsh & McLennan Agency LLC (NYSE:MMC)	The Graham Company	The Graham Company	73.5	NA	NA	NA

## Transaction Volume<sup>3</sup>



## Looking Forward . . .

As the Fed continues to hold interest rates, and discussions of rate cuts in 2024 continue, confidence grows in the M&A market for 2024. High market valuations and scarcity value that comes from a growing number of buyers in the market and an increasingly limited number of sellers will be key momentum drivers for the new year.

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

## 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



has acquired



Sell-Side Advisor

Undisclosed



has acquired



and  
COpower  
Sell-Side Advisor

Undisclosed



has acquired



Sell-Side Advisor

Undisclosed



has acquired



Sell-Side Advisor

\$400.0 Million



has acquired



Sell-Side Advisor

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