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- Industrials
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- Business Services
- Technology
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### Hyde Park Capital Advisors, LLC

701 N. Franklin Street  
Tampa, FL 33602

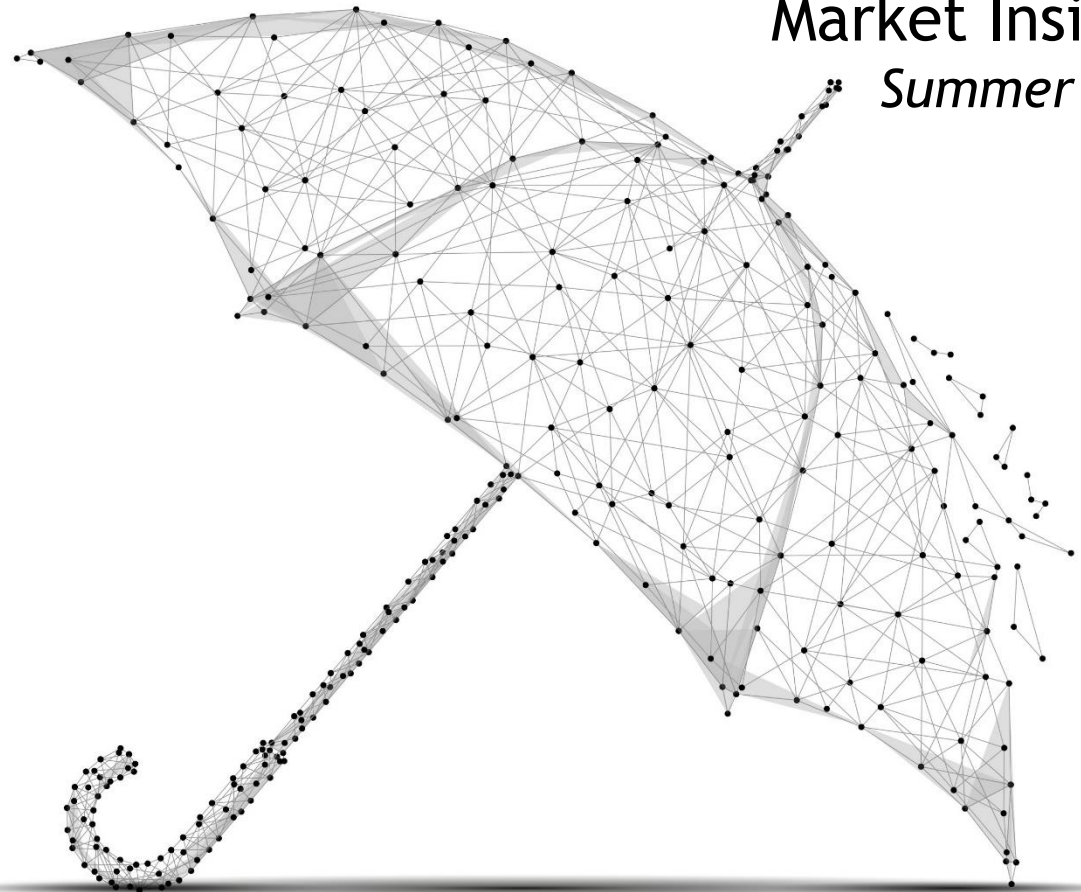
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## *Insurance Services*

## Market Insights

*Summer 2024*



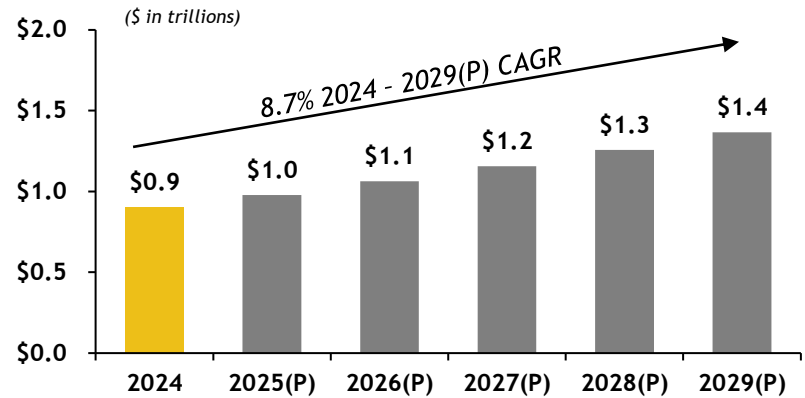
# Market Overview

## Market Overview - Insurance Services

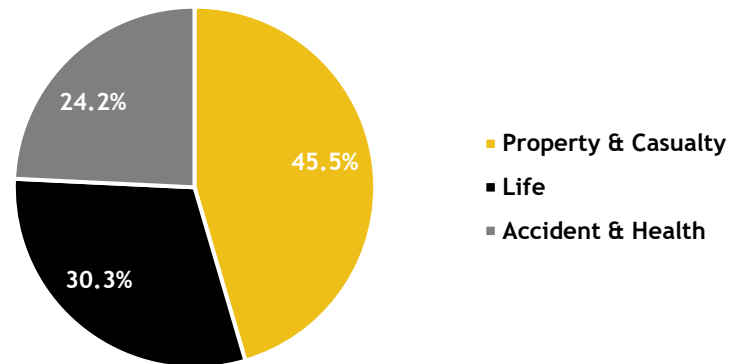
- Over the forecasted period from 2024 to 2029, the insurance services market is expected to grow at a CAGR of **8.7%** to \$1.4 trillion.
- The insurance services industry experienced a decline in dealmaking activity at the end of 2023 due to economic uncertainty, driven by unclear interest rates and a broader market environment. This downturn was exacerbated by a mismatch in the life and annuity market between the available capital for acquisitions and the types of assets insurers were interested in purchasing.
- While YoY M&A volume in the sector decreased 21%, YoY deal value increased by 63%, due to a handful of large strategic acquisitions that have closed over the last year. The lack of deal volume in Q1 2024 has created a surplus of demand from private equity investors and is expected to fuel a busy market.
- In 2023, insurers recalibrated their tax strategies due to the OECD's Pillar Two global minimum tax and Bermuda's new 15% corporate tax, effective January 1, 2025. Additionally, the U.S. corporate alternative minimum tax introduced further complexity for M&A activities, necessitating early consideration of these tax matters in deal planning and compliance.
- The rise of Insurtech startups, with AI-enabled platforms that increase the efficiency at which claims and risk can be evaluated, are also causing disruption within the industry. Senior leaders and experts are deeply considering the impacts of AI, including GenAI, as businesses rapidly adopt applications like ChatGPT to achieve immediate performance gains and plan for long-term transformation.

Sources: IBISWorld, Capital IQ, PitchBook, Deloitte, EY

### Insurance Services Market Size








### Insurance Services Market Breakdown



# Market Overview

## Public Companies - Insurance Services

Company	Stock Price 6/7/2024	% of 52 Week High	Enterprise Value	LTM		LTM Margins		3 Year CAGR		Price / Earnings
				Revenue	Net Income	Gross Profit	Net Income	Revenue	Net Income	
 AIG	\$76.02	94.0%	\$243,309	\$48,788	\$3,643	22.9%	7.5%	3.6%	NM	13.8x
 PROGRESSIVE	\$212.53	97.6%	\$131,211	\$65,021	\$5,786	12.1%	8.9%	13.3%	NM	21.5x
 MarshMcLennan	\$209.99	99.3%	\$117,594	\$22,736	\$3,756	27.4%	16.5%	9.7%	NM	27.5x
 FIDELITY NATIONAL FINANCIAL	\$49.23	91.2%	\$74,741	\$12,403	\$824	15.4%	6.6%	0.8%	NM	16.3x
 AON	\$283.12	81.5%	\$72,573	\$13,575	\$2,585	29.2%	19.0%	6.1%	NM	23.8x
 MetLife	\$70.05	93.8%	\$66,966	\$67,124	\$2,365	6.0%	3.5%	2.1%	17.1%	21.1x
 Aflac	\$88.79	98.8%	\$62,463	\$19,445	\$5,350	32.3%	27.5%	NM	5.9%	9.4x
 Gallagher	\$253.53	97.8%	\$62,301	\$10,623	\$1,091	22.8%	10.3%	13.3%	NM	50.8x*
 Prudential	\$117.84	97.1%	\$60,409	\$59,182	\$2,164	4.9%	3.7%	NM	NM	19.6x
 Allstate	\$165.06	93.1%	\$53,382	\$57,094	NM	0.6%	NM	10.9%	NM	NM
 wtw	\$255.49	91.6%	\$30,956	\$9,580	\$1,042	20.9%	10.9%	2.5%	NM	25.1x
 Brown & Brown INSURANCE	\$90.28	98.5%	\$29,232	\$4,325	\$928	37.5%	21.5%	16.7%	NM	27.8x
 Lincoln Financial Group	\$32.43	97.3%	\$26,093	\$11,999	\$1,351	15.7%	11.3%	NM	26.4%	4.1x
 RSG SPECIALTY GROUP	\$53.85	94.3%	\$5,134	\$2,172	\$89	22.1%	4.1%	24.6%	NM	72.4x*
 The Baldwin Group	\$34.19	94.9%	\$4,265	\$1,068	NM	3.2%	NM	87.5%	NM	NM
 goosehead INSURANCE	\$61.54	66.3%	\$1,602	\$268	\$16	15.9%	6.0%	28.0%	NM	96.8x*

**Average** 18.1% 11.2% 16.8% 16.5% 19.1x

**Median** 18.4% 9.6% 10.9% 17.1% 21.1x

Sources: Capital IQ as of 06/07/24.

\*Denotes statistic outliers



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# Market Overview

## Public Companies Detail - Insurance Services

Company		Headquarters	Company Description
American International Group		New York, NY	Provider of insurance and financial services, offering a wide range of solutions through multiple subsidiaries.
The Progressive		Mayfield, OH	Underwriter of private and commercial auto insurance and specialty lines.
Marsh & McLennan		New York, NY	Provider of insurance and consulting services offering solutions in the areas of risk, strategy, and human capital.
Fidelity		Jacksonville, FL	Provider of title insurance, escrow, and other title-related services.
Aon		London, UK	Provider of risk management, insurance, reinsurance, brokerage, and human resource services.
MetLife		Providence, RI	Provider of life insurance and a variety of other insurance and financial related products.
Aflac		Columbus, GA	Provider of supplemental health and life insurance with specialty lines and broad product offerings like accident, dental, and vision.
Arthur J. Gallagher & Company		Rolling Meadows, IL	Provider of insurance brokerage and consulting services to middle-market entities.



# Market Overview

## Public Companies Detail - Insurance Services (cont.)

Company		Headquarters	Company Description
Prudential Financial		Newark, NJ	Provider of diversified insurance and financial services with offerings in annuities, life insurance, retirement planning, and asset management.
Allstate		Northbrook, IL	Provider of property and casualty insurance with a diverse range of offerings.
Willis Towers Watson		England, UK	Provider of global advisory, broking, and solutions designed to manage risk and optimize benefits.
Brown & Brown		Daytona Beach, FL	Provider of insurance and brokerage services primarily in the areas of property, casualty, and employee benefits.
Lincoln Financial Group		Radnor, PA	Provider of a diverse range of insurance and financial services with a focus on life insurance, annuities, and retirement planning.
Ryan Specialty Group		Chicago, IL	Provider of specialty products and solutions for insurance brokers, agents, and carriers.
Baldwin Group		Tampa, FL	Provider of insurance distribution services supporting business insurance, benefits consulting, and personal insurance.
Goosehead Insurance Agency		Westlake, TX	Operator of an insurance agency offering homeowners insurance, auto insurance, and other specialty lines.



# Select M&A Transactions

Deal Date	Target	Target Description	Buyer/Investor	TEV (\$M)
06/10/24	Meyers Glaros	Operator of an insurance brokerage agency offering employee benefits, business insurance, and personal insurance.	Hub International (Hellman & Friedman)	N/A
06/07/24	McNamara Company	Operator of an insurance agency offering various types of insurance products including commercial insurance, farm insurance, business insurance, mortality insurance, personal insurance and many more.	Brown & Brown (NYSE: BRO)	N/A
06/05/24	Om Suscripcion De Riesgos	Operator of an underwriting agency intended to offer surety insurance for small and medium-sized enterprises in the construction sector.	+Simple	\$43
06/05/24	Assured Health Group	Provider of individual health insurance plans based in West Palm Beach, Florida.	Alliant Insurance Services (Stone Point Capital)	N/A
06/03/24	German American Insurance	Provider of insurance services intended for individuals and small businesses.	The Hilb Group (The Carlyle Group)	\$40
06/03/24	RMIC Companies	Operator of a mortgage insurance company based in Winston-Salem, North Carolina.	Arch Capital Group	\$140
06/03/24	Fisher Brown Bottrell Insurance	Provider of insurance services, offering commercial property/casualty insurance, surety and employee benefits services to businesses and individuals.	Marsh & McLennan (NYSE: MMC)	\$345
05/27/24	1Life Insurance	Provider of life insurance and financial services catering to the South African region.	Clientèle (JSE: CLI)	\$104
05/22/24	Pacific Indemnity Underwriting Solutions	Operator of an boutique underwriting agency focusing in professional risk insurance products.	AUB Group (ASX: AUB)	\$150
05/21/24	Silveus Insurance Group	Provider of crop insurance services intended to financially protect farmers against agricultural risks.	Risk Strategies Company (Kelso & Company)	N/A
05/21/24	ISU Coverall Insurance Group	Provider of personal and commercial insurance services.	Inszone Insurance Services (BHMS Investments)	N/A
05/16/24	BNF Insurance Services	Operator of an insurance broker firm, providing insurance for vehicles, property, creatives, businesses, commercial combined and cyber.	Brown & Brown (NYSE: BRO)	N/A

Sources: PitchBook, Capital IQ



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## Select M&A Transactions (cont.)

Deal Date	Target	Target Description	Buyer/Investor	TEV (\$M)
05/16/24	Garratts Insurance Brokers	Provider of insurance brokerage services intended for the motor trade, education, food, hospitality and retail sectors.	Brown & Brown (NYSE: BRO)	N/A
05/07/24	RISE Partners	Provider of personal and commercial insurance and employee benefits in Louisville, Kentucky.	Highstreet Insurance Partners (Abry Partners)	N/A
05/06/24	Barnard Insurance Agency	Provider of insurance services offering auto, home, life, and commercial insurance.	Higginbotham (Stone Point Capital)	N/A
05/06/24	Hignojos Insurance Agency	Operator of a brokerage firm specializing in commercial and personal risk insurance.	USI Insurance Services (KKR)	N/A
05/06/24	TIH	Operator of an insurance broking agency intended to serve non-profit organizations, high-net-worth individuals, family offices and wealth advisory, commercial real estate and other industries.	Clayton, Dubilier & Rice	\$15,500
05/02/24	American Equity Investment Life Insurance	Provider of fixed index and fixed rate annuity products.	Brookfield Reinsurance (TSE: BNRE)	\$4,300
05/02/24	Lupton & Luce	Provider of insurance services offering a wide range of personal and commercial insurance such as automobile, home, business, and life insurance.	Patriot Growth Insurance Services (GI Partners)	N/A
05/02/24	WH&R McCartney	Provider of insurance broking services including motor trade, motor fleet, professional indemnity, and more.	Acrisure (Blackstone)	N/A
04/25/24	You Sure	Provider of insurance mortgage services intended for insurance policies that match individual wishes and needs.	IK Partners	\$537
04/25/24	NFP	Provider of corporate benefits, insurance and wealth management services, specializeing as an insurance broker and consultant that provides employee benefits, property, casualty and retirement services.	Aon (NYSE: AON)	\$13,400
04/18/24	HealthSure	Provider of insurance services for rural hospitals, specializing in employee benefits, assets insurance, and medical insurance.	Alera Group (Flexpoint Ford)	N/A
04/18/24	Allianz Saudi Fransi Cooperative Insurance	Provider of comprehensive insurance solutions in the areas of medical, protection and saving, motor, engineering, property and other general insurance.	Abu Dhabi National Insurance Company (ADS: ADNIC)	\$260

Sources: PitchBook, Capital IQ



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## Select M&A Transactions (cont.)

Deal Date	Target	Target Description	Buyer/Investor	TEV (\$M)
04/16/24	JRG Reinsurance Company	Provider of reinsurance services intended to serve small to medium-sized specialty companies, specialty divisions of larger companies, and regional carriers.	Fleming Reinsurance (Altamont Capital Partners)	\$277
04/16/24	Bristol Marine Insurance	Provider of insurance brokerage services primarily intended for the marine sector.	AssuredPartners (GTCR)	N/A
04/09/24	AIG Life	Provider of insurance products intended to serve individuals, families and businesses.	Aviva (LON: AV)	\$574
04/03/24	RSA Insurance	Provider of home and pet insurance services based in the United Kingdom.	Admiral Group (LON: ADM)	\$146
04/02/24	All Star Insurance	Operator of an insurance agency focused on the trucking industry.	PCF Insurance Services of the West (HGGC)	N/A
04/01/24	Ebix	Operator of a life Insurance and annuity business based in the United States.	Zinnia (Eldridge Industries)	\$400
03/18/24	Singlife	Operator of an insurance brokerage company specializing in offering policy quotes from various distributors as well as providing various investment solutions.	Sumitomo Life Insurance Company	\$3,432
03/01/24	TUA	Provider of insurance products and services specializing in a range of products which includes car, home, personal and corporate insurance.	Fondo pensione aperto Allianz Previdenza	\$302
02/01/24	Liberty Seguros	Provider of insurance services catering to individuals and companies, offering car insurance, home insurance, life insurance, and commercial to multi risk insurance for small and medium businesses.	Assicurazioni Generali (MIL: G)	\$2,508
01/05/24	Risksmith Insurance Services	Provider of specialty insurance products designed to protect businesses from unique risks.	AmWINS (Genstar Capital)	N/A
01/05/24	Optiom	Provider of specialty insurance services intended for drivers.	Aviva (LON: AV)	\$127
01/02/24	Corvus	Provider of commercial insurance services and insurance coverage.	Travelers Companies (NYSE: TRV)	\$427

Sources: PitchBook, Capital IQ

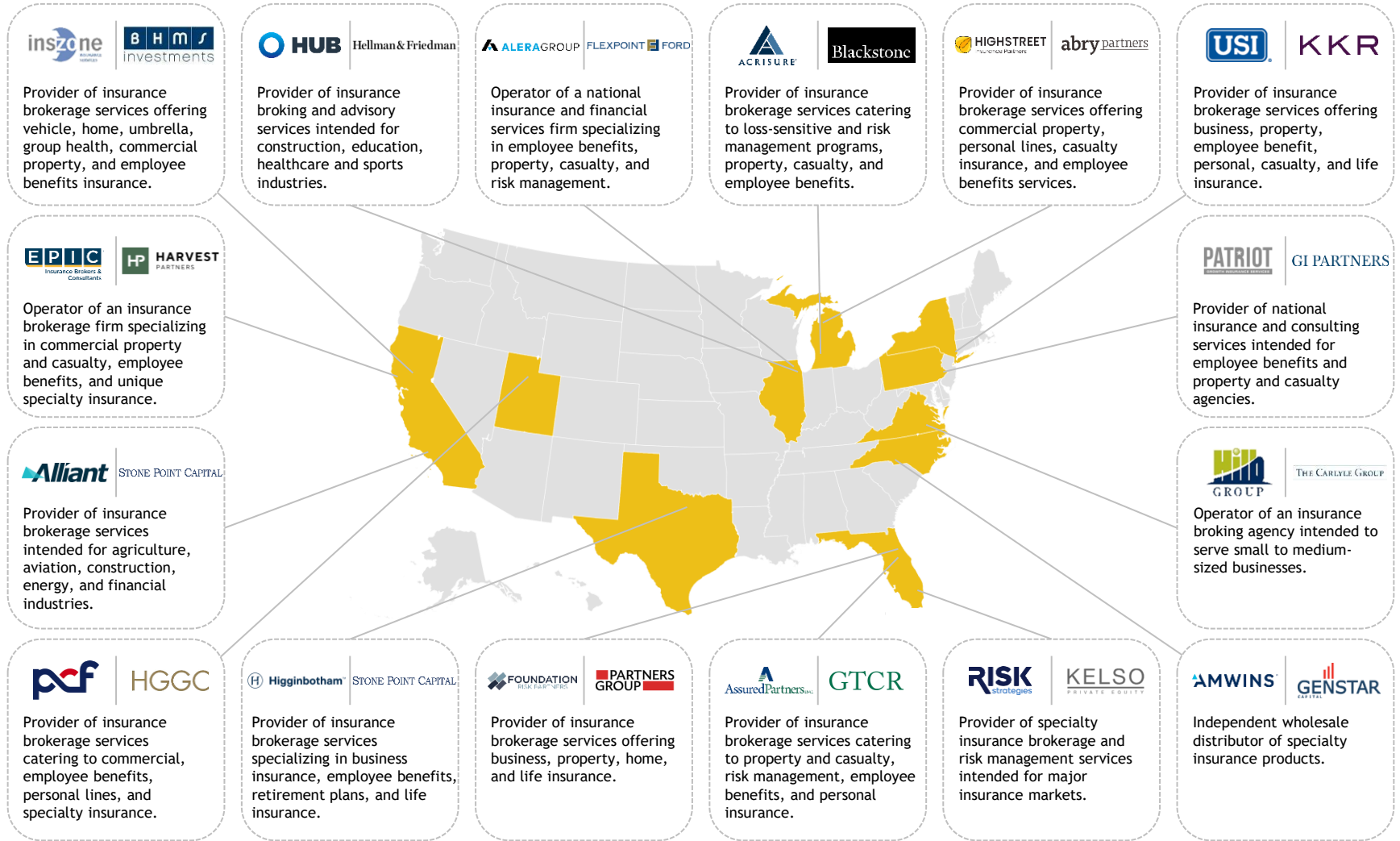


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# Insurance Services Private Equity Platforms



Sources: PitchBook, Capital IQ, PGP

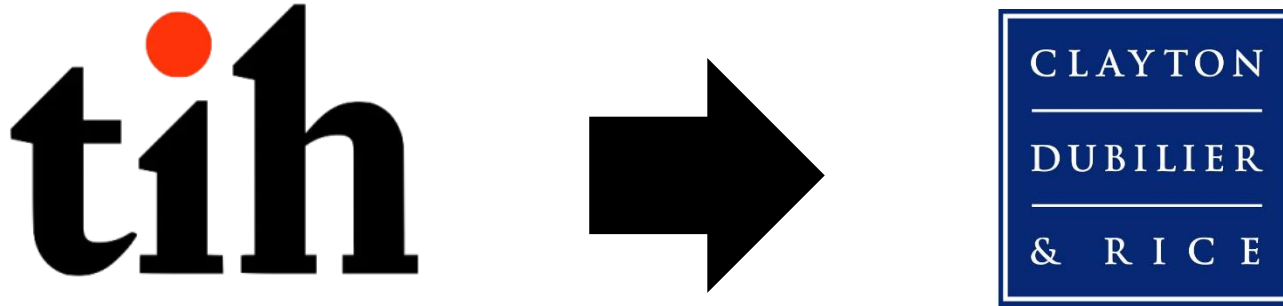


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# Market-Moving Development

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In May 2024, Clayton, Dubilier & Rice completed a LBO of TIH for **\$12.4B**, valuing TIH at an Implied Enterprise Value of **\$15.5B**.

## About TIH

The company is an operator of an insurance broking agency intended to serve non-profit organizations, high-net-worth individuals, family offices and wealth advisory, commercial real estate, and other industries. The company offers commercial property and casualty, corporate bonding and surety services, management liability, captives and alternative risk transfer programs, thereby enabling clients with comprehensive cost-competitive insurance protection.

## About Clayton, Dubilier & Rice

The private equity firm was founded in 1978 and is based in New York City. The firm prefers to invest through means of buyouts, carveouts, corporate divestiture, and growth capital focused on business services, consumer/retail, financial services, healthcare, industrials, and technology sectors in North America and Western Europe. They have invested in over 100 companies, totaling over \$140B in transaction value.

## Acquisition Implications

The announced LBO of TIH will further Clayton Dubilier & Rice's position in the insurance services space.

By adding TIH, Clayton, Dubilier & Rice strengthens its position in insurance brokerage and extends its offerings of highly valued products and brands. This acquisition will add a scalable new growth platform that will accelerate the company's long-term enterprise growth strategy. The transaction will strengthen the company's balance sheet and enhance strategic flexibility to invest. This LBO signals a larger trend of consolidation of the insurance brokerage market and will add significant diversification to Clayton, Dubilier & Rice's already expansive portfolio.



## Market-Moving Development (cont.)

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In December 2023, Aon (NYSE: AON) announced that they entered into a definitive agreement to acquire NFP for **\$13.4 billion**.

### About NFP

The company is a provider of corporate benefits, insurance, and wealth management services. It is intended to serve middle-market companies, financial advisors, and high-net-worth individuals. The company specializes in insurance brokerage and consulting, providing a vast array of services like employee benefits, property, casualty, and retirement services. Benefits and life insurance services was their main driver of revenue, contributing nearly \$1.2 billion in 2023.

### Aon (NYSE: AON)

The company is a global leader in insurance and reinsurance brokerage and human resource solutions. Its operations are reliant on its brokerage operations; however, it also provides other services like risk mitigation and human capital solutions. The company is headquartered in London and maintains a global presence with offices in 120 countries.

### Acquisition Implications

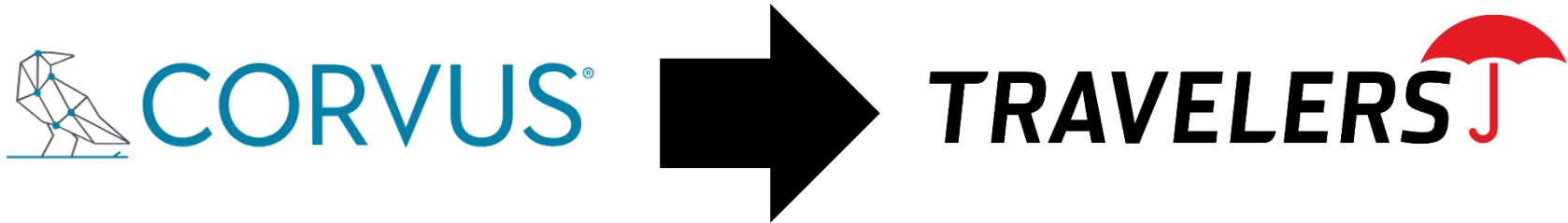
The announced acquisition of NFP will further Aon's (NYSE: AON) position in the insurance services space.

By adding NFP, Aon strengthens their market position by expanding their client base and service offerings. They also gain greater leverage in the middle-market sector due to NFP's years of expertise. Additionally, their expansion of property and casualty brokerage, benefits consulting, wealth management, and retirement planning will allow Aon to provide a more holistic solution for their clients. NFP will benefit by securing access to Aon's global reach and advanced technology.



## Market-Moving Development (cont.)

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In January 2024, Travelers Companies (NYSE: TRV) announced that they entered into a definitive agreement to acquire Corvus for \$427 million.

### About Corvus

The company is a provider of commercial insurance services intended to improve risk section and management. They offer insurance coverage using large quantities of data and AI to extract customer-specific data to develop scoring, inform underwriting decisions, and guide loss reduction. Overtime, it has grown into an intercontinental company that aims to protect organizations from cyber threats.

### About Travelers Companies (NYSE: TRV)

The company offers a broad product range and participates in both commercial and personal insurance lines. Its commercial operations offer a variety of coverage types for companies of any size but concentrates on midsize businesses. Its lines are split evenly between auto and homeowners insurance. They have over 30,000 employees and 13,500 independent agents and brokers across the United States, Canada, and the United Kingdom.

### Acquisition Implications

The announced acquisition of Corvus will further Travelers' (NYSE: TRV) position in the insurance services space.

By adding Corvus, Travelers Companies expands its distribution network and will be able to reach a wider range of clients. This strategic move also strengthens Travelers Companies' foothold in cyber insurance as Corvus controls a substantial amount of IT infrastructure. Travelers Companies' capability and size will allow Corvus to increase its credibility and innovate at a faster rate.



# HPC Overview

- Founded in 2000 by the prior heads of investment banking coverage groups at Raymond James
- Advised on **300+ transactions** and has been a consistent leader in providing independent and unbiased strategic counsel and advisory services to global sellers and buyers of middle-market firms
- Diverse team with extensive execution experience across all areas of Insurance Services
- Bulge bracket capabilities with a boutique touch



- Offices In:
- Tampa, FL (Headquarters)
  - Miami, FL
  - Nashville, TN
  - San Francisco, CA

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- Global Finance World's Best Investment Bank (Southeast Region)



- Ernst & Young Entrepreneur of the Year (Florida Region, Financial Services)

