

Sica | Fletcher

In Their Own Words...What the Buyers Say About
Themselves

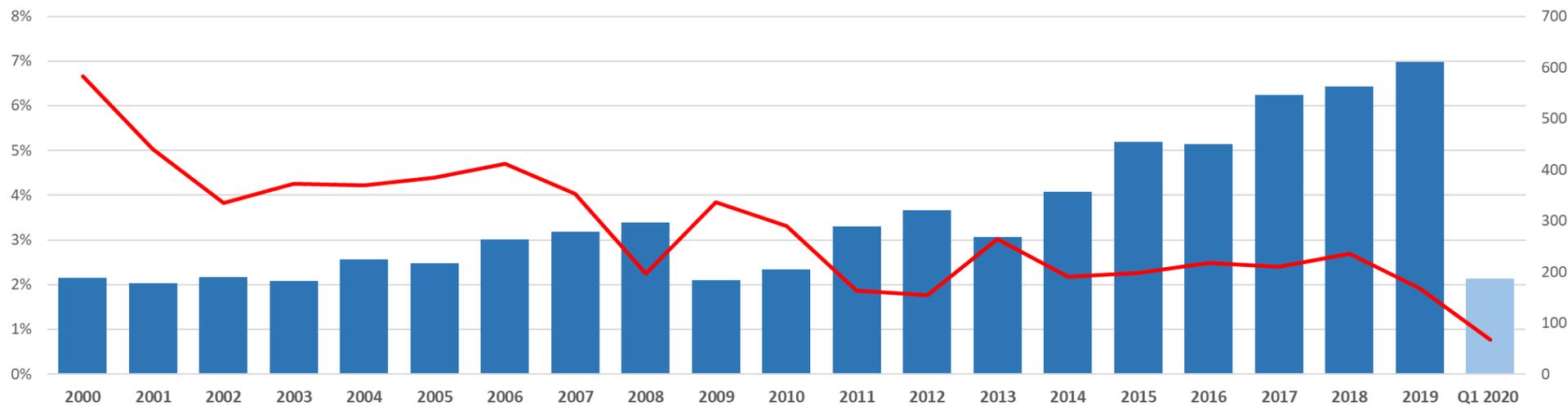
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In 2000, the 10-Year Treasury hovered around 7% and publicly-traded insurance brokers and large commercial banks constituted the largest buyer groups for insurance brokers. Today, the 10-Year is under 1% and private equity (PE) backed platforms have emerged as the dominant buyers; there are now over 30 major private equity backed brokers. Interest by PE firms in investing in agencies and the low cost of debt have fueled the M&A boom.

From large, publicly traded suitors, to early stage PE backed distribution platforms, and every iteration in-between, agencies have a myriad of partners to choose from. The key is selecting one that aligns with the mission, values, and priorities of the agency. We asked some of the most active buyers to tell us in their own words, **“why should an agency partner with you?”**

10 Year Treasury Yield

Agency and Broker Deals by Year



* As reported by S&P Global

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Publicly Traded Buyers Featured



Privately Backed Buyers Featured



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- \$2 billion in estimated revenue;
- 99 acquisitions in 2019, 19 in Q120;
- Headquartered in Lansing, MI;
- Majority owner: Management.

<https://acrisure.com>

“Acrisure is the fastest growing insurance broker in industry history, and one of the top 10 brokers globally. We deliver the highest quality insurance solutions through our growing global network. We acquire growing businesses with great leaders to help us create significant value for our shareholders by promoting autonomy and keeping the cultures intact locally. Instead of disrupting an agency's success by imposing change, we offer a partnership that honors and celebrates their strengths. The people, and entities, who own over 85% of Acrisure's common stock are the Agency Partners and the Management team. The non-disruptive approach, ownership structure and our control of the Board of Directors allows us to truly control the destiny of Acrisure and sets us aside from any of our competitors.”

“Alera Group is an independent national insurance agency focused on Property & Casualty, Employee Benefits, Retirement Services, and Wealth Management. Our goal is to deliver exceptional client experiences and the best possible outcomes—positively impacting our clients, employees, and communities where we live and work. Since our founding in 2017, Alera has grown from \$150 million in revenue to approximately \$485 million in revenue, with over 80 offices across the country. Our growth has been driven by strong organic growth of 7% and acquiring like-minded partners who share in our vision and values, including:

- ✓ Long-term commitment to Alera Group
- ✓ Shared culture and values
- ✓ Willing to collaborate
- ✓ Entrepreneurial spirit
- ✓ Commitment to growth & profitability
- ✓ Desire for equity ownership in Alera Group



- \$485 million in estimated revenue;
- 23 acquisitions in 2019, 5 in Q120;
- Headquartered in Deerfield, IL;
- Majority owner: Gencap.

<https://alragroup.com>

In Their Own Words...What the Buyers Say About Themselves



- \$250 million in estimated revenue;
- 25 acquisitions in 2019, 8 in Q120;
- Headquartered in Richmond, VA;
- Majority owner: The Carlyle Group.

<https://hilbgroup.com>

“The Hilb Group: Partners Together, Endless Possibilities... The Hilb Group provides a unique opportunity to join a dynamic, high-growth organization built around successful, entrepreneurial-minded agency leaders, united in the common goals of growing our business, increasing shareholder value, and creating greater opportunities for our associates. Under our agency-centric operating model, you maintain significant autonomy in running your business. We take the administrative burden off your plate (HR, payroll/benefits, IT, accounting, etc.) and provide access to significant additional resources and technology, allowing you to focus your time where it matters most—working with your clients and developing new business. Our leaders are fully aligned through their equity ownership in the company, which promotes a collaborative environment of cross-selling and leveraging expertise for greater growth across the enterprise. We have made significant investments in leadership development, sales training, and producer recruitment, which provide significant professional development and career growth opportunities for our next generation of leaders. Joining the Hilb Group team allows you to take the successful business you’ve built to the next level, and beyond. Come Grow With Us!”

“Risk Strategies is a place where collaborative, like-minded insurance professionals can work in a creative environment where the employee and the client both come first. We are one of very few PE backed brokers with a single equity capital structure, meaning we stand right beside, and not behind, our PE partner in a recapitalization event. Our approach to leverage puts us in a very strong position where we carry one of the lowest leverage ratios as compared to our peers. As a specialty broker our intellectual capital within the verticals where we choose to compete is best in class; those include but aren’t limited to private equity, healthcare, employee benefits, fine arts, private client, real estate, marine, transportation, higher education, captives, and entertainment. In addition, our sister company, One80 Intermediaries, leverages our expertise and data to develop and provide product solutions to our practices. If your clients, employees, and wealth creation are at the center of your thought process as you pick a partner moving forward, few opportunities will resonate in the way that the Risk Strategies opportunity will for you and your future.”



- \$700 million in estimated revenue;
- 21 acquisitions in 2019, 5 in Q120;
- Headquartered in Boston, MA;
- Majority Owner: Kelso.

<https://risk-strategies.com>

In Their Own Words...What the Buyers Say About Themselves



- \$64 million in estimated revenue;
- 6 acquisitions in 2019, 5 in 1Q20;
- Headquartered in Woodland Hills, CA;
- Majority owner: HGGC.

<http://pcfoy.com>

“PCF is an established leader yet dynamic, rising star in the retail insurance brokerage world. We have widely recognized practices across all industries in commercial, employee benefits, and personal lines and have preferred appointments with all of the blue-chip carriers. Recently backed by HGGC—a leading middle-market private equity firm with an enviable track record in insurance—PCF is freshly capitalized and poised for rapid strategic growth. Our fundamental philosophy is that our agency partners have proven they are fantastic entrepreneurs and business leaders, so much so that we wanted them to join us as part of the PCF family. And we are determined to do everything we can to preserve what’s made your business great. Our approach from the first meeting through the many years together as partners is to empower you to continue the remarkable path you’ve carved out as the leader/entrepreneur of your business. No playbooks, no top-down mandates, and no centralized systems. We’ve built a reputation for moving decisively with the tact and professionalism of a true partner that always follows through on its commitments. We are eager to find like-minded business builders with which to grow PCF. Come join the PCF family!”

“USI is one of the largest insurance brokerage and consulting firms in the world with ~\$2.0 billion in revenues, delivering property and casualty, employee benefits, personal risk, program, and retirement solutions to large risk management clients, middle market companies, smaller firms, and individuals. Headquartered in Valhalla, New York, USI connects over 7,500 industry-leading professionals from approximately 200 offices to serve clients’ local, national, and international needs. USI has become a premier insurance brokerage and consulting firm by leveraging the USI ONE Advantage®, an interactive platform that integrates proprietary and innovative client solutions, networked local resources, and enterprise-wide collaboration to deliver customized results with positive, bottom line impact. USI attracts best-in-class industry talent with a long history of deep and continuing investment in our local communities”



- \$2 billion in estimated revenue;
- 17 acquisitions in 2019, 6 in Q120;
- Headquartered in Valhalla, NY;
- Majority owner: KKR.

<https://usi.com>

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BroadStreet — Partners —

- \$800 million in estimated revenue;
- 34 acquisitions in 2019, 16 in Q120;
- Headquartered in Columbus, OH;
- Majority owner: Ontario Teachers' Pension Plan.

<https://broadstreetcorp.com>

“BroadStreet Partners is a leading insurance brokerage holding company that invests in select, entrepreneurial, high-performing independent agencies that are seeking support for continued growth and a solution for ownership succession. At BroadStreet, we use a unique co-ownership model that has created ownership opportunities for more than 300 management owners and allows our partners to fully participate in the financial rewards and value creation of their hard work. We are focused on building a long-term sustainable company that creates an environment in which independent agencies can thrive. Our partners maintain their operational autonomy and BroadStreet supports their growth. We invest in new producers, processes, and data analytics to drive organic growth, and we enable our partners’ tuck-in acquisition strategies by providing a stable source of capital, legal support, and transaction experts. Our partners have access to a network of best-in-class agency leaders, insurance solutions, and risk management professionals, backed by the scale of the 15th largest broker in the United States.”

“HUB is a full-service insurance brokerage providing property, casualty, risk management, life & health, employee benefits, investment and wealth management products and services across North America. We have become the 5th largest brokerage in the world by delivering best-in-class risk services and loss control through our dedicated specialists, integrated sales tools to support our salesforce, and industry expertise our clients expect. We are also leading the digital transformation of the brokerage industry with our award-winning web presence, our high-impact marketing programs, and our continuing investments in information, communication, and collaboration technologies that empower brokers and advisors to serve clients with ever greater efficiency. Like you, we’re energetic, ambitious entrepreneurs. We understand our markets as you understand yours, and we champion your independence to pursue your potential. Partner with HUB and combine the local autonomy you strive for with our Fortune 500 resources and, together, be the top middle market broker in the space.”



- \$2.2 billion in estimated revenue;
- 74 acquisitions in 2019, 17 in Q120;
- Headquartered in Chicago, IL;
- Majority owner: Hellman & Friedman.

<https://hubinternational.com>

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High Street
INSURANCE PARTNERS

- \$55 million in estimated revenue;
- 5 acquisitions in 2019, 3 in Q120;
- Headquartered in Traverse City, MI;
- Majority owner: Huron Capital.

<https://.highstreetpartners.com>

“High Street Insurance Partners allows you the opportunity to tap into a network of specialized partners to enhance your client relationships. You work with firms who thrive in close-knit communities, where personal relationships with clients and colleagues are and will remain the top priority. Our partners are chosen for their track records of success, professionalism, and commitment to excellence. With offices throughout communities in Michigan, New York, and Pennsylvania, High Street is looking for partners to help build a similar organic strategy in new states, focusing on what’s the most important: the client. “

“Relation Insurance Services is committed to helping our customers navigate their myriad insurance needs by building relationships and leveraging the right mix of people, partnerships, processes, and technologies. Our goal is to build a 100-year-old company by having the best talent, tools, and strategies in the industry. We take a thoughtful approach to our growth, with an emphasis on partnering with firms that share our culture, passion and vision. We’ve built our strengths in specialized industries, including (but not limited to) agribusiness, construction, higher education, manufacturing, employee benefits, public entity, non-profit, senior living, transportation, captives, and technology. Our capital structure with our private equity partner is comprised exclusively of common equity – in any recapitalization, all shareholders are on same footing. This model allows for meaningful equity ownership and significant wealth creation opportunity. There are a tremendous amount of options for you and your firm—Relation’s solutions, capabilities, and entrepreneurial environment allows our partners to best serve all of your stakeholders—employees, clients, and yourselves.”



- \$110 million in estimated revenue;
- 7 acquisitions in 2019, 2 in Q120;
- Headquartered in Walnut Creek, CA;
- Majority owner: Aquiline Capital Partners.

<https://relationinsurance.com>

In Their Own Words...What the Buyers Say About Themselves



- \$6.2 billion in revenue;
- 50 acquisitions in 2019, 8 in Q120;
- Headquartered in Chicago, IL;
- NYSE: AJG.

<https://ajg.com>

“When you become part of Gallagher, you gain the knowledge of a worldwide leader with over 90 years of insurance innovation. We believe that our culture makes us unique and that we have value to offer that is unlike our competitors in the insurance brokerage world. Clients new to our family benefit from the scale only an organization like Gallagher can provide, including greater market reach, a wealth of global expertise, and access to new and evolving technologies dedicated to improving risk management strategies and solutions—all while maintaining local community ties. Employees will benefit from joining Gallagher as well. Developing talent across career spectrums, from interns to mid-career, is a key part of Gallagher's growth strategy. Joining Gallagher means your team has the opportunity to advance its skills and participate in projects to move your community and business forward. As proud as we are of our growth, we're even more proud that we've been able to maintain Gallagher's unique culture and commitment to ethics as we move into new markets.”

“We are a company made of highly competitive insurance professionals who always put our customers first to drive growth. We operate as a meritocracy that promotes and rewards individual initiative and team success. Our business has been built and is led by insurance professionals. Over 90% of our senior leadership team has made their careers in the insurance industry. Further, we are proud of the post-earnout tenure of those who sell to us. We look for acquisitions (and design deal structures) where Sellers are motivated to stay on our team post-earnout, take leadership roles in the organization, and leverage our resources to achieve their personal and professional goals. Each of our locations retains their independence within our overall sales culture, making most business decisions, such as hiring/firing teammates, engaging with specific carriers, and focusing on certain market niches, at the local level. We are built as a Forever Company and make investments in our business with that mindset. Examples of this are our creation of a world-class Brown & Brown University that trains and develops both producers and service staff, our commitment to intentional and well-executed acquisition integrations, and continued investments in our innovation and analytical capabilities that enhance our ability to leverage resources across our various businesses.”



- \$2.4 billion in revenue;
- 23 acquisitions in 2019, 5 in Q120;
- Headquartered in Daytona Beach, FL;
- NYSE: BRO.

<https://bbinsurance.com>

In Their Own Words...What the Buyers Say About Themselves



- \$2 billion in revenue;
- 5 acquisitions in 2019, 2 in Q120;
- Headquartered in New York, NY;
- NYSE: MMC.

<https://mmc.com>

“Marsh and McLennan Agency (“MMA”) is a separate wholly owned subsidiary of Marsh, one of the world’s largest insurance businesses. MMA was founded approximately 10 years ago as a means to build a presence for Marsh & McLennan Companies in the middle market for business insurance, employee health & benefits, private client, and retirement advisory services. MMA seeks to partner with only the highest quality firms in the country with strong leadership, highly engaged colleagues, and focus on clients, communities, and carrier partners. MMA is the “partner of choice” for the highest quality firms through its long-term strategic vision, access to leading resources and capabilities in an entrepreneurial environment and commitment to maintaining the culture of our partners. MMA adds 7-8 new partners annually and since our founding in 2009, we have added 78 high-quality agencies, and today are approaching \$2 billion revenue with over 7,200 colleagues and 1,260 producers.”