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ReaganView

Predictably Record-Breaking

To our friends and clients,

The stats on the 2018 M&A market are in and the results are predictably off of the charts. Per SNL research, agent & broker M&A deals outpaced 2017 totals by approximately 7%, setting a new high of 597 deals announced. We're in uncharted territory with the current M&A market, and the totals in the chart below represent only announced transactions. With many buyers – including very active buyers like Acrisure and BroadStreet – choosing not to announce all transactions, the actual deal total in our space is much higher. Our guess is that the industry is seeing deal counts that are more than double the deal counts from just 4-6 years ago.



The M&A volume is driving significant consolidation – there are now 13 brokers with over \$1 billion in annual revenue. Five years ago, there were only 7. Of the 13 brokers in the billionaire's club, six are private-equity backed. Led by these brokers, private equity completed almost 60% of the 597 announced transactions in 2018. The number of brokers chasing \$1 billion is also significant, with the likes of BroadStreet, EPIC and Risk

We believe that the consolidation frenzy at the top end of the market will continue to drive deal activity. In addition, agency performance continues to be strong (independent agent and brokers are predicting a 7.0% organic growth rate in 2019) and the economy, though slowing, continues at an adequate pace for agents and brokers. Record valuations don't hurt the M&A market, either. In 2018, we saw a measurable increase in multiples – could they go even higher in 2019? Either way, the private equity-driven land grab shows no signs of slowing down.

Brian Deitz
Partner/Reagan Consulting



ReaganView is Reagan Consulting's forum for providing an occasional perspective on issues and opportunities relevant to the insurance distribution system

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Congratulations to the firms we had the honor of representing in late 2018

Reagan Securities served as financial advisor to	Reagan Securities served as financial advisor to	Reagan Consulting served as financial advisor to	Reagan Consulting served as financial advisor to	Reagan Consulting served as financial advisor to
Tyler Insurance Agency El Cerrito, CA	Wellington Associates Jackson, MS	Eustis Insurance & Benefits Manning, LA	Rodman Insurance Agency, Inc. Joplin, MO	R.T. Beers & Co. Ins. Services Long Beach, CA
In its sale to	In its sale to	In its sale to	In its sale to	In its sale to
Arthur J. Gallagher & Co. 2018	Arthur J. Gallagher 2018	Marsh & McLennan Agency 2018	Brown & Brown Insurance 2018	Arthur J. Gallagher & Co. 2018

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Congratulations to the firms we had the honor of representing in M&A transactions that closed late in 2018.

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