

ACTIVE INSURANCE SERVICES SECTOR CONTINUES TO SEE CONSOLIDATION THROUGH M&A

INSURANCE SERVICES SECTOR UPDATE | DECEMBER 2024



**CAPSTONE
PARTNERS**

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Insurance Services

Active Insurance Services Sector Continues to See Consolidation through M&A

KEY SECTOR TAKEAWAYS

Capstone Partners' Financial Technology (FinTech) & Services Group is pleased to share its inaugural Insurance Services report, with insights and analysis on sector trends, buyer activity, and public company performance. Merger and acquisition (M&A) activity in the sector has moderated through year-to-date (YTD) October 21, however, the fragmented nature of the sector offers optimism for future growth. Additionally, the sector's three main segments—Insurance Distribution, Claims Services, and Underwriters & Specialty Carriers—have experienced increasing demand and attention from the Private Equity industry. Several additional key report takeaways are outlined below.

1. Transaction activity across the sector has softened YTD with 516 acquisitions announced or completed, a 17.7% drop year-over-year (YOY).
2. Despite below average deal activity YTD, sector fundamentals remain strong, bolstered by advances in insurance software providing easy market access for new entrants.
3. Record sales of annuity products, with a history of strong compound annual growth rates (CAGRs), have fueled growth in the Underwriters & Specialty Carriers segment.
4. The value of Property & Casualty (P&C) insurance premiums written has bounced back significantly following a slow-down in growth during 2020.
5. The Insurance Distribution space has experienced healthy organic growth, outpacing U.S. nominal gross domestic product (GDP) growth.
6. We believe that the Insurance Services space will continue to consolidate next year given strong fundamentals, consolidators, availability of capital, healthy valuation levels, and the need for seller liquidity. In addition, there will also be growth equity opportunities for equity and preferred investors. Debt investors in the Private Credit market will also have plentiful choices in this sector.

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To learn more about Capstone's wide range of advisory services and Insurance Services sector knowledge, please [contact us](#).

ROBUST FUNDAMENTALS UPHOLD INSURANCE SERVICES MARKET

Insurance Services has proven to be a thriving sector of the FinTech & Services industry due to its recession resilience and the advent of mature insurance technology (InsurTech). Sector participants have traditionally included distribution firms, claims management providers, underwriters, and insurance carriers, focused on a plethora of niche products. A robust track record of recurring revenue streams, meaningful organic growth, and healthy margin performance has upheld the broad and diverse offerings of the sector. These qualities have also made the Insurance Services sector a prime attraction for private equity dealmakers looking to scale independent players and achieve multiple arbitrage on their investments. Additionally, the dealmaking environment has been bolstered by the sector’s vast middle market (<\$500 million in enterprise value), which has comprised 76% of deals since 2019.

The rise and maturity of InsurTech has offered a low barrier to entry for new market participants and less capital-intensive startups. The majority of venture capital funding in the space was initially aimed at Insurtech startups which garnered a high of \$14.8 billion in equity financing in 2021, a 114.5% increase compared to 2019, according to Boston Consulting Group (BCG).¹ In recent years, the maturity of technology platforms and a drawdown in overall venture capital activity has slowed equity financing in the Insurtech space. However, mature InsurTech platforms have allowed for market participants across all areas of the sector to improve margin performance and increase their acquisition attention.

The Insurance Services sector has historically produced high margin businesses with recurring revenue profiles drawn from a recession resilient operating model. Through Insurtech advancements, market entrants have the ability to stand up new insurance businesses within a year. This has allowed for more nimble middle market operators who can achieve EBITDA margins of 30% or more. Large legacy operators in the Insurance Distribution segment have been able to achieve this level of EBITDA margin performance with traditionally higher costs and less flexible operating structures. Notably, Aon (NYSE:AON), Arthur J. Gallagher (NYSE:AJG), and Brown & Brown (NYSE:BRO) have all achieved at least 30% margins on their last-twelve-month (LTM) EBITDA. Additionally, Ryan Specialty Holdings (NYSE:RYAN), TWFG (Nasdaq:TWFG), and Willis Towers Watson Public (Nasdaq:WTW) achieved at least 20% margins on their LTM EBITDA. Margin performance from the largest players in the space has helped establish the Insurance Services sector as a recession resilient area for investment. While no industry is safe from market downturns and economic hardships, the Insurance Services space has shown defensibility in the face of recent recessions. Notably, the COVID pandemic caused growth in the value of P&C insurance premiums written to slow to 4.5% YOY in 2020, following annual growth of around 6% between 2018 and 2020, according to a McKinsey report.² Premiums rebounded in 2021, growing 9.6% compared to the prior year. Recession resilience has provided the Insurance Services sector with strong underlying fundamentals. These fundamentals, coupled with InsurTech advancements and margin strength, have provided sector participants with ample M&A opportunities.



Leading Public Brokers Report Healthy Margins

Company	Price 10/21/24	Enterprise Value (\$M)	LTM EBITDA Margin
Aon	\$357.43	\$95,425.9	34.5%
Arthur J. Gallagher & Co.	\$289.62	\$70,683.2	33.3%
The Baldwin Insurance Group	\$53.40	\$5,314.2	16.3%
Brown & Brown	\$106.05	\$33,487.9	35.0%
Goosehead Insurance	\$96.40	\$2,409.4	18.3%
Hagerty	\$10.47	\$1,346.0	10.8%
Marsh & McLennan Companies	\$222.06	\$122,233.4	32.1%
Ryan Specialty Holdings	\$69.80	\$10,399.0	28.1%
TWFG	\$31.06	\$485.0	20.0%
Willis Towers Watson Public	\$290.50	\$34,278.3	28.1%

Source: Capital IQ and Capstone Partners as of October 21, 2024



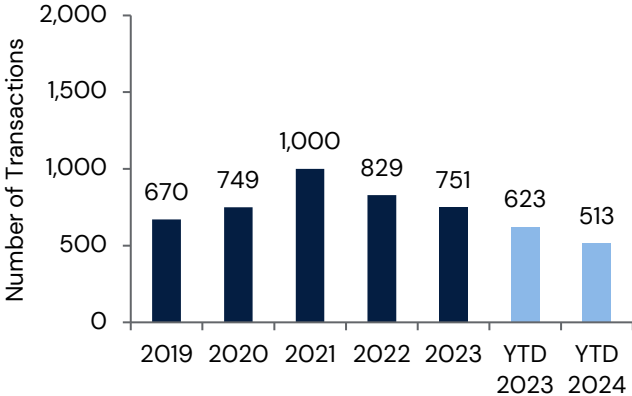
PE SHOWS HEAVY INTEREST IN SPACE DESPITE VOLUME MODERATION

The M&A environment in the Insurance Services sector has seen a high volume of consolidation, with transaction activity in YTD reaching 513 acquisitions announced or completed. Although this represents a 17.7% drop compared to the prior year period, sector fundamentals have remained strong and the broader dealmaking landscape is expected to improve in the near future. The sector has become a hotspot for private equity activity. Through YTD, private equity buyers have comprised 45.8% of total transactions compared to 40% in YTD 2023. The total number of add-on acquisitions to date has amounted to 211, outpacing 2019 levels by 3.4%. Add-ons have become the dominant form of private equity acquisitions in recent years because they typically require significantly less debt financing.

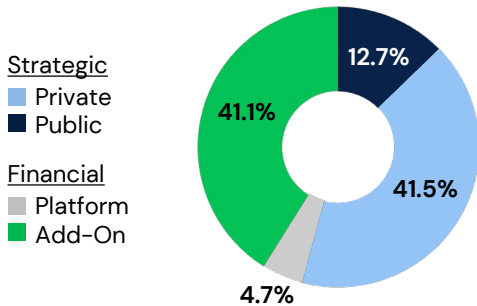
Private equity dealmakers have expressed interest in the sector due to a multitude of factors. First and foremost, the Insurance Services sector has displayed a 20-year plus track record of success for sponsors, beginning with Goldman Sachs Asset Management’s take-private acquisition of insurance distributor USI (January 2007, \$1.0 billion). The fundamentals of the sector have provided sponsors with attractive acquisition opportunities, as insurance spending has typically been a non-discretionary item for consumers. Additionally, the Insurance Services landscape has remained highly fragmented despite the high volume of consolidation. Independent service providers have comprised the bulk of acquisition targets, enabling sponsors to easily roll-up or scale smaller businesses. This has also allowed for multiple arbitrage where smaller businesses can garner double-digit EBITDA multiples, and scaled businesses can achieve premium valuations. Notably, multiples in the space have averaged 14.0x EV/EBITDA over the five-year period from 2019 through October 21, 2024.

Purchase multiples have typically been driven by both revenue growth and EBITDA margins, while rate cycles have also factored into pricing among buyers. The increasing availability of debt financing, including Federal Reserve interest rate cuts, has played an equal part in driving both M&A activity and earnings in the Insurance Services sector. As the dealmaking environment continues to improve, private equity interest is likely to catapult Insurance Services M&A forward.

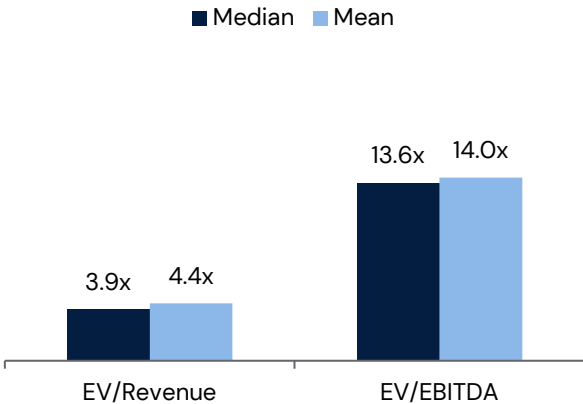
Insurance Services M&A Softens Year-Over-Year



Private Equity Buyers Use Portfolio Companies to Consolidate Space



Purchase Multiples Reflect Sector Strength
(Disclosed Multiples, 2019–YTD 2024)



Year to date (YTD) ended October 21
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners



INSURANCE DISTRIBUTION SEGMENT EXPERIENCES HEALTHY GROWTH

The Insurance Distribution segment has been a large factor in the growth of the Insurance Services market. M&A activity in this segment has been robust, driven by private equity buy-and-build strategies which have rapidly consolidated to gain scale for their portfolio companies. The insurance broker operating model has proven to be sustainable due to strong margin profiles and annually recurring revenue streams from sticky customer bases. These qualities have attracted private equity investors to the space. The Insurance Distribution segment has also shown a propensity for stability among volatile economic cycles. Median revenue growth among brokers rated by S&P has outpaced U.S. nominal GDP growth on an annual basis, including during 2020, when U.S. GDP fell 2% and median revenue grew 3%, according to S&P Global Ratings.³

Although consolidation has been historically strong, the middle market remains fragmented with many players competing for market share. In addition to private equity buyers targeting the space, larger strategic insurance brokers have begun to increase their acquisition activity. Insurance broker buyers have comprised 54.9% of total sector transactions through YTD. Notably, ALKEME and Arthur J. Gallagher have each completed 10 acquisitions to date, while Marsh & McLennan Agency has completed nine.

Notable Insurance Distribution M&A Deals



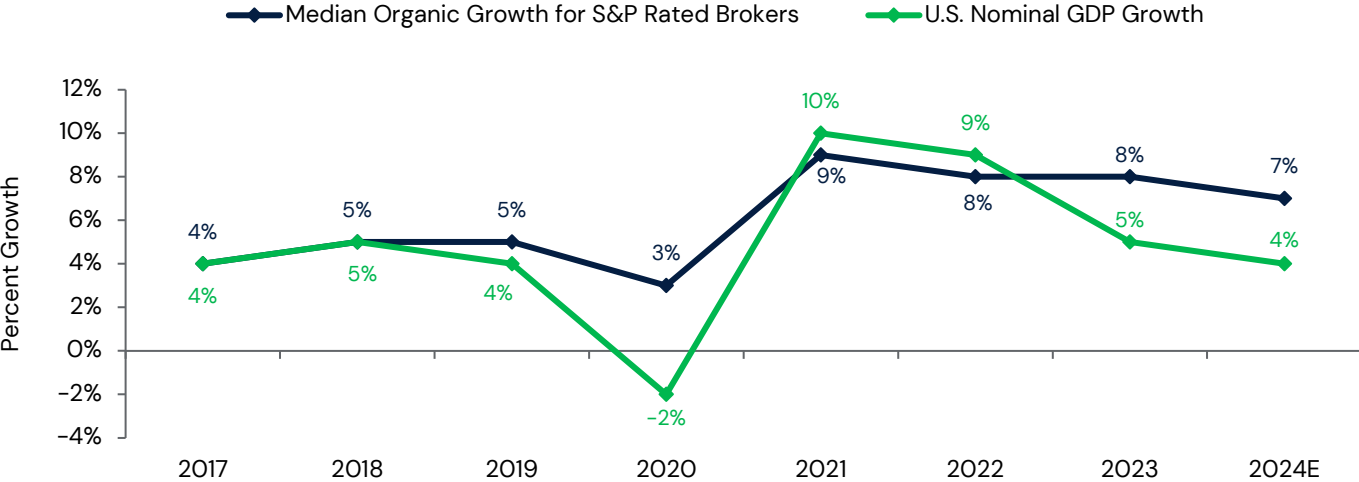
ANIXTER & OSER, INC
INSURANCE AGENTS & BROKERS

Inszone Insurance Services, a rapid acquirer in the Insurance Distribution space, announced its acquisition of Anixter & Oser in October for an undisclosed sum. Based in California, Anixter & Oser is an independent insurance agency, serving clients in the San Francisco area for more than 100 years. The acquisition fits Inszone’s strategic initiative of expanding its geographical footprint in key regional markets. Anixter & Oser is expected to retain operational control.



Kelly Benefits announced its acquisition of Gettysburg Benefits Administrators (GBA) in October for an undisclosed sum. GBA offers benefit administration technology focused on ancillary insurance. “GBA’s footprint within the Insurance industry will be a great addition for Kelly Benefits, enabling us to expand our reach and offerings to better service our customers,” said Kelly CEO Frank Kelly III, in a press release.⁴

Organic Growth Among Insurance Brokers Outpaces U.S. Nominal GDP Growth



Source: S&P Global Ratings and Capstone Partners



UNDERWRITERS & SPECIALTY CARRIERS BOLSTERED BY ANNUITIES

The Underwriters & Specialty Carriers segment has become a leading area of growth across the Insurance Services sector because of both the surging popularity of annuity products in the U.S. and innovative business models, such as managing general agents (MGA). MGAs are a popular and growing type of insurance provider which performs the functions of an insurance broker and is also vested with underwriting authority from an insurance carrier. This allows for the MGA to distribute insurance policies while determining the level of risk needed to underwrite a policy. This business model is innovative in that it adds an extra layer of risk management by combining brokers and underwriters, and it is also starting to be used more by insurance providers. Notably, the total MGA market reached \$102 billion in 2023, a 13% rise YOY, outpacing the P&C Policy market which grew 10% YOY, according to Conning.⁵

The growth of the segment has also been driven by annuity production. The total number of annuity sales in the U.S. has surged since 2019, despite a small dip in 2020, rising to \$382.9 billion in sales in 2023 through a 9.0% CAGR, according to S&P Global Market Intelligence.⁶ The rise of the MGA business model and the growth of annuity production have signaled optimism for acquirers targeting the segment. As new products hit the market and provide customers with more flexible options, M&A is likely to follow suit.

Notable Underwriters & Specialty Carriers M&A Deals

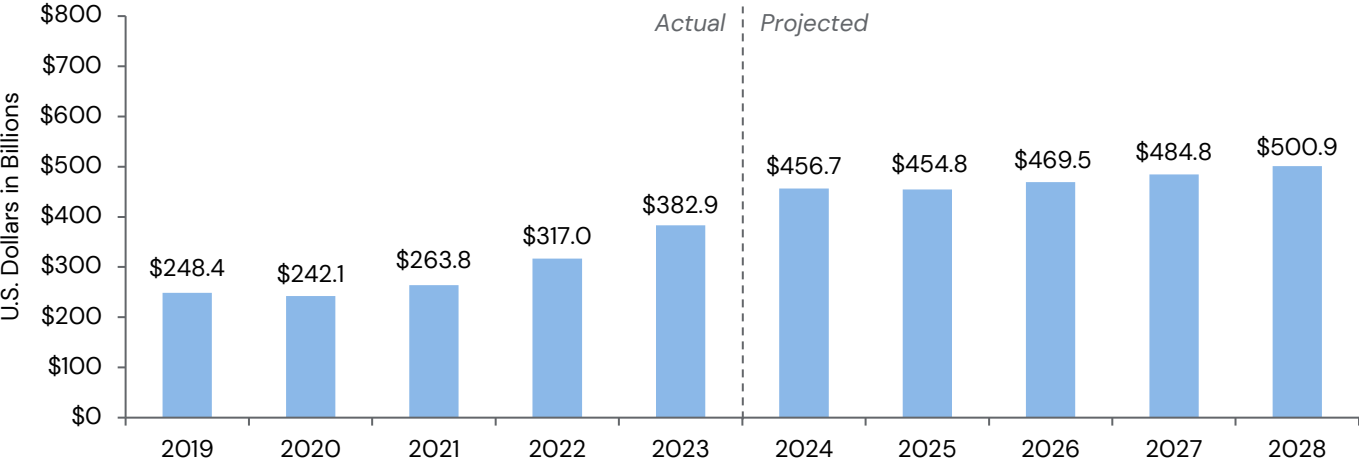


F&G Annuities & Life (NYSE:FG), a publicly traded subsidiary of Fidelity National Financial (NYSE:FNF), acquired First Nationwide Title Agency in October for an undisclosed sum. First Nationwide provides title insurance policies for commercial and residential real estate properties. The company was formerly a subsidiary of AmTrust Financial Services, which purchased First Nationwide in May 2016 for an enterprise value of \$48.4 million.



SageSure Insurance, one of the largest independent MGA operators focused on catastrophe-exposed markets, acquired GeoVera Insurance Group's MGA business line in April for an undisclosed sum. This follows GeoVera and SafePort Insurance's merger which created a new insurance company called GeoVera Nova. The two transactions highlight the growth of the MGA business model as a standalone venture.

U.S. Annuity Production Reaches at Record High, Projected for Future Growth



Source: S&P Global and Capstone Partners



CLAIM SERVICES SEGMENT TARGETS WELL POSITIONED END MARKETS

The Claims Services segment of the Insurance Services sector has experienced a shift towards embracing automation and software tools to improve efficiencies. This has increased the appetite of private equity investors towards the segment as an area of investment. The COVID pandemic quickly prompted claims management owner operators to adopt automation tools. Notably, 85% of claims management executives said they increasingly digitized employee interactions and engagement during the pandemic, according to a McKinsey survey.⁷ Private equity buyers may view this embrace of automation as an opportunity for value creation, given the scalable nature of software platforms.

Among claims management providers, Third Party Administrators (TPAs) have seen the most attention from market growth standpoint. The cost benefits that TPAs provide insurance companies have materialized in the Workers' Compensation and P&C end markets. The Workers' Compensation TPA market reached \$5 billion in 2023, up from \$4.2 billion in 2020, with large global TPAs comprising the largest share of the market, according to McKinsey.⁸ In the P&C TPA market, small regional TPAs increased their market share to 36% from 2020 to 2023, while the market as a whole reached \$5 billion in 2023. These end markets have offered the most optimism for M&A.

Notable Claims Services M&A Deals



Afore Insurance Services acquired Powers Insurance Services in October (undisclosed), expanding Afore's geographical footprint to the rapidly growing South Carolina market. Founded in 2019, Powers Insurance Services provides risk management services for insurance claims to both individuals and businesses. This acquisition is also expected to make Afore one of the largest insurance brokers in the U.S.

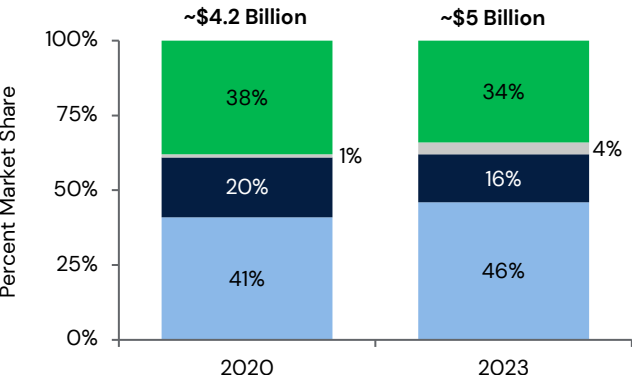


Artex Risk Solutions, a subsidiary of Arthur J. Gallagher, acquired Risk International in October for an undisclosed sum. Risk International provides outsourced risk management services such as claims analysis, litigation support, and loss control services. The company is expected to provide Artex with 147 new employees and six new locations, according to a press release.⁹

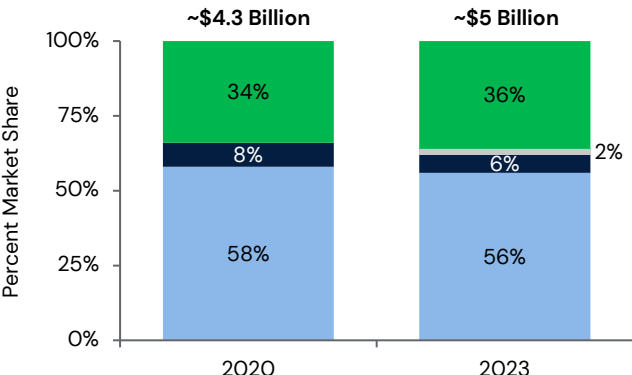
Leading Third Party Administrators Markets See Growth

- Global Large TPAs
- U.S. National TPAs
- U.K. Domiciled TPAs
- Small Regional TPAs

Workers' Compensation TPA Market Size



Property & Casualty TPA Market Size



Source: McKinsey and Capstone Partners

SELECT M&A TRANSACTIONS

Date	Target	Acquirer	Target Business Description	Target Subsegment
10/17/24	Anixter & Oser	Inszone Insurance Services	Provides insurance protection to individuals and businesses offering competitive pricing.	Insurance Distribution
10/16/24	Myers, Brenner	Keystone Agency Partners	Operates as an insurance broker company.	Insurance Distribution
10/15/24	Powers Insurance Services	Alfore Insurance Services	Provides insurance risk and management services.	Claims Adjusters
10/15/24	Albert C. Simonds & Co. Insurance Services	Inszone Insurance Services	Offers auxiliary insurance services.	Insurance Distribution
10/14/24	GeoVera Insurance Group	Safepoint	Provides residential insurance policies.	Underwriters & Specialty Carriers
10/10/24	TPB Insurance Group	Assured Partners	Offers personal insurance, commercial insurance, surety bonds, and employee benefits services.	Insurance Distribution
10/10/24	San Antonio Insurance Services	Inszone Insurance Services	Operates as an independent insurance agency.	Insurance Distribution
10/10/24	McWalter-Volunteer Insurance Agency	Digital Insurance	Provides personal and commercial insurance, life insurance, and employee benefits.	Insurance Distribution
10/09/24	Argenta Advisors	PRIA Healthcare Management	Offers health policy and reimbursement consultancy services.	Underwriters & Specialty Carriers
10/08/24	Concourse Financial Group Agency	Simplicity Financial Marketing	Provides insurance brokerage services.	Insurance Distribution
10/08/24	Gettysburg Benefits Administrators	Kelly Benefit Strategies	Offers ancillary benefits insurance services.	Insurance Distribution
10/07/24	CoyleKiley Insurance Agency	Assured Partners	Provides property and casualty, employee benefits, and personal insurance lines.	Insurance Distribution
10/03/24	Badger Mutual Insurance Company	Rural Mutual Insurance Company	Offers property and casualty insurance policies.	Underwriters & Specialty Carriers
10/02/24	Risk International	Artex Risk Solutions	Provides risk and claims management for Fortune 500 insurance providers.	Claims Adjusters
10/02/24	First Nationwide Title Agency	F&G Annuities & Life (NYSE:FG)	Offers title insurance and leasehold policies.	Underwriters & Specialty Carriers
10/02/24	Erickson King & Associates	Inszone Insurance Services	Provides employee benefits brokerage services.	Insurance Distribution
10/02/24	Halstead Insurance Agency	Assured Partners	Offers personal insurance products.	Insurance Distribution
09/30/24	BDK Financial Services	Savant Capital	Provides investments and insurance services.	Insurance Distribution
09/30/24	Alliance Insurance Agency	Crest Insurance Group	Operates as a full-services insurance agency.	Insurance Distribution
09/26/24	Baker Insurance	Axis Insurance Managers	Provides property and casualty insurance brokerage services.	Insurance Distribution
09/25/24	Powderhorn Agency	Coleville Partners	Operates as an insurance agency that provides residential and warranty protection programs.	Underwriters & Specialty Carriers
09/23/24	Surrey Insurance	Alkeme	Provides insurance solutions to businesses, educational institutions, and governments.	Insurance Distribution
09/17/24	Coates Insurance Agency	King Insurance Partners	Offers personal and commercial insurance brokerage services.	Insurance Distribution

Source: Capital IQ, PitchBook, FactSet, and Capstone Partners

PUBLIC COMPANY DATA

INSURANCE DISTRIBUTION

Company	Price 12/2/24	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV / LTM	
					Revenue	EBITDA	Margin	Revenue	EBITDA
Aon plc	\$391.54	99.0%	\$84,676.9	\$101,808.9	\$14,926.0	\$4,605.0	30.9%	6.8x	22.1x
Arthur J. Gallagher & Co.	\$312.24	98.6%	\$68,519.8	\$75,103.1	\$10,667.7	\$3,568.6	33.5%	7.0x	21.0x
The Baldwin Insurance Group, Inc.	\$48.96	87.7%	\$3,308.2	\$5,067.6	\$1,343.8	\$217.2	16.2%	3.8x	23.3x
Brown & Brown, Inc.	\$113.10	99.1%	\$32,341.9	\$35,207.9	\$4,558.7	\$1,591.5	34.9%	7.7x	22.1x
Goosehead Insurance, Inc.	\$126.12	96.7%	\$3,076.4	\$3,127.0	\$282.6	\$53.6	19.0%	11.1x	NM
Hagerty, Inc.	\$11.78	95.4%	\$1,060.6	\$1,485.9	\$1,153.4	\$105.3	9.1%	1.3x	14.1x
Marsh & McLennan Companies Inc.	\$233.23	99.0%	\$114,544.3	\$127,719.3	\$23,945.0	\$7,679.0	32.1%	5.3x	16.6x
Ryan Specialty Holdings, Inc.	\$75.40	99.2%	\$9,437.9	\$12,521.3	\$2,325.0	\$661.6	28.5%	5.4x	18.9x
TWFG, Inc.	\$35.31	96.7%	\$523.0	\$539.2	\$194.2	\$39.2	20.2%	2.8x	13.7x
Willis Towers Watson Public Limited	\$322.00	99.7%	\$32,433.6	\$37,128.6	\$9,809.0	\$2,767.0	28.2%	3.8x	13.4x

Mean							25.2%	5.5x	18.4x
Median							28.3%	5.4x	18.9x
Harmonic Mean							21.4%	3.9x	17.6x

EV = enterprise value; LTM = last twelve months
\$ in millions, except per share data
NM = Not Meaningful: above 20x Revenue, 50x EBITDA

CLAIMS SERVICES

Company	Price 12/2/24	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV / LTM	
					Revenue	EBITDA	Margin	Revenue	EBITDA
CorVel Corporation	\$365.40	95.7%	\$6,257.9	\$6,151.3	\$845.6	\$139.4	16.5%	7.3x	44.1x
Crawford & Company	\$11.16	82.6%	\$567.6	\$847.4	\$1,241.4	\$101.1	8.1%	0.7x	8.4x
Verisk Analytics, Inc.	\$294.21	99.2%	\$41,545.6	\$44,350.0	\$2,823.3	\$1,411.6	50.0%	15.7x	31.4x

Mean							24.9%	7.9x	28.0x
Median							16.5%	7.3x	31.4x
Harmonic Mean							14.7%	1.8x	17.3x

EV = enterprise value; LTM = last twelve months
\$ in millions, except per share data
NM = Not Meaningful: above 20x Revenue, 50x EBITDA
FY = Fiscal Year

UNDERWRITERS & SPECIALTY CARRIERS

Company	Price 12/2/24	Market Cap	Revenue Last FY	Net Income Last FY	ROAE LTM	Price/Book MRQ	Price/Tangible Book MRQ	Price/Forward EPS FY2024	Price/Forward EPS FY2025
Arch Capital Group Ltd.	\$100.72	\$37,741.5	\$13,634.0	\$4,443.0	28.5%	2.0x	1.9x	11.4x	11.2x
Assurant, Inc.	\$227.10	\$11,647.4	\$11,131.6	\$642.5	13.0%	1.9x	4.3x	14.8x	12.5x
Bowhead Specialty Holdings	\$36.84	\$1,203.2	\$283.4	\$25.0	NM	2.5x	3.3x	26.8x	21.9x
Kinsale Capital Group, Inc.	\$508.44	\$11,840.5	\$1,224.4	\$308.1	32.1%	7.6x	8.0x	32.6x	28.1x
Markel Group Inc.	\$1,782.92	\$22,932.5	\$15,803.6	\$1,996.1	19.1%	1.2x	1.9x	20.4x	18.1x
Palomar Holdings, Inc.	\$108.30	\$2,866.3	\$375.9	\$79.2	20.0%	3.6x	4.1x	22.6x	18.4x
RLI Corp.	\$175.90	\$8,060.0	\$1,512.0	\$304.6	24.8%	4.1x	4.5x	29.8x	27.5x
Skyward Specialty Insurance	\$54.11	\$2,169.8	\$886.0	\$86.0	18.7%	2.0x	3.0x	17.9x	16.2x
Trupanion, Inc.	\$53.31	\$2,257.3	\$1,108.6	-\$44.7	NM	5.6x	8.8x	NM	NM
W. R. Berkley Corporation	\$64.55	\$24,598.0	\$12,142.9	\$1,381.4	18.2%	2.6x	2.8x	16.0x	14.9x

Mean	21.5%	3.2x	4.1x	20.6x	18.1x
Median	19.3%	2.5x	3.3x	19.1x	17.2x

MRQ = Most Recent Quarter
ROAE = Return on Average Equity
Book Value and ROAE is excluding Accumulated Other Comprehensive Income unless otherwise noted

Source: CapitalIQ and Capstone Partners as of December 2, 2024

ANNUITY SUBSEGMENT DATA

UNDERWRITERS & SPECIALTY CARRIERS – ANNUITIES SUBSEGMENT

Company	Price 12/2/24	Market Cap	Revenue Last FY	Net Income Last FY	ROAE LTM	Price/Book MRQ	Price/Tangible Book MRQ	Price/Forward EPS FY2024	Price/Forward EPS FY2025
Equitable Holdings, Inc.	\$48.23	\$15,112.3	\$10,516.0	\$1,302.0	1.8%	1.8X	5.4X	8.0X	6.6X
F&G Annuities & Life, Inc.	\$48.33	\$6,094.1	\$4,537.0	-\$58.0	0.3%	1.1X	2.4X	11.1X	8.9X
Great-West Lifeco Inc.	\$50.41	\$46,950.2	\$31,243.0	\$2,868.0	12.8%	1.7X	5.6X	11.4X	10.8X
Jackson Financial Inc.	\$100.19	\$7,400.2	\$3,159.0	\$934.0	NM	0.7X	0.6X	5.3X	4.9X
Lincoln National	\$35.54	\$6,054.1	\$11,645.0	-\$752.0	3.1%	0.6X	0.6X	5.5X	4.6X
Manulife Financial	\$45.07	\$78,957.2	\$27,246.0	\$5,463.0	17.2%	1.3X	5.1X	11.9X	11.1X
MetLife, Inc.	\$88.23	\$61,092.3	\$66,901.0	\$1,578.0	7.7%	1.6X	1.7X	10.6X	9.1X
Principal Financial Group	\$87.09	\$19,919.7	\$13,665.8	\$623.2	NM	1.4X	1.6X	12.4X	10.3X
Prudential Financial, Inc.	\$129.41	\$46,070.0	\$53,979.0	\$2,488.0	11.3%	1.4X	NA	9.7X	8.8X
Reinsurance Group of America	\$228.40	\$15,043.4	\$18,567.0	\$902.0	7.6%	1.5X	1.5X	11.0X	9.9X
Sun Life Financial Inc.	\$86.17	\$49,608.3	\$30,850.0	\$3,165.0	16.8%	2.0X	6.9X	12.8X	11.5X
Voya Financial, Inc.	\$83.00	\$7,986.1	\$7,348.0	\$625.0	9.0%	1.4X	1.9X	10.2X	8.4X

EV = enterprise value; LTM = last twelve months
 \$ in millions, except per share data
 NM = Not Meaningful: above 20x Revenue, 50x EBITDA
 FY = Fiscal Year
 MRQ = Most Recent Quarter
 Book Value and ROAE is excluding Accumulated Other
 Comprehensive Income unless otherwise noted

Mean	8.8%	1.4x	3.0x	10.0x	8.7x
Median	8.4%	1.4x	1.9x	10.8x	9.0x

UNDERWRITERS & SPECIALTY CARRIERS – ANNUITIES (SPONSOR BACKED)

Company	Sponsors	Revenue	Annuit	Annuit	Policy Reserves	Net Total Assets	Capital Surplus
		FY 2024	FY 2024	Revenue (%)	FY 2024	FY 2024	FY 2024
Aquarian	Aquarian Capital	\$772.8	\$772.8	79.3%	\$2,154.1	\$2,506.8	\$192.9
Aspida Life	Ares (NYSE:ARES)	\$1,581.5	\$1,581.5	91.5%	\$2,068.7	\$3,080.9	\$352.0
Athene U.S.	Apollo (NYSE:APO)	\$38,428.1	\$38,428.1	26.2%	\$120,237.2	\$242,697.0	\$3,161.6
Brookfield	Brookfield (TSX:BAM)	\$14,408.8	\$14,408.8	48.3%	\$72,449.7	\$96,367.8	\$6,508.7
Federal Life	Bain Capital	\$166.4	\$166.4	3.6%	\$198.3	\$319.3	\$55.6
Fortitude Re	The Carlyle Group (Nasdaq:CG)	\$20.0	\$20.0	163.8%	\$3,299.1	\$32,604.9	\$760.2
Ibexis Life	Investcorp	\$34.6	\$34.6	131.6%	\$111.2	\$684.5	\$88.3
Knighthead	Knighthead Holdings	\$103.9	\$103.9	NM	NM	\$3,932.5	NM
Kuvare	Blue Owl Capital (NYSE:OWL)	\$2,171.1	\$2,171.1	79.8%	\$8,274.2	\$23,412.9	\$821.2
Nassau Financial Group	Golden Gate	\$1,399.4	\$1,399.4	22.6%	\$10,229.3	\$18,251.2	\$494.2
Oceanview	Bayview Holdings	\$2,288.4	\$2,288.4	79.2%	\$5,633.7	\$8,385.6	\$621.8
Prosperity	Elliot	\$3,929.1	\$3,929.1	62.4%	\$17,415.1	\$23,275.5	\$2,353.6
Security Benefit	Eldridge SBC	\$7,647.3	\$7,647.3	55.5%	\$29,838.0	\$54,641.2	\$6,031.4

Source: CapitalIQ and Capstone Partners as of December 2, 2024



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Khelan is a Managing Director on Capstone’s FinTech & Financial Services team and has been an advisor to financial services clients for 22+ years. He has advised companies and private equity investors on over 50 transactions worth \$10B in enterprise value, serving clients operating within insurance, banking, specialty finance, asset & wealth management, and capital markets sub-sectors. His experience includes working on M&A transactions, equity and debt financings, as well as fairness opinions.

Prior to joining the firm, Khelan served as an advisor at Compass Point Research & Trading LLC. Prior to that, he worked as an advisor at B. Riley based primarily in Washington D.C. Prior to B. Riley, Khelan spent one year in the corporate finance group at Dresdner Kleinwort Wasserstein and two years in the assurance and business advisory services group with PricewaterhouseCoopers, serving offices located in Bombay, India.



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FIRM AWARDS & ACCOLADES

Capstone Partners is consistently recognized as an elite middle market firm by multiple leading industry organizations. This has afforded our clients with immediate market credibility in the acquirer and investor communities. From 2016 to 2024, Capstone has received 22 “investment banking firm of the year” awards from organizations such as The M&A Atlas Awards, The M&A Advisor, M&A Today, and ACQ5. A sampling of Capstone’s recent awards is shown below.





FIRM TRACK RECORD

Capstone has a proven track record of providing advisory services to highly innovative middle market companies across the FinTech & Services industry, including companies within the Insurance Services sector. Several of these transactions are highlighted below.



CONTINENTAL ADJUSTERS, INC.™
Adjusters for the Policyholder

HAS BEEN ACQUIRED BY

AN UNDISCLOSED STRATEGIC BUYER



Insurance Technology and Warranty Services

HAS RAISED 20 MM IN EQUITY FROM




ATALAYA



RESIDENTIAL WARRANTY SERVICES, INC.

HAS BEEN ACQUIRED BY




VANGUARD
TITLE INSURANCE AGENCY, LLC.

ENGAGED CAPSTONE FOR TRANSACTION ADVISORY & INTERIM MANAGEMENT



VANGUARD
TITLE INSURANCE AGENCY, LLC.

HAS BEEN ACQUIRED BY




CLIFFORD ALLEN ASSOCIATES

HAS BEEN ACQUIRED BY



Insurance Without Borders™
a portfolio company of



“

We extend our appreciation to Capstone Partners for their exceptional expertise and dedication in orchestrating a successful transaction. Their commitment to excellence and thoughtful guidance played a pivotal role in achieving a prosperous outcome. On behalf of Continental Adjusters Team, thank you!

”

Grant Wynn
President, Continental Adjusters

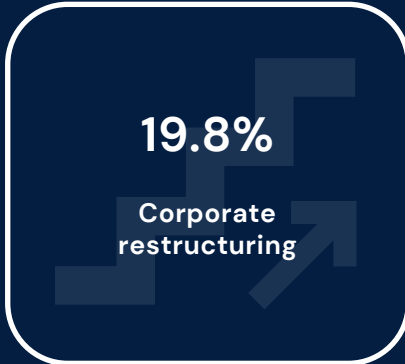


CAPSTONE’S PROPRIETARY RESEARCH REVEALS TOP SERVICES IN DEMAND

The stage and initiatives of a business often dictate which financial services are in demand. As the bulk of CEOs polled in Capstone’s 2024 Middle Market Business Owners Survey indicated growth strategies are a priority for 2025, the lion’s share (40.7%) of owners anticipate a need for growth strategy support services. Similarly, 38.1% of CEOs require equity capital advisory services to support operational initiatives and business expansion. Nearly one-third of owners require accounting and audit support to shore-up cash flows and establish financial stability. In addition, 30.2% of CEOs demonstrated an interest in accessing relevant industry research to keep up with emerging industry trends, complete competitor analyses, and track capital markets activity in their space.

Capstone has developed a full suite of [corporate finance solutions](#) to help privately owned businesses and private equity firms through each stage of the company’s lifecycle, ranging from growth to an ultimate exit transaction. In addition, we developed specialty advisory practices to provide financial performance, buy-side, employee stock ownership plan (ESOP), and equity and debt services. All of these capabilities are supported by 12 industry banking groups, an active sponsor coverage group, and a dedicated Market Intelligence Team.

Top Financial Services Required by Business Owners in 2025



Question: Have you ever had, or do you anticipate having, a need for any of the following services?
Source: Capstone Partners’ Middle Market Business Owner Survey, Rebased Sample Size (N): 278



ENDNOTES

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Disclosure

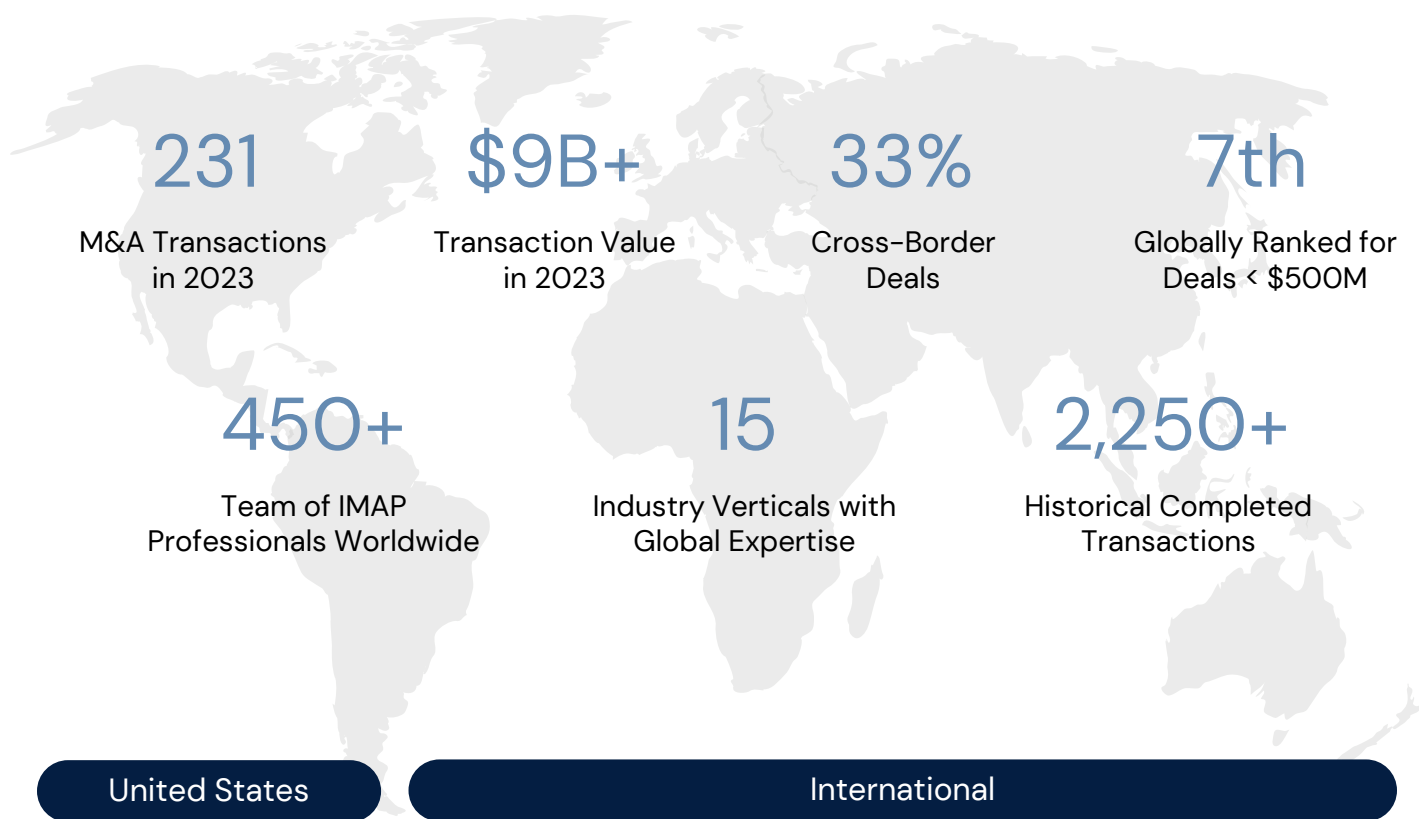
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CAPSTONE PARTNERS

Market Presence

With a long-established U.S. footprint, together with an international partner platform, we provide clients with broad expertise and access to key market relationships on a global basis. Our presence is backed by ~200 professionals in the U.S. with 450+ professionals across 41 countries.



~200 professionals
8 offices

Boston · Denver · Chicago · Dallas
Detroit · Irvine · New York · Tampa

450+ professionals
60+ offices in 41 countries

Asia: China · India · Japan · Thailand
Africa: Congo · Egypt · Ghana · Mauritius · Morocco · Senegal · South Africa
Americas: Toronto · Vancouver · Argentina · Brazil · Chile · Colombia · Mexico · Paraguay · Peru
Europe: Belgium · Bosnia & Herzegovina · Croatia · Czech Republic · Finland · France · Germany
Hungary · Ireland · Italy · Netherlands · Poland · Portugal · Romania · Serbia · Slovakia · Slovenia
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