



# INSURANCE INSIGHTS

2024 Year in Review



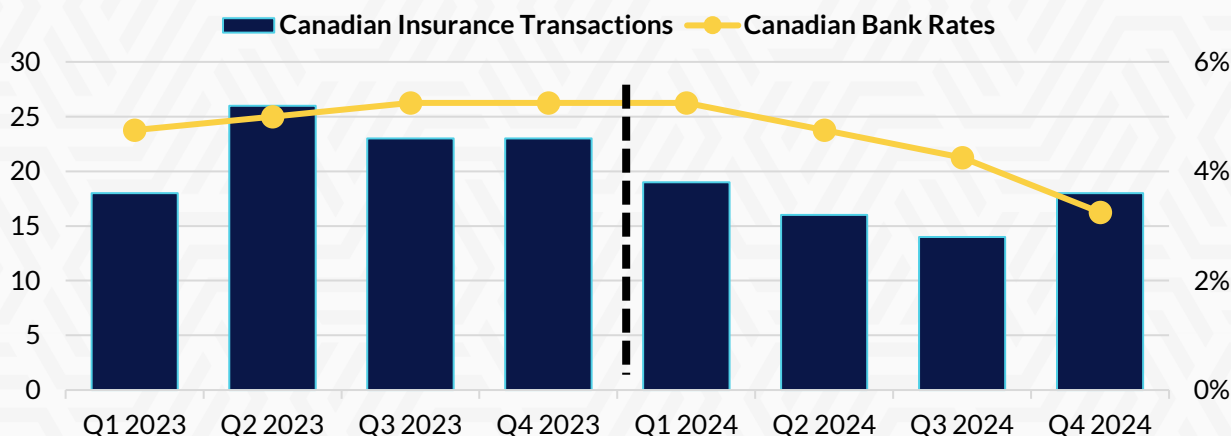
sequeira  
PARTNERS

# Insurance Brokerage M&A Overview

## 2024: A return to imbalance – where are the opportunities?

Global M&A activity in the insurance industry saw a slow start in 2024, resulting in a more balanced market between buyers and sellers. Transactions in the first half of the year dipped to their lowest level in over a decade. While North American insurance M&A activity led the world in deal volumes, Canada and the US saw relatively lower activity overall in comparison to the prior year.

## Canadian Insurance Transaction Volume



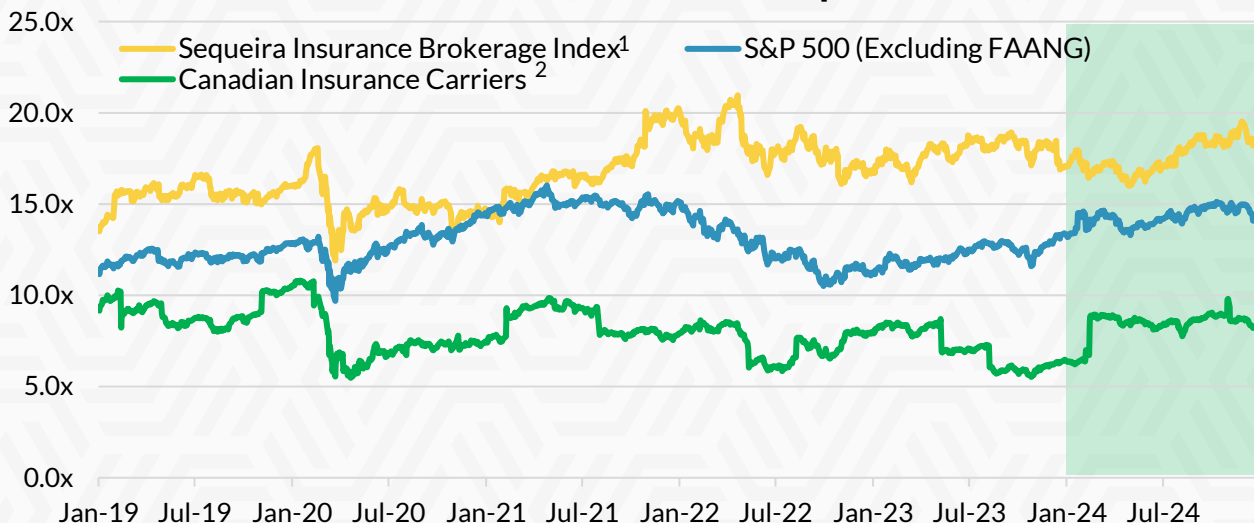
If we take a step back and look at M&A markets in general, the industry remains a standard bearer for resilience and consistency. M&A transaction volumes in the Canadian mid-market peaked in 2021 and have seen a 40% pullback in activity since then, while insurance brokerage M&A has only contracted ~23% during the same period.

When we look at other industries, a big reason for the lower volume is reduced demand driven by the higher cost of capital and the prevailing uncertainty in the market, putting downward pressure on valuations. In contrast, the insurance brokerage sector continues to see strong buyer demand supported by the record levels of inbound inquiries we have for opportunities in the sector. In other words, volume is down because of the lack of sellers and this has put upward pressure on valuations.

What does this mean for 2025? The outlook is positive. The strong buyer demand and lower cost of capital, coupled with the industry's relative insulation from tariffs and other political headwinds, indicate valuations will continue to be strong. The market has made a "return to imbalance" and further cemented itself as a seller's market.

# Public Market Valuations

## LTM EBITDA Multiples



1) Sequeira Insurance Brokerage Index includes the Public Brokerages in the chart below.

2) Canadian Insurance Companies include Intact Financial Corporation, Definity Financial Corporation, Great-West Life, Manulife and Sun Life.

Sequeira's Insurance Brokerage Index tracks the multiples of publicly listed insurance brokerages. Over the first 6 months of the year, insurance brokerage valuations remained relatively stable, trading flat and mirroring the S&P 500 index. The second half of the year saw brokerage valuations climb steadily, with the differential between the broader market and the brokerage sector widening, peaking at just under 20x in the last month of the year. Insurance carrier valuations, in contrast, spiked in the first quarter of the year and then proceeded to remain rangebound between 7x and 9x for the rest of the year. The valuations of insurance brokerages continue to increase and gain momentum over valuations realized by carriers and the adjusted S&P 500, emphasizing the strong investor sentiment in the sector.

Public Brokerages	Feb 2024	Current*	Growth 2024 - 2025
Aon plc	15.9x	18.9x	3.0x
Arthur J. Gallagher & Co	18.8x	23.6x	4.8x
Marsh & McLennan	16.5x	17.8x	1.3x
Brown & Brown, Inc.	18.8x	24.6x	5.8x
<b>Average</b>	<b>17.5x</b>	<b>21.2x</b>	<b>3.7x</b>

# The Players: Established Consolidators

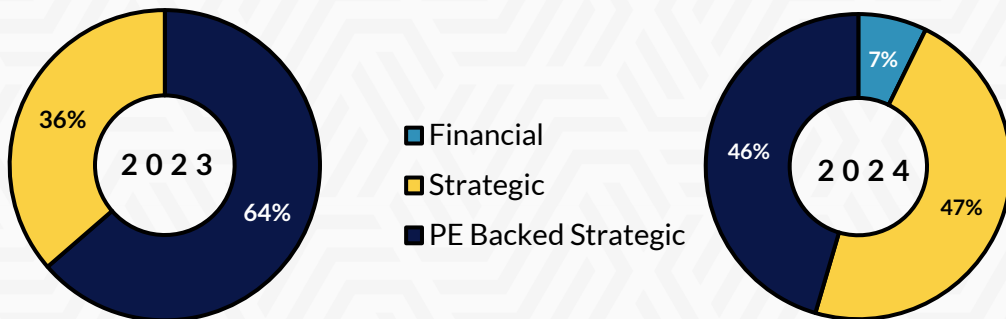
## Notable Canadian Transaction Activity

Buyer trends were similar to last year, with transactions mainly concentrated among a smaller group of highly active acquirers looking to establish themselves in new markets or geographies.

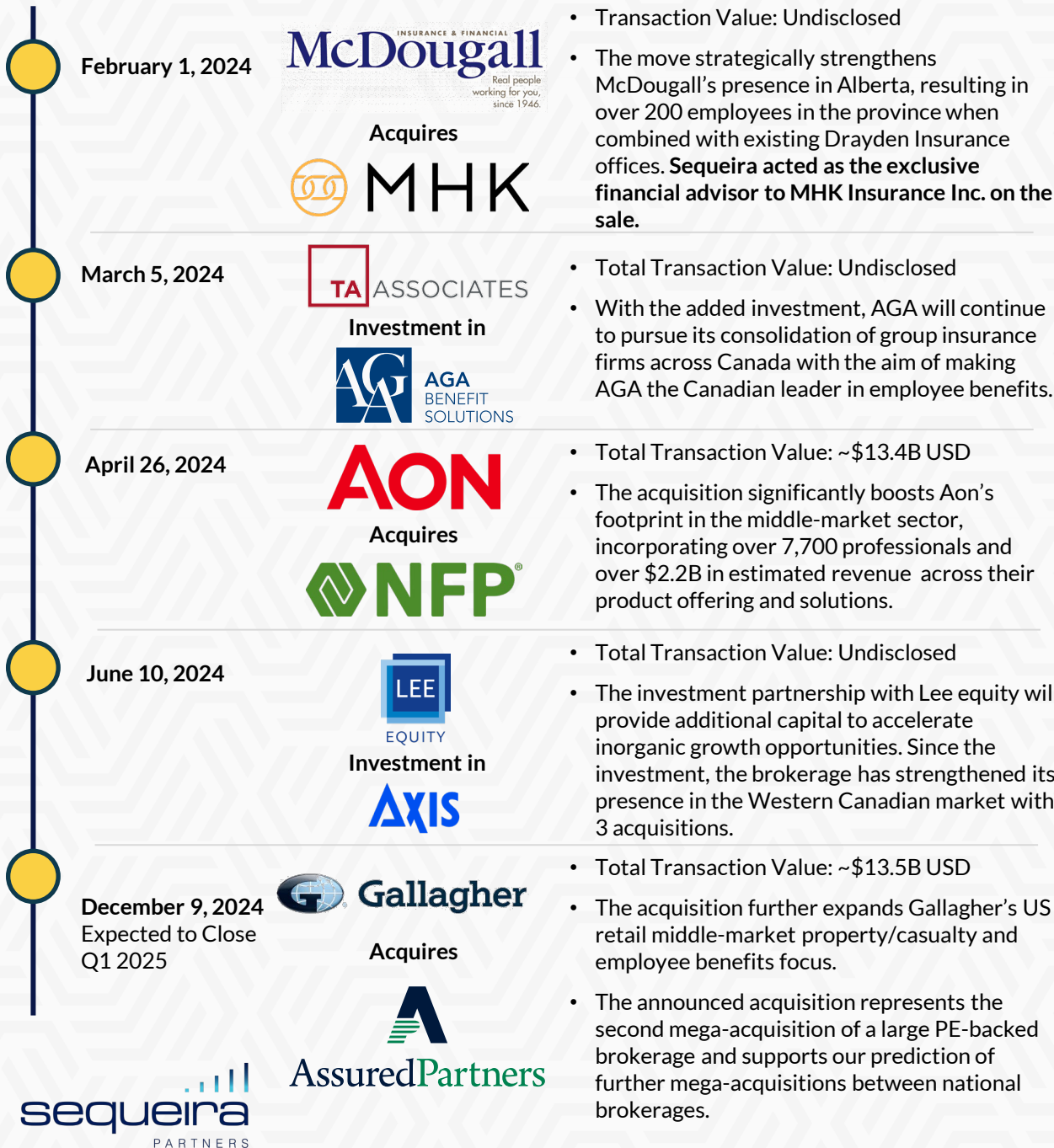


Insurance brokerage M&A continues to be dominated by public companies and private equity-backed strategic players. However, this past year saw a slight uptick in pure private equity investors, indicative of the more favorable borrowing rate environment.

What does this mean for the Canadian M&A landscape? Private equity firms are focused on growth and use acquisitions as a key strategy to achieve growth objectives. When a private equity firm invests directly in a brokerage, this creates another firm or brokerage platform that will be looking for acquisition opportunities – a new consolidator, more competition, and more choice for sellers.



# Defining Deals of 2024



# Additional Notable Canadian Transactions

## Select Insurance Deals in Canada

Date	Target	Target Prov.	Buyer
2/1/2025	National Personal Lines Brokerage	AB	Undisclosed Buyer
1/23/2025	OneDigital	QC	PWL Capital
1/21/2025	Gore Mutual Insurance Co	National	Beneva Inc.
1/8/2025 <small>(Merger - Announced)</small>	Cal Legrow Insurance and Financial Group	NL	Macleod Lorway Financial Group Limited
12/10/2024 <small>(Merger - Announced)</small>	Totten Insurance Group Inc. Anderson McTague & Associates Ltd.	National	Specialty Program Group Canada (SPGC)
12/4/2024	Dawson & Keenan Insurance Ltd	ON	Arthur J. Gallagher
11/14/2024	SPM Financial	ON	Merchant Investment Management
7/30/2024	Applied Systems	National	Planck (AI)
6/25/2024	All-Risks Insurance Brokers	ON	StoneRidge Insurance Brokers
6/6/2024	The Standard Insurance Brokers	ON	BrokerLink
5/14/2024	Dupuis Langen Group	BC	Westland Insurance
5/8/2024	SécuriGlobe Assurance Voyage	QC	Navacord
3/27/2024	Insurance Company of Prince Edward Island	PEI	Desjardins
2/15/2024	Carson Dunlop & Associates Ltd.	National	Co-Operators
2/6/2024	Non-core P&C Division of Undisclosed Brokerage	Undisclosed	Undisclosed Buyer
2/1/2024	MHK Insurance Inc.	AB	McDougall Insurance Brokers Limited

# 2024 Lookback

*Last year, we made the following predictions as part of our 2024 outlook:*



## Power Shift

We predicted a shift in the dynamics of deals towards a more buyer-friendly universe. We did see this play out in the first three quarters of 2024, but in Q4, the limited volume of opportunities resulted in a shift back to a very seller-friendly market which we expect to persist into 2025.



## Diversification

We predicted insurers to continue diversifying across the value chain with acquisitions in HR advisory and wealth management. In the end, consolidators in the industry focused on core business opportunities for M&A. We did not see the diversification broaden to as many ancillary industries.



## Mega Deals

We predicted a continued trend of mega insurance transactions as PE firms looked to monetize their investment, in part to offset investments in underperforming sectors. 2024 saw a 36% increase of completed deals between \$1B to \$10B USD compared to 2023, and 15 deals completed globally above \$US 10B in value compared to 11 in the previous year. We expect this trend to continue into 2025.

## Our 2025 Outlook



### Private Equity Goes Down Market























With financial conditions improving, private equity firms will look to actively deploy capital as dry powder sits at record-high levels, approximately \$2.6 trillion. Historically, to attract PE investment, brokerages would need to generate north of \$5M of EBITDA. However, we are seeing examples of private equity firms looking to partner or invest in smaller brokerages with the plan to build up to a preferred scale and investment level through M&A.



### Wealth Management M&A Gains Momentum

Wealth management remains a fragmented industry and is attractive from the perspective of scalability and recurring cash flow. OneDigital's acquisition of PWL is an example of how brokerages can partner with players in this industry – and we expect to see more.

# Sequeira Partners - Insurance Transactions

<p>Advisor to</p> <p><b>A National Personal Lines Brokerage</b></p> <p>on the sale to</p> <p><b>An Undisclosed Buyer</b></p>	<p>Advisor to</p>  <p>on the sale to</p>  <p>A subsidiary of</p> 	<p>Advisor to</p> <p><b>A Multinational Insurance Broker</b></p> <p>on its divestiture of a non-core P&amp;C Division to an</p> <p><b>Undisclosed Buyer</b></p>	<p>Advisor to</p>  <p><b>Granville West Group Benefits</b></p> <p>on the sale to</p> 	<p>Advisor to</p>  <p>Employee Benefits division on its partnership with</p> 	<p>Advisor to</p>  <p><b>FOSTER PARK BROKERS</b></p> <p>on the sale to</p> 	
<p>Advisor to</p>  <p>on the sale to</p> 	<p>Advisor to</p>  <p><b>SILVERBERG GROUP</b></p> <p>on the sale to</p> 	<p>Advisor to</p>  <p>on the sale to</p> 	<p>Advisor to</p>  <p>on the sale to</p> 	<p>Advisor to</p>  <p>on the sale to</p> 	<p>Advisor to</p>  <p>on the sale to</p> 	<p>Advisor to</p> <p><b>A National Group Benefits Broker</b></p> <p>on the sale to an</p> 

## Client Testimonials

"For our transaction, we had three partners selling their interests in the business with different size of revenue, and we really wanted to approach this as a unified team. Sequeira got us through a lot of tough decisions, and really helped us identify the best fit from a value perspective, and from a culture perspective. At the point of transaction, they really helped us pick the right partner."

- Brian Gaden, Principal, Granville West Group Benefits

"Sequeira has a good reputation, so I think it can be compelling for buyers to know that they are part of the deal. I initially thought buyers could object to having a third party involved, thinking of it as an extra cost, but at the level that we were at, sophisticated buyers didn't want to negotiate with the owner and future partner. Their involvement was a plus for both sides of the deal."

- Jeff Homynyk, Owner, MHK Insurance



# Interested in Learning More?

Sequeira Partners is the leading Canadian advisor in the mid-market independent insurance brokerage sector. If you are interested in learning more as a potential buyer, seller or fellow insurance industry enthusiast, we would love to hear from you.

Our dedicated partners and staff are always available and eager to discuss market trends and strategize on opportunities.

## Insurance Team



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## About Us

Sequeira Partners is Western Canada's largest boutique advisory firm, specializing in sell-side deal advisory and corporate valuations. Having completed more than 175 national and cross-border transactions, and over 500 valuation mandates, we are proud of our diverse industry experience and credentials. At Sequeira Partners, we combine decades of experience and top-tier credentials to deliver client-centric service with a personalized, boutique approach.

Learn more at: [www.sequeirapartners.com](http://www.sequeirapartners.com)

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