

INSURANCE INDUSTRY

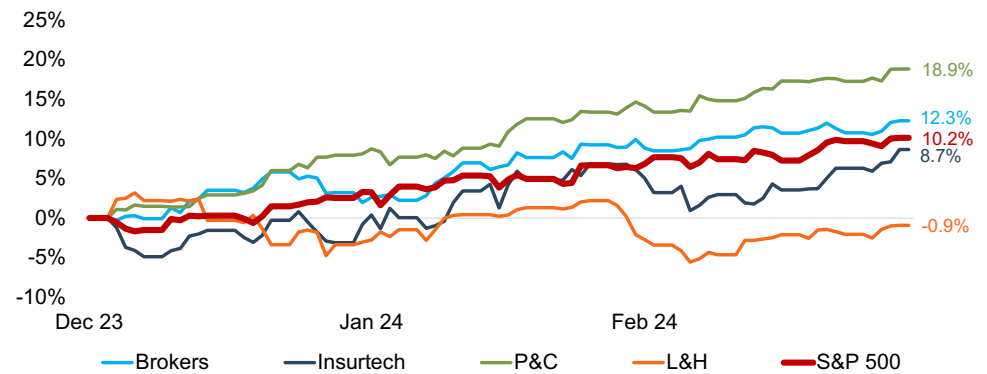
First Quarter 2024

SECTOR PERFORMANCE UPDATE

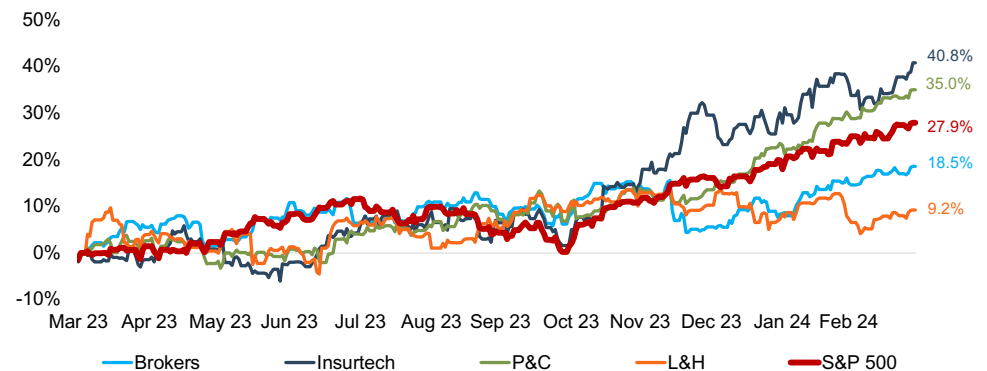
Brokers and P&C underwriters outperformed the broad market and other insurance sectors in Q1-2024

- The S&P 500 increased 10.2% in the first quarter of 2024, building upon its 27.9% return for the trailing twelve months. Of the four sub-sectors tracked by Mercer Capital, two outperformed the market index in the first quarter (P&C and Brokers) while two (InsurTech and L&H) lagged the broader market.
- The market capitalization weighted index of P&C underwriters rose 18.9% in 1Q24, led by Heritage Insurance Holdings, Inc. (HRTG, +63.3%). HRTG is a small-cap underwriter of personal and commercial residential insurance policies, primarily in Florida. The largest firms in the index, Progressive and Chubb, saw their stocks rise 29.8% and 14.7%, respectively.
- The public broker index was up 12.3% in the first quarter and has risen 18.5% over the last twelve months. All seven members of the index reported positive returns in 1Q24, ranging from a high of 29.0% (Ryan Specialty) to a low of 8.7% (Marsh).
- After posting a 40.8% return on the last twelve months, the Insurtech index moderated to an 8.7% gain in 1Q24. The top performer in the group was Root, the Ohio-based direct-to-consumer auto/home/renters insurance provider. Root's stock price increased nearly five-fold in the first quarter. The largest firm in the index (Guidewire Software) rose 7.0% in 1Q24.
- The Life & Health index, which includes both traditional life insurers and managed care companies, declined 0.9% in the first quarter of 2024. The decrease was principally attributable to a 6.0% decline for the largest constituent, UnitedHealth (UNH). UNH continues to monitor the fallout from the recent cyber attack on its Change Healthcare claims processing business.

1Q 2024 Stock Price Performance



Last Twelve Months Stock Price Performance Through March 31, 2024

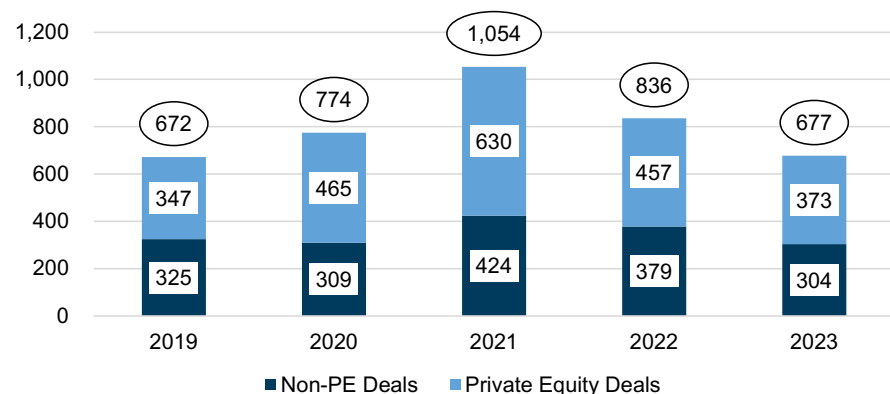


Individual sub-sector performance represented by market capitalization weighted indices for each group.

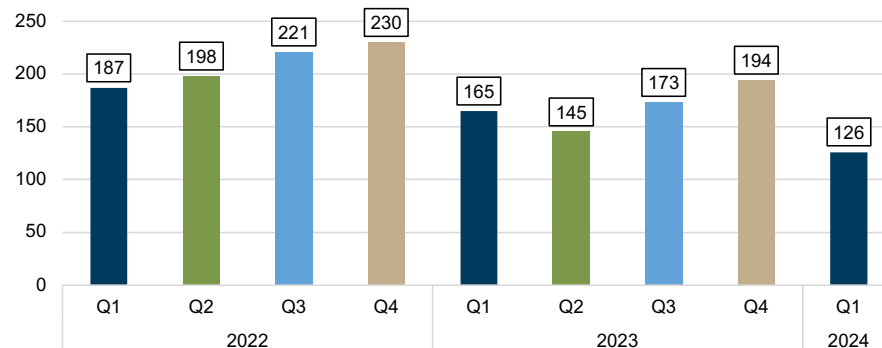
Source: Bloomberg LP; Mercer Capital Analysis

M&A TRANSACTION TRENDS

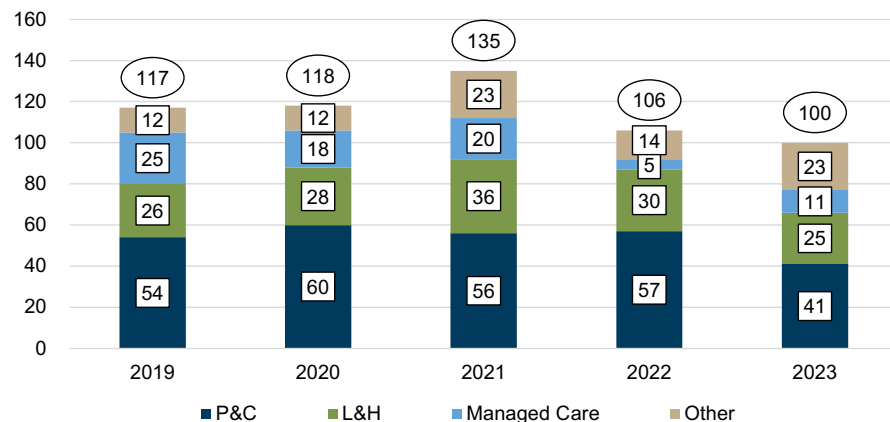
Insurance Brokers: 5-Year M&A Trend



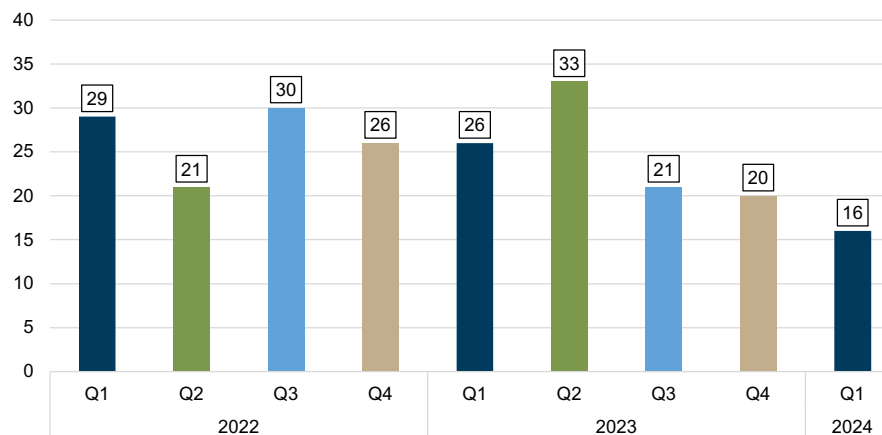
Insurance Brokers: Quarterly M&A Trend



Insurance Underwriters: 5-Year M&A Trend





Insurance Underwriters: Quarterly M&A Trend







Source: S&P Capital IQ Pro; Mercer Capital Analysis. Reflects US deals only.

SECTOR PRICING AND VALUATION SUMMARY

As of March 31, 2024

Segment	MARKET PRICING			MULTIPLES			
	Share Performance			EV / EBITDA		EV / Revenue	
	%52wk High	%Q/Q	%Y/Y	LTM	NTM	LTM	NTM
 Insurance Brokers	98.2%	14.7%	23.7%	18.0x	16.4x	4.9x	4.7x
 InsurTech	89.2%	27.5%	13.8%	26.9x	23.9x	1.6x	1.3x

As of March 31, 2024

Segment	MARKET PRICING			MULTIPLES			
	Share Performance			Price/Earnings		Price/Book	
	%52wk High	%Q/Q	%Y/Y	LTM	NTM	P/B	P/TB
 P&C (Specialty)	97.2%	11.5%	19.1%	16.7x	16.3x	2.7x	3.2x
 P&C (Standard)	98.7%	14.7%	23.0%	16.9x	13.2x	1.8x	1.9x
 L&H (Life Ins & Annuities)	98.5%	9.7%	28.1%	12.9x	8.7x	1.5x	1.5x
 L&H (Health & Managed Care)	96.4%	10.0%	24.2%	20.1x	15.7x	3.x	8.8x

MARKET SNAPSHOT

BROKERS		MARKET PRICING					MULTIPLES				GROWTH & MARGIN		
Ticker	Name	3/31/2024 Stock Price	Mkt Cap (\$M)	Share Performance			EV / EBITDA		EV / Revenue		Revenue Growth		EBITDA Margin
				%52wk High	%Q/Q	%Y/Y	LTM	NTM	LTM	NTM	LTM	NTM	
MMC	Marsh & McLennan Companies, Inc.	205.98	101,271	98.5%	8.7%	23.7%	16.7x	16.8x	4.9x	4.7x	10.4%	4.1%	29.3%
AON	Aon plc	333.72	66,176	96.1%	14.7%	5.8%	18.0x	16.4x	5.8x	5.4x	7.2%	6.5%	32.1%
WTW	Willis Towers Watson Public Limited Co.	275.00	28,182	98.6%	14.0%	18.3%	13.5x	12.4x	3.5x	3.3x	7.0%	5.4%	25.6%
AJG	Arthur J. Gallagher & Co.	250.04	54,584	97.6%	11.2%	30.7%	20.9x	17.4x	6.5x	5.4x	15.6%	20.8%	31.1%
BRO	Brown & Brown, Inc.	87.54	24,979	99.5%	23.1%	52.5%	20.5x	18.0x	6.7x	6.2x	17.9%	9.2%	32.9%
Ryan	Ryan Specialty Holdings, Inc.	55.50	6,588	98.2%	29.0%	37.9%	16.7x	10.8x	4.1x	3.4x	18.4%	21.9%	24.6%
BRP	BRP Group, Inc.	28.94	1,874	93.8%	20.5%	13.7%	25.5x	11.3x	3.0x	2.6x	24.3%	13.3%	11.7%
Group Median			28,182	98.2%	14.7%	23.7%	18.0x	16.4x	4.9x	4.7x	15.6%	9.2%	29.3%

MARKET SNAPSHOT

INSURTECH		MARKET PRICING					MULTIPLES				GROWTH & MARGIN		
Ticker	Name	3/31/2024 Stock Price	Mkt Cap (\$M)	Share Performance			EV / EBITDA		EV / Revenue		Revenue Growth		EBITDA Margin
				%52wk High	%Q/Q	%Y/Y	LTM	NTM	LTM	NTM	LTM	NTM	
CCCS	CCC Intelligent Solutions Holdings Inc.	11.96	7,232	89.2%	5.0%	33.3%	47.0x	20.2x	9.1x	8.3x	10.7%	9.3%	19.4%
CRVL	CorVel Corporation	262.96	4,495	99.2%	6.4%	38.2%	36.6x	nm	5.7x	nm	9.8%	nm	15.6%
EHTH	eHealth, Inc.	6.03	174	58.5%	-30.8%	-35.6%	nm	70.5x	1.0x	1.0x	11.7%	1.9%	-5.9%
EVER	EverQuote, Inc.	18.56	635	91.2%	51.6%	33.5%	nm	43.4x	2.1x	1.9x	-28.8%	10.0%	-9.1%
GOCO	GoHealth, Inc.	10.51	102	46.0%	-21.2%	-35.4%	26.9x	10.1x	1.1x	1.1x	16.3%	0.5%	3.9%
GWRE	Guidewire Software, Inc.	116.71	9,725	95.4%	7.0%	42.2%	nm	70.4x	10.1x	9.2x	6.4%	10.4%	-9.1%
HGTY	Hagerty, Inc.	9.15	775	88.3%	17.3%	4.7%	18.1x	9.6x	1.2x	1.1x	27.0%	16.1%	6.9%
HIPO	Hippo Holdings Inc.	18.27	444	89.6%	100.3%	12.6%	nm	nm	1.5x	0.9x	75.2%	70.4%	-119.7%
LMND	Lemonade, Inc.	16.41	1,152	66.1%	1.7%	15.1%	nm	nm	2.2x	1.8x	67.4%	20.0%	-47.3%
MAX	MediaAlpha, Inc.	20.37	973	89.3%	82.7%	36.0%	nm	23.9x	2.7x	2.1x	-15.4%	27.8%	-7.3%
MRAI	Marpai, Inc.	2.44	25	17.9%	39.4%	-38.9%	nm	nm	1.3x	1.3x	52.6%	3.7%	-67.1%
QNST	QuinStreet, Inc.	17.66	969	99.8%	37.8%	11.3%	nm	25.0x	1.7x	1.4x	-4.4%	26.1%	-2.2%
ROOT	Root, Inc.	61.08	886	99.3%	482.8%	1254.3%	nm	nm	1.4x	0.7x	46.4%	100.9%	-18.5%
SLQT	SelectQuote, Inc.	2.00	338	83.5%	46.0%	-7.8%	15.7x	9.1x	0.9x	0.8x	29.5%	17.8%	5.7%
Group Median			830	89.2%	27.5%	13.8%	26.9x	23.9x	1.6x	1.3x	14.0%	16.1%	-6.6%

MARKET SNAPSHOT

P&C INSURERS (SPECIALTY)		MARKET PRICING				MULTIPLES				MARGINS & RETURNS				
Ticker	Name	3/31/2024 Stock Price	Mkt Cap (\$M)	Share Performance			Price/Earnings		Price/Book		Loss Ratio	Combined Ratio	Return on Equity	
				%52wk High	%Q/Q	%Y/Y	LTM	NTM	P/B	P/TB			LTM	NTM
AFG	American Financial Group, Inc.	136.48	11,418	99.1%	14.8%	12.3%	13.6x	12.3x	2.7x	3.1x	60.3%	90.4%	20.5%	20.6%
JRVR	James River Group Holdings, Ltd.	9.30	350	42.0%	0.6%	-55.0%	6.9x	4.8x	0.7x	1.1x	69.9%	96.5%	8.9%	12.1%
KNSL	Kinsale Capital Group, Inc.	524.74	12,168	95.7%	56.7%	74.8%	39.2x	34.9x	11.2x	11.2x	54.6%	75.4%	33.6%	27.6%
MKL	Markel Group Inc.	1,521.48	19,947	97.5%	7.2%	19.1%	10.3x	17.8x	1.4x	2.0x	64.2%	98.4%	14.4%	7.7%
PLMR	Palomar Holdings, Inc.	83.83	2,085	97.2%	51.0%	51.9%	26.3x	19.8x	4.4x	4.7x	21.0%	76.6%	18.5%	19.8%
RLI	RLI Corp.	148.47	6,779	99.2%	11.5%	11.7%	22.2x	27.3x	4.8x	5.0x	46.7%	86.6%	23.5%	16.6%
SKWD	Skyward Specialty Insurance Group, Inc.	37.41	1,491	99.0%	10.4%	71.1%	16.0x	14.6x	2.3x	2.6x	62.1%	90.7%	15.9%	14.9%
TIPT	Tiptree Inc.	17.28	636	83.1%	-8.9%	18.6%	45.8x	nm	1.5x	6.9x	76.3%	90.3%	7.2%	na
TRUP	Trupanion, Inc.	27.61	1,155	60.7%	-9.5%	-35.6%	nm	nm	3.8x	4.8x	na	na	-14.7%	na
WRB	W. R. Berkley Corporation	88.44	22,689	99.2%	25.1%	42.0%	17.4x	14.8x	3.0x	3.2x	61.3%	89.7%	19.4%	20.2%
WTM	White Mountains Insurance Group, Ltd.	1,794.30	4,541	97.0%	19.2%	30.3%	9.0x	nm	1.1x	1.2x	na	na	13.7%	na
Group Median			4,541	97.2%	11.5%	19.1%	16.7x	16.3x	2.7x	3.2x	61.3%	90.3%	15.9%	18.2%

MARKET SNAPSHOT

P&C INSURERS (STANDARD)		MARKET PRICING					MULTIPLES				MARGINS & RETURNS			
Ticker	Name	3/31/2024 Stock Price	Mkt Cap (\$M)	Share Performance			Price/Earnings		Price/Book		Loss Ratio	Combined Ratio	Return on Equity	
				%52wk High	%Q/Q	%Y/Y	LTM	NTM	P/B	P/TB			LTM	NTM
ALL	The Allstate Corporation	173.01	45,513	99.7%	23.6%	56.1%	nm	13.4x	2.9x	4.0x	83.5%	104.5%	-1.2%	19.7%
CB	Chubb Limited	259.13	105,144	99.4%	14.7%	33.4%	11.8x	12.0x	1.8x	3.4x	60.6%	86.5%	15.8%	13.6%
CINF	Cincinnati Financial Corporation	124.17	19,456	99.9%	20.0%	10.8%	10.6x	19.7x	1.6x	1.6x	64.9%	94.9%	16.3%	8.0%
CNA	CNA Financial Corporation	45.42	12,304	95.9%	7.4%	16.4%	10.2x	9.0x	1.2x	1.3x	65.9%	96.0%	13.1%	13.6%
DGIC.A	Donegal Group Inc.	14.14	468	89.7%	1.1%	-7.5%	105.6x	18.9x	1.0x	1.0x	69.1%	104.4%	0.9%	5.1%
ERIE	Erie Indemnity Company	401.57	20,998	95.5%	19.9%	73.3%	41.6x	39.8x	12.6x	12.6x	na	na	28.7%	na
GBLI	Global Indemnity Group, LLC	30.53	415	82.5%	-5.3%	8.5%	16.6x	12.6x	0.6x	0.7x	61.1%	99.7%	4.0%	na
HIG	The Hartford Financial Services Group, Inc.	103.05	30,642	99.8%	28.2%	47.9%	12.7x	10.2x	2.1x	2.5x	na	94.9%	17.3%	16.8%
HRTG	Heritage Insurance Holdings, Inc.	10.65	322	96.2%	63.3%	245.8%	6.2x	7.3x	1.4x	1.7x	61.1%	96.3%	25.8%	18.2%
MCY	Mercury General Corporation	51.60	2,857	97.4%	38.3%	62.6%	29.7x	17.8x	1.8x	1.9x	82.3%	105.4%	6.3%	10.4%
ORI	Old Republic International Corporation	30.72	8,342	99.4%	4.5%	23.0%	14.5x	11.3x	1.3x	1.4x	38.7%	92.6%	9.5%	11.5%
PGR	The Progressive Corporation	206.82	121,134	99.3%	29.8%	44.6%	21.1x	21.5x	5.6x	5.6x	na	na	29.9%	26.0%
SAFT	Safety Insurance Group, Inc.	82.19	1,216	92.6%	8.2%	10.3%	64.1x	nm	1.5x	1.6x	77.0%	107.7%	2.3%	na
SIGI	Selective Insurance Group, Inc.	109.17	6,620	99.6%	9.7%	14.5%	18.6x	14.2x	2.4x	2.4x	64.9%	96.5%	13.3%	15.2%
THG	The Hanover Insurance Group, Inc.	136.17	4,878	98.7%	12.1%	6.0%	145.1x	12.9x	2.0x	2.1x	73.0%	103.5%	1.4%	14.6%
TRV	The Travelers Companies, Inc.	230.14	52,731	99.7%	20.8%	34.3%	16.9x	12.6x	2.1x	2.6x	na	na	13.1%	15.4%
UFCS	United Fire Group, Inc.	21.77	550	76.2%	8.2%	-18.0%	nm	19.8x	0.7x	0.8x	74.4%	109.3%	-4.0%	3.8%
Group Median			8,342	98.7%	14.7%	23.0%	16.9x	13.2x	1.8x	1.9x	65.9%	98.1%	13.1%	14.1%

MARKET SNAPSHOT

LIFE INSURANCE & ANNUITIES		MARKET PRICING					MULTIPLES				RETURNS	
Ticker	Name	3/31/2024 Stock Price	Mkt Cap (\$M)	Share Performance			Price/Earnings		Price/Book		Return on Equity	
				%52wk High	%Q/Q	%Y/Y	LTM	NTM	P/B	P/TB	LTM	NTM
AFL	Aflac Incorporated	85.86	49,405	99.5%	4.1%	33.1%	11.0x	13.3x	2.3x	2.3x	22.1%	16.3%
BHF	Brighthouse Financial, Inc.	51.54	3,241	91.6%	-2.6%	16.8%	nm	3.0x	0.7x	0.7x	-20.9%	12.0%
CIA	Citizens, Inc.	2.14	106	53.5%	-20.4%	-42.3%	4.4x	nm	0.6x	0.6x	16.3%	na
CNO	CNO Financial Group, Inc.	27.48	2,986	96.8%	-1.5%	23.8%	11.3x	8.7x	1.4x	1.4x	13.9%	9.0%
CRBG	Corebridge Financial, Inc.	28.73	17,886	97.7%	32.6%	79.3%	16.7x	5.8x	1.5x	1.5x	9.0%	12.4%
GL	Globe Life Inc.	116.37	10,943	88.2%	-4.4%	5.8%	11.4x	10.0x	2.4x	2.7x	23.0%	22.6%
GNW	Genworth Financial, Inc.	6.43	2,846	92.8%	-3.7%	28.1%	39.7x	9.9x	0.4x	0.4x	2.4%	2.8%
JXN	Jackson Financial Inc.	66.14	5,120	98.6%	29.2%	76.8%	6.0x	4.2x	0.5x	0.5x	9.7%	10.7%
LNC	Lincoln National Corporation	31.93	5,418	98.5%	18.4%	42.1%	nm	4.8x	0.9x	1.1x	-12.5%	10.7%
MET	MetLife, Inc.	74.11	53,583	99.6%	12.1%	27.9%	40.7x	8.4x	1.8x	2.7x	5.3%	14.7%
PFG	Principal Financial Group, Inc.	86.31	20,358	99.5%	9.7%	16.1%	33.4x	11.4x	1.9x	2.6x	6.2%	14.1%
PRI	Primerica, Inc.	252.96	8,777	98.6%	22.9%	46.9%	15.8x	14.2x	4.3x	5.0x	28.1%	28.4%
PRU	Prudential Financial, Inc.	117.40	42,170	99.6%	13.2%	41.9%	17.4x	8.7x	1.5x	1.6x	8.1%	14.6%
UNM	Unum Group	53.66	10,277	99.4%	18.7%	35.6%	8.2x	6.6x	1.1x	1.1x	14.0%	11.5%
VOYA	Voya Financial, Inc.	73.92	7,511	95.0%	1.3%	3.4%	12.9x	8.8x	1.8x	2.9x	13.2%	14.8%
Group Median			8,777	98.5%	9.7%	28.1%	12.9x	8.7x	1.5x	1.5x	9.7%	13.2%

MARKET SNAPSHOT

HEALTH AND MANAGED CARE		MARKET PRICING					MULTIPLES				RETURNS	
Ticker	Name	3/31/2024 Stock Price	Mkt Cap (\$M)	Share Performance			Price/Earnings		Price/Book		Return on Equity	
				%52wk High	%Q/Q	%Y/Y	LTM	NTM	P/B	P/TB	LTM	NTM
CI	The Cigna Group	363.19	103,018	99.3%	21.3%	42.1%	20.7x	12.8x	2.3x	nm	11.8%	17.5%
CNC	Centene Corporation	78.48	41,976	96.4%	5.8%	24.2%	15.8x	11.6x	1.6x	19.2x	10.8%	13.8%
ELV	Elevance Health, Inc.	518.54	120,620	99.5%	10.0%	12.8%	19.5x	14.0x	3.0x	30.5x	16.0%	20.7%
HUM	Humana Inc.	346.72	41,797	64.1%	-24.3%	-28.6%	17.3x	21.5x	2.6x	8.4x	15.7%	11.8%
MOH	Molina Healthcare, Inc.	410.83	24,068	96.9%	13.7%	53.6%	21.7x	17.4x	5.7x	9.1x	30.4%	27.4%
OSCR	Oscar Health, Inc.	14.87	3,411	80.2%	62.5%	127.4%	nm	nm	4.2x	4.2x	-31.9%	-4.5%
UNH	UnitedHealth Group Incorporated	494.70	456,081	89.2%	-6.0%	4.7%	29.7x	17.8x	4.9x	4.9x	17.2%	25.4%
Group Median			41,976	96.4%	10.0%	24.2%	20.1x	15.7x	3.0x	8.8x	15.7%	17.5%

MERCER CAPITAL'S INSURANCE INDUSTRY SERVICES

Mercer Capital provides valuation and transaction advisory services to the insurance industry

SECTORS SERVED

- Independent Agencies & Brokerages
- Retail, Wholesale, MGAs, MGUs
- PE and Sponsor-Backed Platforms
- Bank-Owned Agencies
- Insurance Technology (InsurTech)
- P&C Insurance Underwriters
- Life & Health, Managed Care
- Captives and Risk Retention Groups
- Third-Party Administrators
- Claims Adjusters & Service Providers

SERVICES

- Corporate Valuation
- M&A Representation & Consulting
- Quality of Earnings Analysis
- Tax Compliance Valuation
- Financial Reporting Valuation
- Purchase Price Allocation
- Fairness & Solvency Opinions
- Buy-Sell Agreement Valuation & Consulting
- ESOP/ERISA Valuation
- Litigation & Dispute Resolution Consulting / Testimony

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ADDITIONAL RESOURCES



WHITEPAPER

Understand the Value of Your Insurance Brokerage

Understanding how insurance agencies and brokerages are actually valued may help you understand how to grow the value of your business and maximize your return when it comes time to sell. This whitepaper provides an informative overview regarding the valuation of insurance brokerages and agencies.



WHITEPAPER

Understand the Value of Your InsurTech Company

Valuing an InsurTech company can be complicated and difficult, but carries important significance for employees, investors, and stakeholders for the company. While all InsurTech companies have differences, including what niche (distribution, claims, benefits, etc.) they operate in or what stage of development the company is in, understanding the value of the business is critically important.



PRESENTATION

Insurance Agency Valuation in Uncertain Times

This presentation, which we've shared with various groups over the last few months, provides an update on the current M&A environment and the valuation issues that impact insurance agencies and brokerages. It also addresses some strategies for family-owned agencies facing perpetuation issues or challenges in this macroeconomic environment.