

INSURANCE INDUSTRY

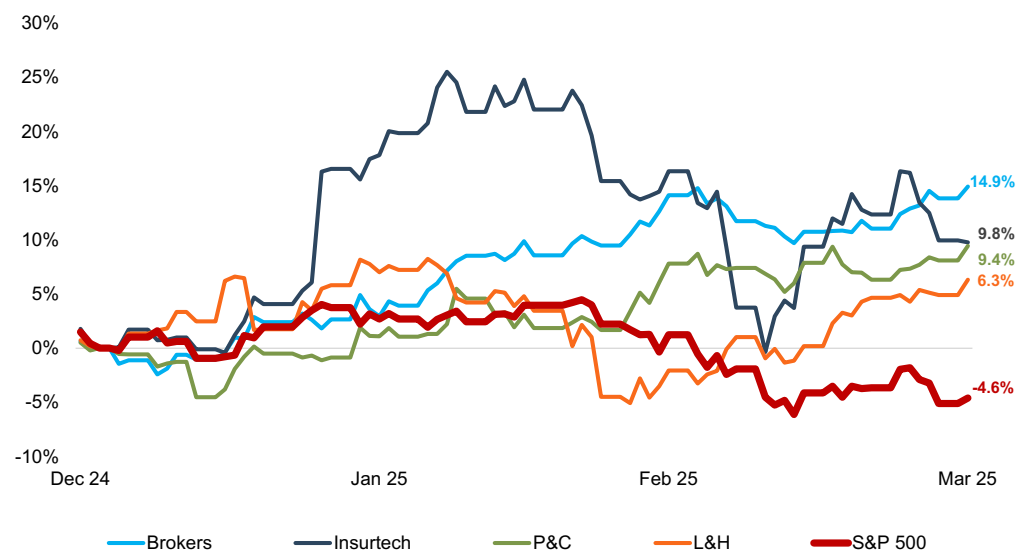
FIRST QUARTER 2025

SECTOR PERFORMANCE UPDATE

Insurance Stocks Proved Resilient During a Volatile First Quarter 2025

- All four segments tracked in Mercer Capital's market-weighted indices outperformed the broader market in the first quarter of 2025. Brokers led the way (+14.9%), followed by Insurtech (+9.8%), P&C (+9.4%), and L&H (+6.3%). For perspective, the S&P 500 was down 4.6% and the NASDAQ fell 9.7%.
- The public insurance broker group exhibited strong and steady growth over the period, as all constituents posted double-digit returns, with the exception of WTW and TWFG. The group median multiple of forward EBITDA stood at 18.6x, as compared to 17.6x at year-end.
- Insurtech proved to be the most volatile segment, rising nearly 25% by early February before swinging back to a 9.8% indexed return for the quarter. ROOT continued its impressive streak (+84% in Q1), as EBITDA margin moved from negative to positive for the first time.
- The P&C Underwriter Index was generally a safe haven, with the returns on the largest firms (Progressive, Chubb, and Travelers) up 18%, 9%, and 10%, respectively.
- The Life & Health index, which includes both traditional life insurers and managed care companies, lagged other sectors in 1Q25, though the largest constituent's post-quarter struggles (UnitedHealth) are not reflected in these figures.
- Notable transactions announced in the first quarter included Allstate's sale of its group health business to Nationwide for approximately \$1.25 billion (~13.5x estimated 2024 earnings) and the \$1.3 billion acquisition of medmal liability insurer ProAssurance by The Doctors Company (~1.1x book value).
- On the brokerage side, Arthur J. Gallagher & Co. announced its acquisition of San Francisco-based Woodruff Sawyer (the 24th largest independent P&C agency per Insurance Journal) for consideration of \$1.2 billion, which reflected a 14.1x multiple of pro forma 2024 EBITDA.

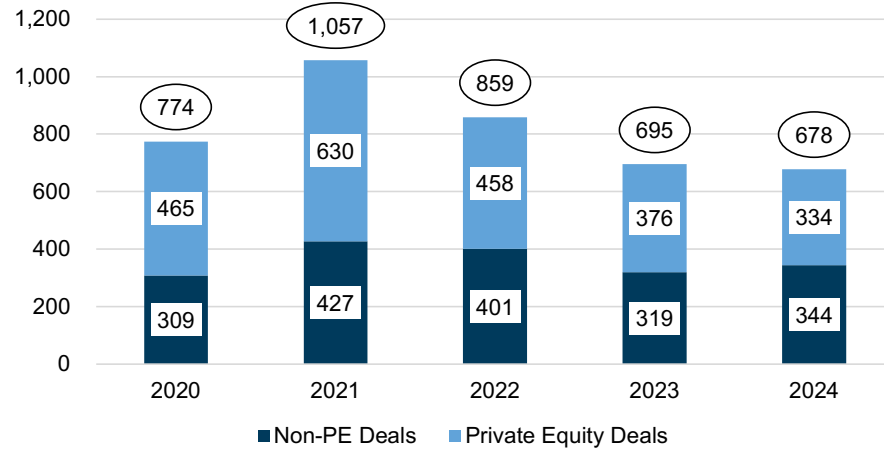
1Q 2025 Stock Price Performance



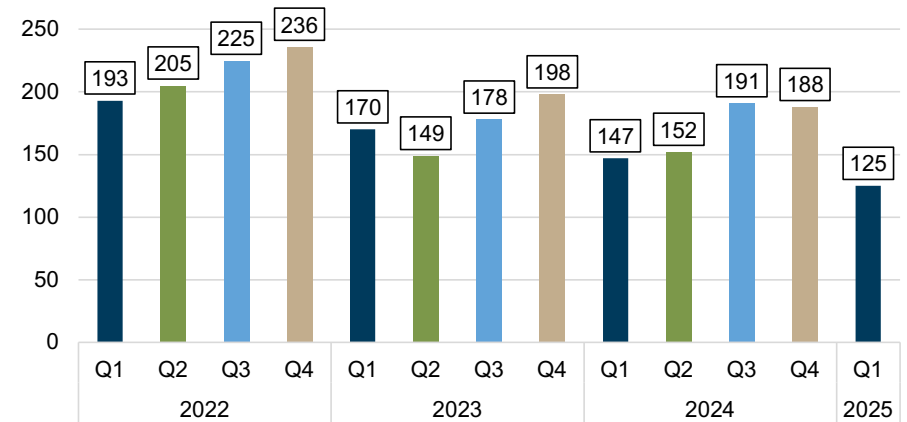
Individual sub-sector performance represented by market capitalization weighted indices for each group.
Source: Bloomberg LP; Mercer Capital Analysis

M&A TRANSACTION TRENDS

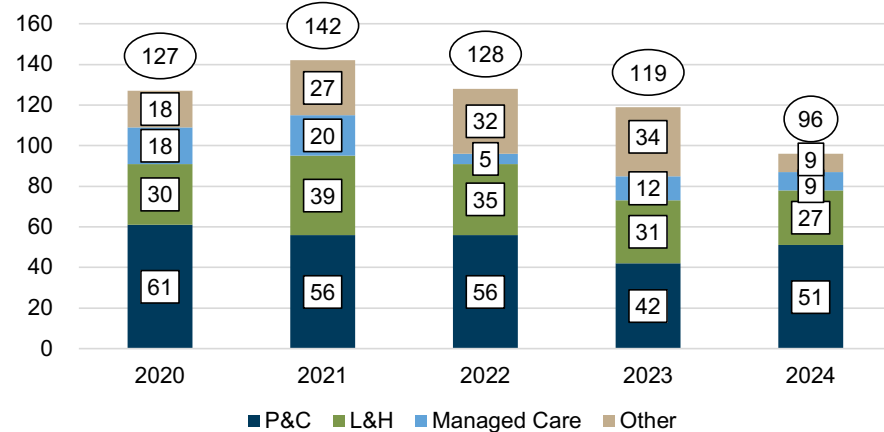
Insurance Brokers: 5-Year M&A Trend



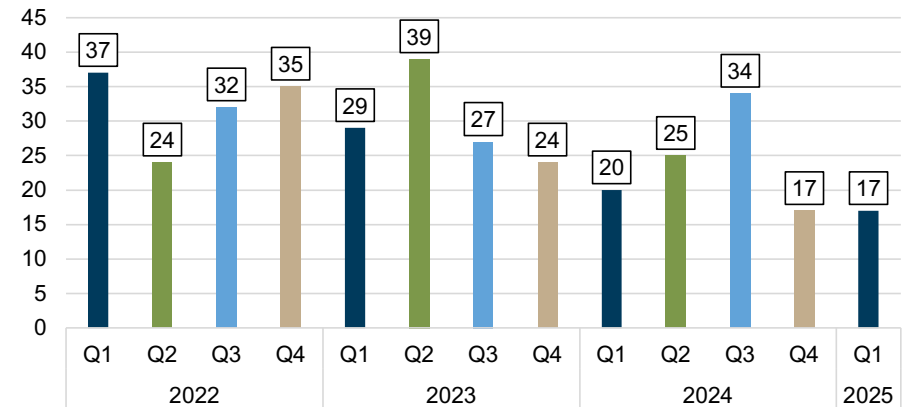
Insurance Brokers: Quarterly M&A Trend



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, 2025

		MARKET PRICING			MULTIPLES			
Segment		Share Performance			EV / EBITDA		EV / Revenue	
		%52wk High	%Q/Q	%Y/Y	LTM	NTM	LTM	NTM
	Insurance Brokers	97.2%	14.9%	35.6%	20.2x	18.6x	7.9x	6.0x
	InsurTech	70.1%	-8.4%	27.7%	20.4x	10.7x	1.5x	1.2x

As of March 31, 2025

		MARKET PRICING			MULTIPLES			
Segment		Share Performance			Price/Earnings		Price/Book	
		%52wk High	%Q/Q	%Y/Y	LTM	NTM	P/B	P/TB
	P&C (Specialty)	91.1%	4.7%	20.7%	19.6x	19.3x	2.9x	3.5x
	P&C (Standard)	96.6%	7.4%	19.0%	12.2x	12.1x	1.7x	1.8x
	L&H (Life Ins & Annuities)	90.2%	7.5%	12.5%	11.0x	9.0x	1.5x	1.5x
	L&H (Health & Managed Care)	76.7%	4.3%	-16.1%	26.4x	13.5x	2.4x	6.9x

MARKET SNAPSHOT

BROKERS		MARKET PRICING					MULTIPLES				GROWTH & MARGIN		
Ticker	Name	3/31/2025 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.	244.03	119,851	99.2%	14.9%	18.5%	19.0x	17.8x	5.6x	5.1x	7.6%	9.9%	29.5%
AON	Aon plc	399.09	86,204	96.6%	11.1%	19.6%	20.2x	17.8x	6.5x	5.9x	17.4%	10.4%	32.3%
WTW	Willis Towers Watson Public Limited Company	337.95	33,691	98.2%	7.9%	22.9%	14.0x	14.0x	3.7x	3.8x	4.7%	-2.2%	26.8%
AJG	Arthur J. Gallagher & Co.	345.24	88,290	99.5%	21.6%	38.1%	23.8x	18.6x	7.9x	6.0x	14.3%	31.0%	33.2%
BRO	Brown & Brown, Inc.	124.40	35,656	99.5%	21.9%	42.1%	24.3x	21.3x	8.2x	7.4x	12.1%	10.9%	33.9%
RYAN	Ryan Specialty Holdings, Inc.	73.87	19,347	97.2%	15.1%	33.1%	[33.8x]	22.3x	9.2x	7.4x	21.2%	24.4%	27.2%
BWIN	The Baldwin Insurance Group, Inc.	44.69	5,255	80.1%	15.3%	54.4%	[43x]	19.8x	5.0x	4.5x	14.0%	10.9%	11.6%
GSHD	Goosehead Insurance, Inc	118.06	4,404	90.5%	10.1%	77.2%	[62.1x]	[40.2x]	14.2x	11.9x	20.7%	18.7%	22.8%
TWFG	TWFG, Inc.	30.91	1,733	84.7%	0.4%	na	[44.8x]	[36.9x]	8.6x	7.1x	nm	20.6%	19.1%
Group Median			33,691	97.2%	14.9%	35.6%	20.2x	18.6x	7.9x	6.0x	14.2%	10.9%	27.2%
<i>excluding outliers [in brackets]</i>													

MARKET SNAPSHOT

INSURTECH		MARKET PRICING					MULTIPLES				GROWTH & MARGIN		
Ticker	Name	3/31/2025 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.	9.03	5,938	70.1%	-23.0%	-24.5%	31.3x	15.0x	6.7x	6.0x	9.1%	11.9%	21.5%
CRVL	CorVel Corporation	111.97	5,751	87.1%	0.6%	27.7%	40.3x	nm	6.4x	nm	12.6%	nm	15.9%
EHTH	eHealth, Inc.	6.68	200	58.8%	-28.9%	10.8%	15.0x	11.4x	1.0x	1.0x	17.6%	-0.6%	6.6%
EVER	EverQuote, Inc.	26.19	936	87.2%	31.0%	41.1%	24.4x	10.7x	1.7x	1.3x	73.7%	25.0%	6.8%
GOCO	GoHealth, Inc.	12.27	282	58.4%	-8.4%	16.7%	10.3x	6.7x	1.2x	1.1x	8.7%	7.3%	11.5%
GWRE	Guidewire Software, Inc.	187.36	15,716	85.3%	11.1%	60.5%	nm	[61x]	14.2x	12.3x	17.2%	15.2%	1.0%
HGTY	Hagerty, Inc.	9.04	3,083	73.2%	-6.3%	-1.2%	32.9x	22.2x	2.9x	2.6x	20.0%	12.7%	8.8%
HIPO	Hippo Holdings Inc.	25.56	641	72.1%	-4.5%	39.9%	nm	nm	0.7x	0.6x	77.4%	22.5%	-19.3%
LMND	Lemonade, Inc.	31.43	2,289	58.4%	-14.3%	91.5%	nm	nm	3.7x	3.0x	22.5%	25.6%	-33.8%
MAX	MediaAlpha, Inc.	9.24	619	35.8%	-18.2%	-54.6%	11.4x	6.1x	0.8x	0.6x	122.8%	24.0%	7.0%
QNST	QuinStreet, Inc.	17.84	1,007	67.9%	-22.7%	1.0%	[55.2x]	10.2x	1.0x	0.8x	69.0%	22.3%	1.9%
ROOT	Root, Inc.	133.44	2,028	73.7%	83.8%	118.5%	20.4x	25.0x	1.5x	1.4x	158.6%	6.5%	7.2%
SLQT	SelectQuote, Inc.	3.34	575	48.7%	-10.2%	67.0%	12.1x	9.3x	0.9x	0.8x	nm	15.3%	7.3%
Group Median			1,007	70.1%	-8.4%	27.7%	20.4x	10.7x	1.5x	1.2x	21.2%	15.2%	7.0%
<i>excluding outliers [in brackets]</i>													

MARKET SNAPSHOT

P&C INSURERS (SPECIALTY)		MARKET PRICING					MULTIPLES				MARGINS & RETURNS			
Ticker	Name	3/31/2025 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.	131.34	11,030	87.4%	-4.1%	-3.8%	12.4x	12.5x	2.5x	2.8x	63.3%	91.2%	20.3%	19.0%
JRVR	James River Group Holdings, Ltd.	4.20	192	43.9%	-13.8%	-54.8%	nm	3.4x	0.4x	0.8x	86.2%	117.6%	-10.0%	13.9%
BOW	Bowhead Specialty Holdings Inc.	40.65	1,328	96.1%	14.4%	nm	31.1x	25.0x	3.6x	3.6x	64.4%	95.8%	13.6%	13.9%
KNSL	Kinsale Capital Group, Inc.	486.71	11,329	91.5%	4.6%	-7.2%	27.2x	28.0x	7.6x	7.7x	55.8%	76.4%	32.3%	24.4%
MKL	Markel Group Inc.	1,869.61	23,875	90.6%	8.3%	22.9%	9.4x	19.3x	1.5x	2.0x	59.9%	95.2%	17.3%	7.9%
PLMR	Palomar Holdings, Inc.	137.08	3,657	98.5%	29.8%	63.5%	29.8x	20.5x	5.0x	5.2x	26.4%	78.1%	19.6%	21.8%
RLI	RLI Corp.	80.33	7,371	88.1%	-2.5%	8.2%	21.3x	26.1x	4.8x	5.0x	48.4%	86.2%	23.6%	18.5%
SKWD	Skyward Specialty Insurance Group, Inc.	52.92	2,124	95.2%	4.7%	41.5%	17.8x	15.5x	2.7x	3.0x	63.4%	92.3%	16.3%	16.8%
TIPT	Tiptree Inc.	24.09	898	89.6%	15.5%	39.4%	16.8x	nm	2.0x	6.1x	45.5%	90.0%	14.2%	na
TRUP	Trupanion, Inc.	37.27	1,584	64.4%	-22.7%	35.0%	nm	nm	4.9x	5.8x	na	na	-3.1%	na
WRB	W. R. Berkley Corporation	71.16	26,986	93.2%	21.6%	20.7%	16.2x	16.3x	3.2x	3.3x	61.8%	90.3%	22.1%	19.4%
WTM	White Mountains Insurance Group, Ltd.	1,925.81	4,893	95.2%	-1.0%	7.3%	21.4x	nm	1.1x	1.3x	53.9%	81.8%	5.9%	na
Group Median			4,275	91.1%	4.7%	20.7%	19.6x	19.3x	2.9x	3.5x	59.9%	90.3%	16.8%	18.5%

MARKET SNAPSHOT

P&C INSURERS (STANDARD)		MARKET PRICING					MULTIPLES				MARGINS & RETURNS			
Ticker	Name	3/31/2025 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	207.07	54,879	97.3%	7.4%	19.7%	12.0x	11.5x	2.8x	3.6x	72.6%	94.3%	23.6%	22.6%
CB	Chubb Limited	301.99	120,844	99.5%	9.3%	16.5%	13.2x	14.4x	1.9x	3.3x	60.4%	86.6%	14.6%	12.5%
CINF	Cincinnati Financial Corporation	147.72	23,122	91.3%	2.8%	19.0%	10.1x	28.9x	1.7x	1.7x	63.5%	93.4%	17.6%	6.1%
CNA	CNA Financial Corporation	50.79	13,722	97.0%	5.0%	11.8%	14.4x	10.4x	1.3x	1.3x	68.3%	96.7%	9.4%	11.5%
DGIC.A	Donegal Group Inc.	19.63	682	99.2%	26.9%	38.8%	13.0x	13.5x	1.3x	1.3x	64.5%	98.6%	9.9%	8.9%
ERIE	Erie Indemnity Company	419.05	21,912	76.6%	1.7%	4.4%	36.5x	29.2x	11.0x	11.0x	na	na	32.9%	na
GBLI	Global Indemnity Group, LLC	34.45	491	93.1%	-4.3%	12.8%	11.0x	10.8x	0.7x	0.7x	56.6%	95.6%	6.5%	na
HIG	The Hartford Insurance Group, Inc.	123.73	35,311	99.1%	13.1%	20.1%	11.8x	11.1x	2.2x	2.6x	58.5%	89.9%	19.6%	17.4%
HRTG	Heritage Insurance Holdings, Inc.	14.42	598	85.3%	19.2%	35.4%	7.2x	6.1x	1.5x	1.7x	58.2%	94.2%	24.1%	22.2%
MCY	Mercury General Corporation	55.90	3,096	69.3%	-15.9%	8.3%	6.6x	nm	1.6x	1.6x	72.6%	96.0%	26.8%	-1.4%
ORI	Old Republic International Corporation	39.22	9,603	99.2%	8.4%	27.7%	11.9x	12.2x	1.7x	1.8x	41.7%	93.9%	14.2%	13.7%
PGR	The Progressive Corporation	283.01	165,903	96.6%	18.1%	36.8%	19.6x	18.5x	6.5x	6.5x	69.1%	88.8%	37.0%	30.9%
SAFT	Safety Insurance Group, Inc.	78.88	1,170	87.6%	-4.3%	-4.0%	16.5x	nm	1.4x	1.5x	70.9%	101.1%	8.7%	na
SIGI	Selective Insurance Group, Inc.	91.54	5,563	84.0%	-2.1%	-16.1%	28.2x	12.1x	1.9x	1.9x	72.3%	103.0%	6.8%	14.5%
THG	The Hanover Insurance Group, Inc.	173.95	6,249	98.8%	12.5%	27.7%	14.7x	12.1x	2.2x	2.3x	63.5%	94.8%	16.0%	17.4%
TRV	The Travelers Companies, Inc.	264.46	59,960	98.1%	9.8%	14.9%	12.2x	15.0x	2.2x	2.6x	64.0%	92.5%	18.9%	13.7%
UFCS	United Fire Group, Inc.	29.46	748	92.9%	3.6%	35.3%	12.0x	11.8x	1.0x	1.0x	63.3%	99.2%	8.2%	7.6%
Group Median			9,603	96.6%	7.4%	19.0%	12.2x	12.1x	1.7x	1.8x	63.8%	94.6%	16.0%	13.7%

MARKET SNAPSHOT

LIFE INSURANCE & ANNUITIES		MARKET PRICING					MULTIPLES				RETURNS	
Ticker	Name	3/31/2025 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	111.19	60,775	96.3%	7.5%	29.5%	11.5x	16.3x	2.3x	2.4x	22.6%	13.3%
BHF	Brighthouse Financial, Inc.	57.99	3,367	90.4%	20.7%	12.5%	12.4x	2.9x	0.7x	0.7x	7.8%	14.3%
CIA	Citizens, Inc.	4.55	227	76.5%	13.5%	112.6%	15.2x	14.7x	1.1x	1.1x	7.8%	7.1%
CNO	CNO Financial Group, Inc.	41.65	4,202	96.4%	11.9%	51.6%	10.9x	10.8x	1.7x	1.7x	17.1%	11.1%
CRBG	Corebridge Financial, Inc.	31.57	17,553	89.3%	5.5%	9.9%	8.5x	6.0x	1.5x	1.5x	17.7%	12.2%
GL	Globe Life Inc.	131.72	11,045	99.4%	18.1%	13.2%	11.0x	9.6x	2.1x	2.3x	21.9%	19.9%
GNW	Genworth Financial, Inc.	7.09	2,970	89.7%	1.4%	10.3%	10.0x	10.6x	0.4x	0.4x	4.9%	2.7%
JXN	Jackson Financial Inc.	83.78	6,086	72.7%	-3.8%	26.7%	7.1x	4.0x	0.7x	0.7x	9.6%	13.7%
LNC	Lincoln National Corporation	35.91	6,119	90.1%	13.2%	12.5%	1.9x	4.7x	0.8x	1.0x	43.2%	11.4%
MET	MetLife, Inc.	80.29	54,696	90.2%	-1.9%	8.3%	13.4x	8.5x	2.0x	3.1x	15.3%	16.0%
PFG	Principal Financial Group, Inc.	84.37	19,031	91.7%	9.0%	-2.2%	12.5x	10.0x	1.7x	2.3x	14.1%	14.3%
PRI	Primerica, Inc.	284.53	9,461	92.4%	4.8%	12.5%	13.5x	13.5x	4.2x	4.3x	33.3%	29.4%
PRU	Prudential Financial, Inc.	111.68	39,535	85.5%	-5.8%	-4.9%	14.8x	7.8x	1.4x	1.5x	9.5%	15.2%
UNM	Unum Group	81.46	14,400	96.4%	11.5%	51.8%	8.6x	9.0x	1.3x	1.4x	17.3%	11.6%
VOYA	Voya Financial, Inc.	67.76	6,473	80.4%	-1.6%	-8.3%	10.7x	8.3x	1.6x	2.7x	12.3%	13.7%
Group Median			9,461	90.2%	7.5%	12.5%	11.0x	9.0x	1.5x	1.5x	15.3%	13.7%

MARKET SNAPSHOT

HEALTH AND MANAGED CARE		MARKET PRICING					MULTIPLES				RETURNS	
Ticker	Name	3/31/2025 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	329.00	89,195	88.7%	19.1%	-9.4%	26.9x	11.1x	2.2x	nm	8.6%	19.2%
CNC	Centene Corporation	60.71	30,115	75.3%	0.2%	-22.6%	9.6x	8.3x	1.1x	8.7x	12.6%	13.0%
ELV	Elevance Health, Inc.	434.96	98,889	76.7%	17.9%	-16.1%	16.9x	12.6x	2.4x	nm	14.8%	18.3%
HUM	Humana Inc.	264.60	31,935	65.1%	4.3%	-23.7%	26.4x	16.1x	1.9x	6.0x	7.4%	11.4%
MOH	Molina Healthcare, Inc.	329.39	18,281	80.5%	13.2%	-19.8%	16.0x	13.5x	4.1x	7.7x	27.1%	27.2%
OSCR	Oscar Health, Inc.	13.11	3,281	55.1%	-2.5%	-11.8%	123.9x	18.0x	3.2x	3.2x	2.9%	14.5%
UNH	UnitedHealth Group Incorporated	523.75	479,081	83.0%	3.5%	5.9%	33.5x	17.6x	5.2x	nm	15.1%	25.9%
Group Median			31,935	76.7%	4.3%	-16.1%	26.4x	13.5x	2.4x	6.9x	12.6%	18.3%

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.