

INSURANCE INDUSTRY

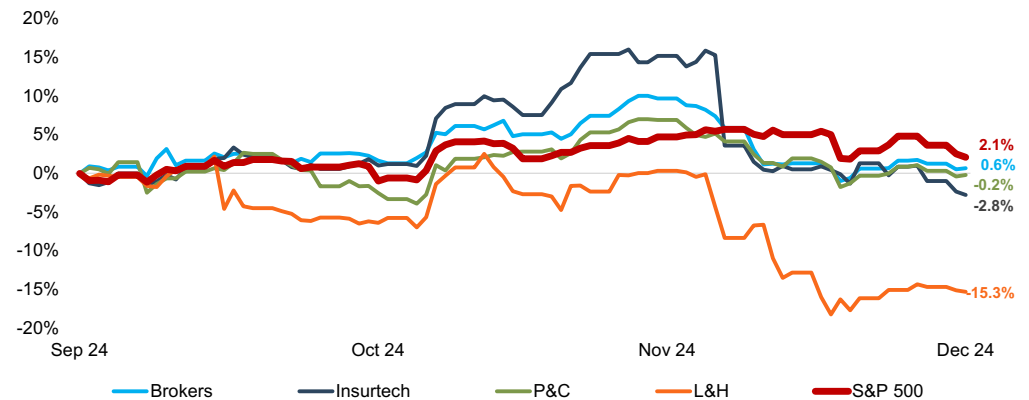
FOURTH QUARTER 2024 & 2025 OUTLOOK

SECTOR PERFORMANCE UPDATE

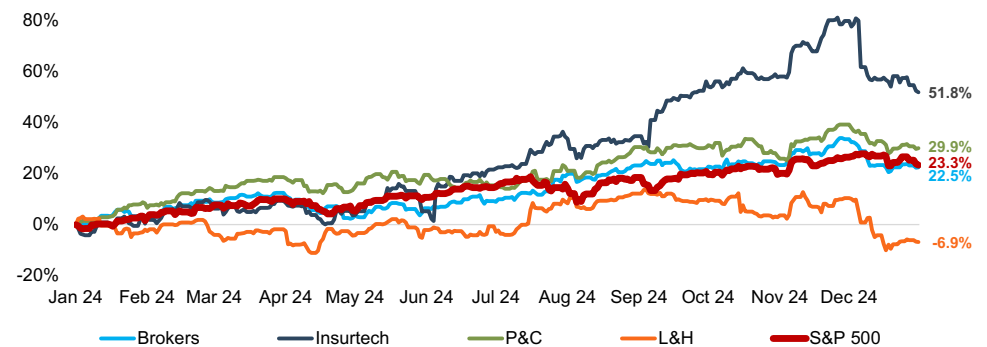
2024: A great year for Brokers, P&C, and Insurtech; Insurance IPOs win big

- Mercer Capital's 2024 market-weighted indices for Brokers (+22.5%) and P&C (+29.9%) straddled S&P 500's 23.3% return for the year. Insurtech was the surprise winner with a 51.8% return, led by a 55% return for the largest constituent (GWRE) and a nearly 6x return for ROOT.
- The Life & Health index, which includes both traditional life insurers and managed care companies, lagged other sectors with a 15% decline in the fourth quarter and 6.9% decline for the year. After a brief post-election rise, fourth-quarter performance was muted for the other indices as well as the broad market.
- As a whole, the Broker index performed in line with the market, though individual standouts included BWIN (+61%) and RYAN (49.1%). Newly public broker Woodlands Financial Group (TWFG) posted an 81% return since its July 2024 IPO.
- The largest firms in the P&C Underwriter index (PGR and CB) posted returns of 50% and 22%, respectively, though the top performer for the year was specialty underwriter Palomar (PLMR) with a return of 90%. The other notable IPO in 2024 was Bowhead Specialty (BOW), which finished the year at \$35/share, approximately twice its May 2024 offering price.
- The composite performance of the Life & Health index masks divergent returns between the lagging managed care stocks (UNH and ELV were down 4% and 22% on the year) and life insurers such as MET (+24%) and PRU (+14%).
- Announced transaction value in the brokerage space reached \$37.2 billion, almost twice the prior year, led by Gallagher's \$13.5 billion acquisition of AssuredPartners and Marsh's \$7.8 billion deal for McGriff. However, overall broker deal count was flat compared to the prior year.
- On the underwriter side, 2024 unfortunately marked the third consecutive year of decline in both transaction dollar volume and deal count.

4Q 2024 Stock Price Performance



Year-to-Date Stock Price Performance Through December 31, 2024



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

2025 INDUSTRY SECTOR OUTLOOK FOR UNDERWRITERS AND BROKERS

INDUSTRY SECTOR OUTLOOK FOR 2025			
Segment Outlook		2024	2025
Property & Casualty (overall)	<i>Fitch:</i>	Neutral	Neutral
	<i>Moody's:</i>	Negative	Stable
	<i>S&P:</i>	Negative	Stable
P&C (Commercial Lines)	<i>Fitch:</i>	Neutral	Neutral
	<i>AM Best:</i>	Stable	Stable
P&C (Personal Lines)	<i>Fitch:</i>	Neutral	Improving
	<i>AM Best:</i>	Negative	Stable
	<i>AM Best:</i>	Negative	na
Life Insurance	<i>Fitch:</i>	Improving	Neutral
	<i>Moody's:</i>	Stable	Stable
	<i>S&P:</i>	Stable	Stable
	<i>AM Best:</i>	Stable	na
Health Insurance	<i>Fitch:</i>	Neutral	Neutral
	<i>Moody's:</i>	Stable	Negative
	<i>S&P:</i>	Stable	Negative
	<i>AM Best:</i>	Stable	Stable
Insurance Brokers	<i>S&P:</i>	Stable	Stable

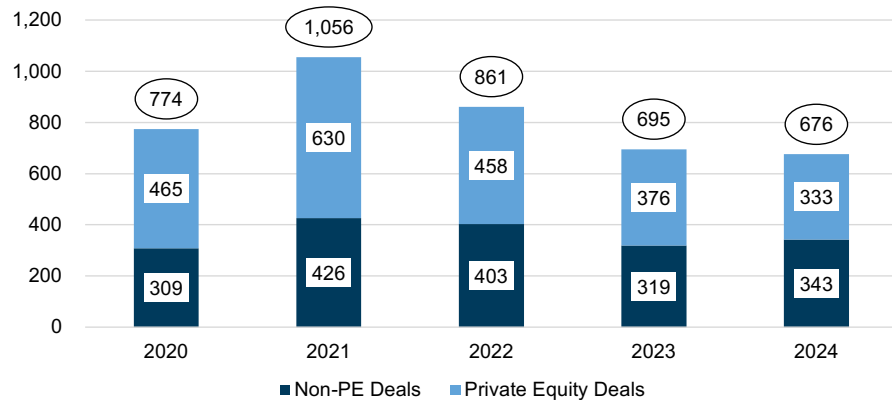
Source: Ratings agency press releases & public reports, Mercer Capital analysis.

INSURANCE BROKER ORGANIC REVENUE GROWTH		
Company	2024 Actual	2025 Guidance
Marsh McLennan	7.0%	"mid-single-digit underlying revenue growth"
Aon	6.0%	"mid-single-digit or greater organic revenue growth"
AJ Gallagher	7.0%	"6% to 8% range"
Brown & Brown	10.4%	"Adjusted EBITDAC margins to be relatively flat"
Willis (Risk & Broking segment)	8.0%	"mid-single digit to high-single digit"
Ryan Specialty	12.8%	"between 11% and 13%"
Baldwin (YTD 9/30)	16.0%	"towards the midpoint of our 10% to 15% long-term target range"
TWFG Insurance (YTD 9/30)	11.7%	no guidance provided
Group Median	9.2%	

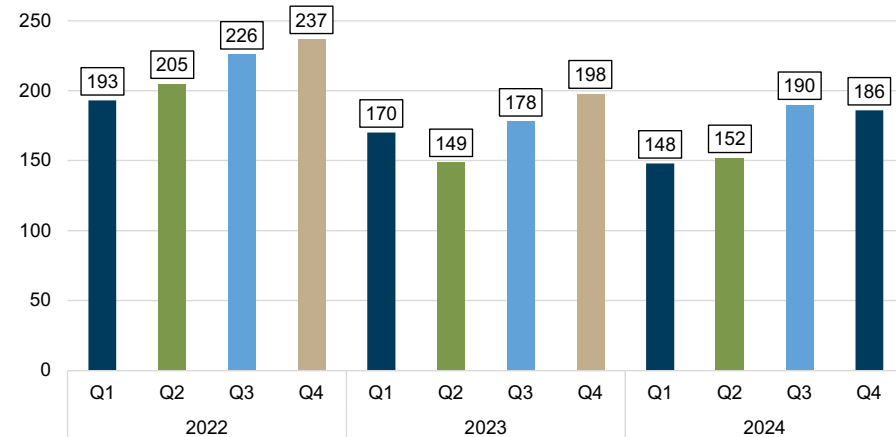
Source: Company filings & earnings calls, Mercer Capital analysis.

M&A TRANSACTION TRENDS

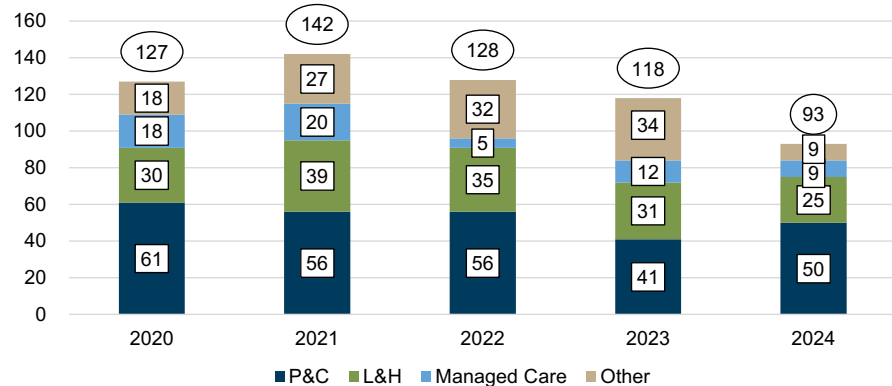
Insurance Brokers: 5-Year M&A Trend



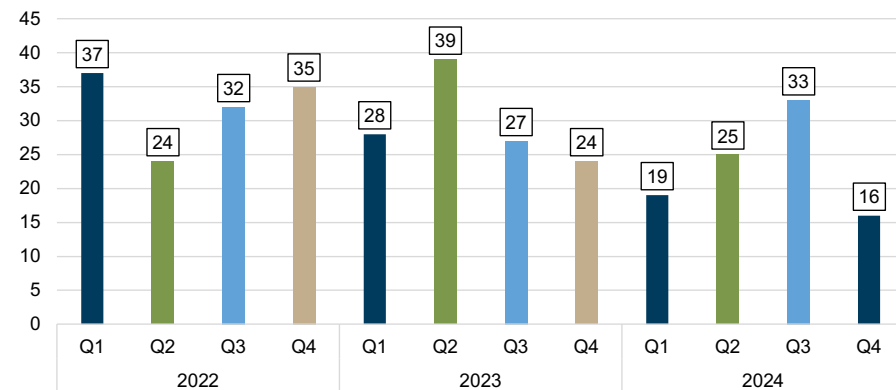
Insurance Brokers: Quarterly M&A Trend



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 December 31, 2024

Segment	MARKET PRICING			MULTIPLES			
	Share Performance			EV / EBITDA		EV / Revenue	
	%52wk High	%Q/Q	%Y/Y	LTM	NTM	LTM	NTM
 Insurance Brokers	89.4%	0.9%	35.7%	20.3x	17.6x	6.3x	5.4x
 InsurTech	80.6%	20.6%	54.6%	38.8x	15.9x	1.4x	1.2x

As of December 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)	90.6%	8.3%	24.1%	19.4x	19.1x	2.6x	3.x
 P&C (Standard)	89.7%	1.7%	26.5%	11.9x	12.x	1.7x	1.9x
 L&H (Life Ins & Annuities)	87.8%	2.0%	23.8%	9.8x	8.5x	1.5x	1.5x
 L&H (Health & Managed Care)	68.7%	-19.9%	-18.4%	22.8x	11.3x	2.1x	5.8x

MARKET SNAPSHOT

BROKERS		MARKET PRICING					MULTIPLES				GROWTH & MARGIN		
Ticker	Name	12/31/2024 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.	212.41	104,319	90.2%	-4.8%	12.1%	16.9x	15.8x	5.0x	4.6x	7.6%	7.7%	29.5%
AON	Aon plc	359.16	77,674	90.9%	3.8%	23.4%	18.5x	16.7x	6.0x	5.4x	17.4%	9.7%	32.3%
WTW	Willis Towers Watson Public Limited Company	313.24	31,551	93.5%	6.4%	29.9%	13.5x	12.8x	3.5x	3.5x	4.7%	0.3%	26.1%
AJG	Arthur J. Gallagher & Co.	283.85	70,906	89.6%	0.9%	26.2%	19.0x	16.7x	6.3x	5.2x	14.3%	21.7%	33.2%
BRO	Brown & Brown, Inc.	102.02	29,173	89.4%	-1.5%	43.5%	20.3x	18.3x	6.9x	6.4x	12.1%	7.1%	33.9%
RYAN	Ryan Specialty Holdings, Inc.	64.16	16,800	84.5%	-3.4%	49.1%	32.3x	20.3x	8.5x	6.8x	20.1%	24.0%	26.3%
BWIN	The Baldwin Insurance Group, Inc.	38.76	4,558	69.4%	-22.2%	61.4%	32.6x	17.6x	4.6x	4.1x	13.9%	13.8%	14.2%
GSHD	Goosehead Insurance, Inc	107.22	3,979	82.2%	20.1%	41.5%	85.8x	38.1x	14.0x	11.2x	11.2%	25.7%	16.4%
TWFG	TWFG, Inc.	30.80	1,724	84.4%	13.6%	na	45.6x	39.7x	8.9x	7.7x	nm	16.0%	19.6%
Group Median			29,173	89.4%	0.9%	35.7%	20.3x	17.6x	6.3x	5.4x	13.0%	13.8%	26.3%

MARKET SNAPSHOT

INSURTECH		MARKET PRICING					MULTIPLES				GROWTH & MARGIN		
Ticker	Name	12/31/2024 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.	11.73	7,337	91.1%	6.2%	3.0%	41.7x	18.4x	8.5x	7.9x	10.1%	8.0%	20.3%
CRVL	CorVel Corporation	111.26	5,716	87.4%	2.1%	35.0%	40.0x	nm	6.4x	nm	12.6%	nm	15.9%
EHTH	eHealth, Inc.	9.40	279	99.5%	130.4%	7.8%	nm	24.8x	1.2x	1.1x	15.8%	7.9%	-3.9%
EVER	EverQuote, Inc.	19.99	707	71.2%	-5.2%	63.3%	39.7x	10.1x	1.5x	1.1x	27.4%	37.9%	3.8%
GOCO	GoHealth, Inc.	13.39	307	90.5%	42.8%	0.4%	25.6x	9.6x	1.4x	1.2x	30.2%	11.1%	5.3%
GWRE	Guidewire Software, Inc.	168.58	14,080	80.6%	-7.8%	54.6%	nm	63.6x	13.2x	11.4x	12.9%	16.0%	-1.2%
HGTY	Hagerty, Inc.	9.65	3,291	78.1%	-5.1%	23.7%	38.8x	20.9x	3.2x	2.8x	21.1%	14.1%	8.2%
HIPO	Hippo Holdings Inc.	26.77	652	78.2%	58.6%	193.5%	nm	222.9x	0.9x	0.7x	84.9%	30.9%	-32.7%
LMND	Lemonade, Inc.	36.68	2,619	68.1%	122.4%	127.4%	nm	nm	4.7x	3.7x	22.1%	28.8%	-37.8%
MAX	MediaAlpha, Inc.	11.29	753	43.8%	-37.7%	1.3%	23.1x	7.5x	1.2x	0.8x	72.5%	59.5%	5.3%
QNST	QuinStreet, Inc.	23.07	1,298	87.8%	20.6%	80.0%	72.0x	15.0x	1.3x	1.2x	69.0%	10.8%	1.9%
ROOT	Root, Inc.	72.59	1,096	61.4%	92.1%	592.7%	19.2x	15.9x	0.8x	0.7x	215.1%	14.0%	4.1%
SLQT	SelectQuote, Inc.	3.72	638	83.4%	71.4%	171.5%	12.7x	12.0x	0.9x	0.9x	nm	2.2%	7.3%
Group Median			1,096	80.6%	20.6%	54.6%	38.8x	15.9x	1.4x	1.2x	24.8%	14.0%	4.1%

MARKET SNAPSHOT

P&C INSURERS (SPECIALTY)		MARKET PRICING				MULTIPLES				MARGINS & RETURNS				
Ticker	Name	12/31/2024 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.	136.93	11,493	91.2%	1.7%	15.2%	13.0x	11.9x	2.4x	2.7x	63.7%	89.0%	19.8%	20.1%
JRVR	James River Group Holdings, Ltd.	4.87	184	42.4%	-22.3%	-47.3%	19.4x	7.2x	0.3x	0.6x	104.1%	135.5%	2.9%	13.6%
BOW	Bowhead Specialty Holdings Inc.	35.52	1,160	93.9%	26.8%	nm	32.7x	23.5x	3.2x	3.2x	64.5%	94.4%	na	13.8%
KNSL	Kinsale Capital Group, Inc.	465.13	10,832	84.8%	-0.1%	38.9%	26.0x	26.6x	7.3x	7.3x	52.3%	73.4%	32.3%	24.6%
MKL	Markel Group Inc.	1,726.23	22,203	95.4%	10.1%	21.6%	8.6x	18.7x	1.4x	1.8x	58.6%	95.7%	17.2%	7.8%
PLMR	Palomar Holdings, Inc.	105.59	2,795	93.5%	11.5%	90.3%	22.9x	19.5x	3.8x	3.9x	25.7%	75.9%	19.6%	19.5%
RLI	RLI Corp.	82.42	7,553	90.4%	6.4%	23.8%	22.0x	29.1x	5.0x	5.1x	56.8%	94.4%	23.6%	16.3%
SKWD	Skyward Specialty Insurance Group, Inc.	50.54	2,027	90.9%	24.1%	49.2%	14.9x	16.0x	2.5x	2.9x	63.3%	92.2%	20.1%	15.8%
TIPT	Tiptree Inc.	20.86	773	86.6%	6.6%	10.0%	19.0x	nm	1.7x	5.3x	45.1%	90.2%	12.4%	na
TRUP	Trupanion, Inc.	48.20	2,041	83.2%	14.8%	58.0%	nm	1324.2x	6.3x	7.5x	na	na	-3.1%	na
WRB	W. R. Berkley Corporation	58.52	22,300	89.4%	3.2%	24.1%	13.3x	14.0x	2.6x	2.7x	61.8%	90.2%	22.1%	19.1%
WTM	White Mountains Insurance Group, Ltd.	1,945.06	4,926	96.1%	14.7%	29.2%	21.7x	nm	1.1x	1.3x	51.1%	77.3%	5.9%	na
Group Median			3,860	90.6%	8.3%	24.1%	19.4x	19.1x	2.6x	3.0x	58.6%	90.2%	19.6%	16.3%

MARKET SNAPSHOT

P&C INSURERS (STANDARD)		MARKET PRICING					MULTIPLES				MARGINS & RETURNS			
Ticker	Name	12/31/2024 Stock Price	Mkt Cap (\$M)	Share Performance			Price/Earnings		Price/Book		Loss Ratio	Combined Ratio	Return on Equity	
				%52wk High	%Q/Q	%YY	LTM	NTM	P/B	P/TB			LTM	NTM
ALL	The Allstate Corporation	192.79	51,051	91.9%	1.7%	37.7%	11.2x	10.3x	2.6x	3.2x	63.7%	86.9%	23.6%	22.4%
CB	Chubb Limited	276.30	111,376	91.5%	-4.2%	22.3%	12.0x	12.2x	1.7x	2.9x	59.4%	85.7%	14.6%	13.4%
CINF	Cincinnati Financial Corporation	143.70	22,462	88.8%	5.6%	38.9%	9.8x	21.6x	1.6x	1.6x	55.0%	84.7%	17.6%	8.1%
CNA	CNA Financial Corporation	48.37	13,101	92.4%	-1.2%	14.3%	13.7x	9.6x	1.2x	1.3x	na	na	9.4%	12.2%
DGIC.A	Donegal Group Inc.	15.47	517	91.0%	5.0%	10.6%	10.3x	13.4x	1.0x	1.0x	na	na	9.9%	7.8%
ERIE	Erie Indemnity Company	412.23	21,555	75.4%	-23.6%	23.1%	34.0x	30.3x	11.1x	11.1x	na	na	31.4%	na
GBLI	Global Indemnity Group, LLC	36.00	493	97.3%	8.3%	11.7%	12.3x	10.5x	0.7x	0.7x	54.9%	94.3%	6.1%	na
HIG	The Hartford Insurance Group, Inc.	109.40	31,714	87.6%	-7.0%	36.1%	10.4x	9.7x	2.0x	2.3x	61.9%	92.1%	19.6%	18.0%
HRTG	Heritage Insurance Holdings, Inc.	12.10	353	71.6%	-1.1%	85.6%	5.0x	8.5x	1.3x	1.5x	65.4%	100.6%	33.5%	21.8%
MCY	Mercury General Corporation	66.48	3,681	82.4%	5.6%	78.2%	7.9x	12.0x	1.9x	1.9x	na	na	26.8%	20.0%
ORI	Old Republic International Corporation	36.19	9,111	92.2%	2.2%	23.1%	11.0x	12.2x	1.6x	1.6x	40.8%	92.7%	14.2%	12.7%
PGR	The Progressive Corporation	239.61	140,366	88.5%	-5.6%	50.4%	16.6x	17.1x	5.5x	5.5x	na	na	37.0%	27.7%
SAFT	Safety Insurance Group, Inc.	82.40	1,223	91.6%	0.8%	8.4%	16.2x	nm	1.4x	1.5x	70.6%	100.7%	9.2%	na
SIGI	Selective Insurance Group, Inc.	93.52	5,685	85.3%	0.2%	-6.0%	28.8x	12.1x	1.9x	2.0x	na	na	6.8%	14.7%
THG	The Hanover Insurance Group, Inc.	154.66	5,573	93.1%	4.4%	27.4%	13.1x	12.0x	2.0x	2.1x	56.9%	89.2%	16.0%	15.9%
TRV	The Travelers Companies, Inc.	240.89	54,687	89.4%	2.9%	26.5%	11.1x	11.6x	2.0x	2.3x	na	na	18.9%	16.0%
UFCS	United Fire Group, Inc.	28.45	721	89.7%	35.9%	41.4%	11.9x	13.7x	0.9x	0.9x	57.3%	94.4%	8.2%	6.8%
Group Median			9,111	89.7%	1.7%	26.5%	11.9x	12.0x	1.7x	1.9x	58.4%	92.4%	16.0%	15.3%

MARKET SNAPSHOT

LIFE INSURANCE & ANNUITIES		MARKET PRICING					MULTIPLES				RETURNS	
Ticker	Name	12/31/2024 StockPrice	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	103.44	57,464	89.6%	-7.5%	25.4%	10.7x	14.9x	2.2x	2.2x	22.6%	na
BHF	Brighthouse Financial, Inc.	48.04	2,851	87.8%	6.7%	-9.2%	10.4x	2.5x	0.6x	0.6x	7.8%	na
CIA	Citizens, Inc.	4.01	200	67.5%	10.8%	49.1%	9.0x	11.1x	1.0x	1.0x	12.2%	na
CNO	CNO Financial Group, Inc.	37.21	3,840	91.0%	6.0%	33.4%	9.8x	10.1x	1.5x	1.5x	17.1%	na
CRBG	Corebridge Financial, Inc.	29.93	17,026	86.4%	2.6%	38.2%	8.0x	5.6x	1.5x	1.5x	17.7%	na
GL	Globe Life Inc.	111.52	9,362	84.5%	5.3%	-8.4%	9.3x	8.5x	2.0x	2.3x	23.5%	na
GNW	Genworth Financial, Inc.	6.99	2,985	88.5%	2.0%	4.6%	9.8x	9.3x	0.3x	0.4x	4.9%	na
JXN	Jackson Financial Inc.	87.08	6,432	75.6%	-4.5%	70.1%	7.3x	4.3x	0.7x	0.7x	9.6%	na
LNC	Lincoln National Corporation	31.71	5,402	85.7%	0.6%	17.6%	1.7x	4.2x	0.7x	0.9x	43.2%	na
MET	MetLife, Inc.	81.88	56,695	91.9%	-0.7%	23.8%	13.8x	8.8x	2.1x	3.0x	15.3%	na
PFG	Principal Financial Group, Inc.	77.41	17,706	84.2%	-9.9%	-1.6%	11.4x	9.4x	1.6x	2.1x	14.1%	na
PRI	Primerica, Inc.	271.42	9,058	88.1%	2.4%	31.9%	12.9x	13.4x	4.0x	4.1x	33.3%	na
PRU	Prudential Financial, Inc.	118.53	42,197	90.8%	-2.1%	14.3%	15.7x	8.2x	1.5x	1.6x	9.5%	na
UNM	Unum Group	73.03	13,336	94.1%	22.9%	61.5%	7.7x	8.2x	1.2x	1.2x	17.3%	na
VOYA	Voya Financial, Inc.	68.83	6,623	81.6%	-13.1%	-5.7%	10.9x	8.4x	1.6x	1.6x	12.3%	na
Group Median			9,058	87.8%	2.0%	23.8%	9.8x	8.5x	1.5x	1.5x	15.3%	nm

MARKET SNAPSHOT

HEALTH AND MANAGED CARE		MARKET PRICING					MULTIPLES				RETURNS	
Ticker	Name	12/31/2024 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	276.14	76,809	74.5%	-20.3%	-7.8%	22.8x	9.0x	1.9x	nm	8.6%	na
CNC	Centene Corporation	60.58	30,585	74.4%	-19.5%	-18.4%	9.6x	8.9x	1.1x	8.7x	12.6%	na
ELV	Elevance Health, Inc.	368.90	85,556	65.0%	-29.1%	-21.8%	14.4x	11.3x	2.1x	90.3x	14.8%	na
HUM	Humana Inc.	253.71	30,550	53.4%	-19.9%	-44.6%	25.3x	15.8x	1.9x	4.5x	7.4%	na
MOH	Molina Healthcare, Inc.	291.05	16,648	68.7%	-15.5%	-19.4%	14.2x	11.3x	3.6x	6.8x	27.1%	na
OSCR	Oscar Health, Inc.	13.44	3,319	56.5%	-36.6%	46.9%	127.0x	28.4x	3.3x	3.3x	2.9%	na
UNH	UnitedHealth Group Incorporated	505.86	465,535	80.2%	-13.5%	-3.9%	32.6x	17.4x	4.8x	4.8x	15.1%	na
Group Median			30,585	68.7%	-19.9%	-18.4%	22.8x	11.3x	2.1x	5.8x	12.6%	nm

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.