

VALUE FOCUS

Insurance Industry



Second Quarter 2015

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Sector Overview & Commentary

Property & Casualty

- P&C stocks rose 1.3% for the quarter and 11.9% over the last twelve months, led by specialty insurers and carriers emphasizing workers' compensation products. For reference, the S&P 500 returned 0.3% and 7.4% over the same periods.
- Per MarketScout, aggregate commercial lines renewal pricing remained flat during the quarter while personal lines rate renewals increased by 1% each month.
- According to SNL Financial, analysts anticipate elevated catastrophe losses for the quarter compared to the prior year, although the severity of weather-related events is expected to be lower than in peak years.
- Industrywide capacity continues to put pressure on rate renewals, while historically low bond yields have depressed investment returns. Investors rightly or wrongly are optimistic that Fed rate hikes of the Fed Funds rate will lift rates across the Treasury and credit curves and thereby create better reinvestment rates for insurers.

Reinsurance

- Reinsurance stocks were up 3.6% on the quarter and 13.5% over the last twelve months, in part due to consolidation speculation.
- Soft pricing trends are expected to continue given the influx of alternative capital and absence of a major weather-related event to spur prices upward.
- In some instances, primary insurers are pushing back against reinsurance rates, causing reinsurers to weaken exclusions or include other lines at a discounted price in order to maintain their books of business.

Sector Pricing and Valuation Summary

Segment	Share Price Δ		Price / Earnings			Price / Book		LTM Return on Equity
	%YoY	%2Q15	LTM	FY15E	FY16E	P/B	P/TB	
Property & Casualty (all)	11.9%	1.3%	12.2x	14.1x	13.4x	1.23x	1.38x	10.4%
P&C - Commercial Lines	6.7%	-0.9%	12.1x	12.6x	11.7x	1.07x	1.15x	8.6%
P&C - Personal Lines	12.6%	-3.4%	12.0x	13.7x	10.7x	1.63x	1.63x	12.3%
P&C - Specialty	12.3%	3.5%	12.1x	16.2x	15.1x	1.18x	1.40x	10.4%
P&C - Workers' Comp	15.7%	1.8%	14.4x	14.1x	13.3x	1.93x	1.93x	13.1%
Reinsurance	13.5%	3.6%	9.6x	10.9x	9.9x	1.01x	1.06x	11.3%
Multi-line	4.1%	-0.6%	14.9x	12.1x	10.7x	0.92x	1.11x	6.8%
Life & Health	1.6%	3.1%	13.1x	11.7x	10.8x	0.88x	0.97x	7.1%
Managed Care	52.5%	6.3%	22.8x	19.3x	17.3x	2.96x	4.48x	11.2%

Source: SNL Financial, Mercer Capital analysis. Median measures shown for segments.

Segment	Share Price Δ		Enterprise Value / EBITDA			EV / Revenue		LTM Rev Growth
	%YoY	%2Q15	LTM	FY15E	FY16E	LTM	FY15E	
Insurance Brokers	8.3%	1.1%	12.8x	11.6x	10.1x	2.70x	2.58x	3.8%
Claims, Tech, & Services	-16.4%	1.6%	12.7x	10.6x	10.0x	4.39x	4.30x	11.4%

Source: SNL Financial, Mercer Capital analysis. Median measures shown for segments.

Sector Overview & Commentary

Life & Health

- While some individual entities posted substantial returns, the median return of L&H stocks was 3.1% in the second quarter and 1.6% for the last twelve months.
- Expectations for rising interest rates contributed to the increases, as investment portfolios have been under pressure for many years. Estimated median ROE for 2016 is 11.0%, compared to 7.1% in the last twelve months.
- Data compiled in the second quarter by SNL Financial shows that life insurance companies are increasingly ceding portions of their reinsured business to affiliates and captives, despite increasing regulatory scrutiny.

Managed Care

- Managed Care stocks climbed to a total of 6.3% on the quarter, following the Supreme Court's ruling in favor of the legality of federal tax credits for healthcare exchanges run by the federal government under the Affordable Care Act.
- The Supreme Court's ruling provides a more certain immediate future for the managed care industry, and it encouraged M&A discussions among major players in the industry, many of which were already underway prior to the ruling.
- Consolidation is expected to increase future earnings, as greater scale may give managed care companies more influence in holding down hospital pricing.

Brokers

- Broker stocks increased 1.1% on the quarter and 8.3% over the last twelve months.
- Stagnant insurance pricing may continue to pressure brokers' bottom lines, although organic revenue growth has remained positive for the large public brokers (+3.4% in 1Q15).
- Speaking at the Airmic risk management conference in June, Grahame Chilton, CEO of Arthur J. Gallagher, stated that he expects the cyclical swing of rates in the insurance industry to fall away, with the soft pricing environment becoming the new norm.
- Steve Hearn, Deputy CEO of Willis Group, echoed Chilton's sentiment and added that the industry needs to reinvest surplus capital into areas of growth outside of traditional product classes if it hopes to remain successful.

Claims, Tech & Services

- Ancillary service providers, such as TPAs and insurance software/technology firms, reported mixed performance in the second quarter.
- Patriot National (PN), which provides technology-based outsourcing solutions in the workers' compensation marketplace, has increased 14.3% since its IPO in January.
- Stocks of software-as-a-service (SaaS) providers like Guidewire, Ebix, and Patriot National performed favorably in the second quarter, with increases of 5.6%, 7.3%, and 26%, respectively.

Insurance M&A Highlights

Insurance Underwriters

23 deals were announced in 2Q15, up from 15 in 2Q14. The largest deals announced in 2Q15 include:

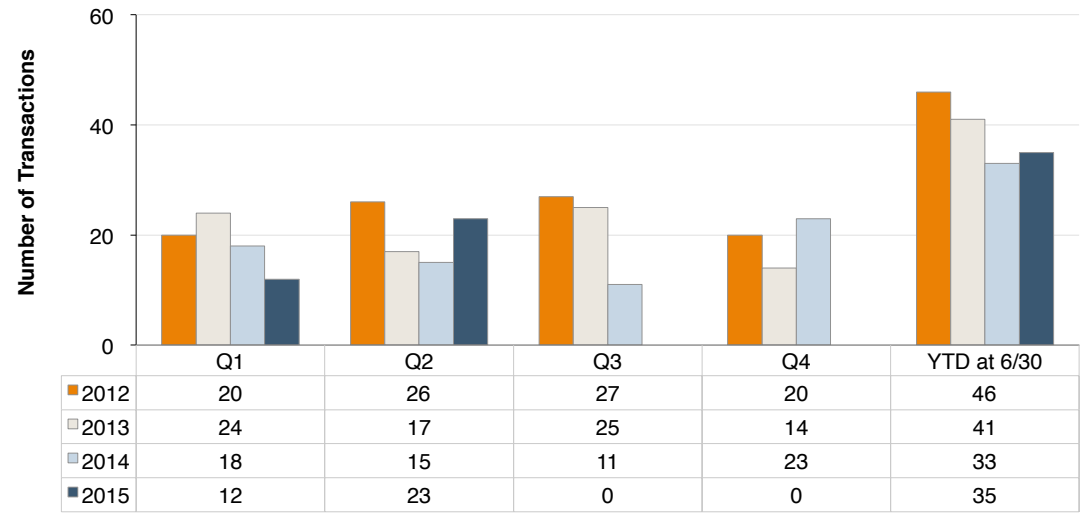
- **Tokio Marine's** acquisition of **HCC Insurance Holdings**, a global specialty insurer with offices in the U.S., U.K., Spain, and Ireland.
 - \$7.5 billion deal value represents 1.90x book value and 16.6x LTM earnings. Announced price implied a 38% premium to HCC's stock price one day prior to announcement.
- **Fosun International's** acquisition of the remaining 80% interest **Ironshore Inc.** it did not already own.
 - Deal value of \$2.1 billion represents 1.43x reported book value at 12/31/14. Ironshore is a global specialty commercial property and casualty insurer that transacts business with more than half of the Forbes Global 500.

Insurance Brokers

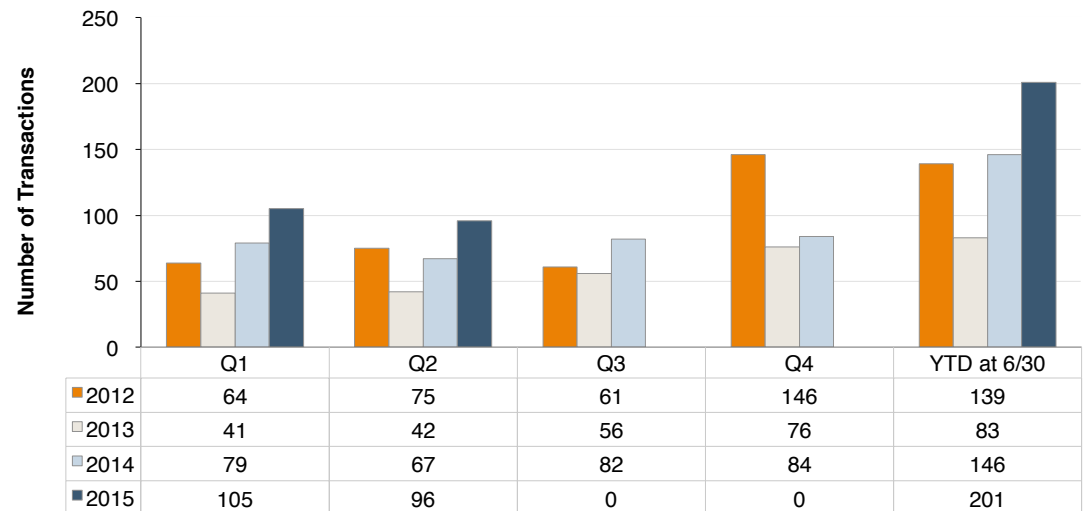
96 broker transactions were announced in 2Q15, up from 67 a year ago; 201 transactions YTD reflects a 38% increase over 2014. The largest deals announced in 2Q15 include:

- **Confie Seguros'** acquisition of the managing general agency business of **Affirmative Insurance Holdings**.
 - Total announced deal value of \$85 million, consisting of \$60M in upfront cash, \$15M in deferred payments, and \$10M in contingent payments. Affirmative Insurance specializes in non-standard automobile insurance. Deal multiples were not disclosed.
- **National General Holding's** acquisition of Saddle Brook, N.J.-based **Assigned Risk Solutions**.
 - Announced deal value of \$47 million in cash and potential earn-out payments. Additional deal terms were not disclosed. Assigned Risk Solutions is a managing general agency that services assigned risk, personal auto and commercial lines of business.

M&A Activity Recap: Insurance Underwriters



M&A Activity Recap: Insurance Brokers



Conifer Holdings Proposes \$55 Million IPO: First IPO Filing of 2015

Per SNL Financial, Conifer is the first underwriter to file for an IPO thus far in 2015 (five firms did so though the same period in 2014).

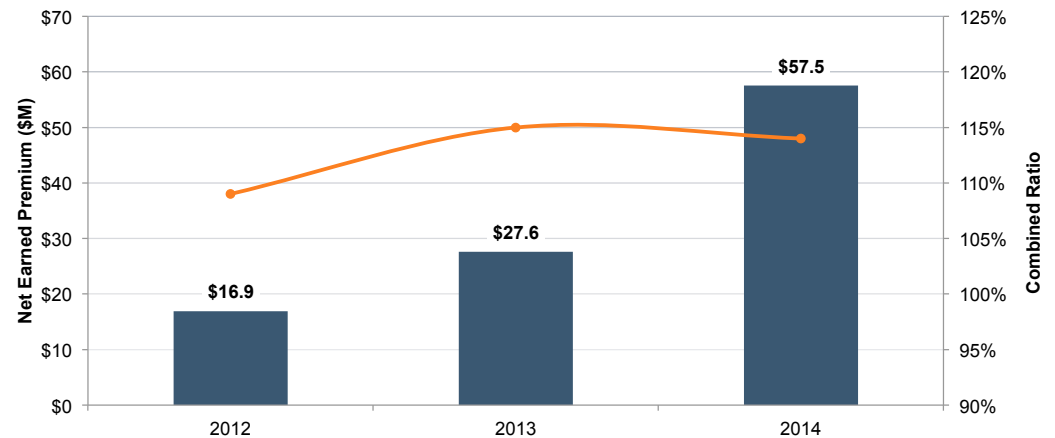
Background

- Formed in 2009, based in Michigan, and led by James Petcoff and much of the management team from North Pointe Holdings.
- Subsidiaries sell specialty insurance lines in 44 states on both admitted and E&S basis.
- Customers include hospitality providers, independent contractors, security service providers, automobile repair facilities, and homeowners in areas with high catastrophic risk.
- Rapid growth driven by geographic expansion to ten new states in 2014, as well as acquisitions.
- Total assets and book value of \$165M and \$52M, respectively, at March 31, 2015.

Further Observations

- 2014 operating results negatively affected by weather related losses in the Midwest and unprofitable results in non-standard auto (a business which the company has exited).
- 1Q15 results have been more favorable, with the combined ratio improving to 99% from 114% in FY14.
- High level of financial leverage compared to other small cap insurers; justified by management as necessary for growth.
- Seeking to raise \$55 million in order to pay off senior debt, repurchase preferred shares, pay accrued dividends, fund subsidiary growth, and raise cash for general corporate purposes.
- Given the company's weak 2014 results and high leverage, it will be interesting to see investors' appetite for the offering.

Conifer Holdings, Inc.



Source: Company filings; Mercer Capital analysis

Conifer Holdings and Selected Public Companies

Selected Small Cap Insurers (FY2014)	Net Earned Premium (\$M)	Loss Ratio	Expense Ratio	Comb. Ratio	13-14 Rev Growth	ROE	Debt / Assets	Debt / Equity
Conifer Holdings, Inc.	57.5	69.0%	45.0%	114.0%	82.0%	-15.7%	16.8%	62.4%
National Interstate Corporation	557.3	83.8%	20.1%	103.9%	5.8%	3.0%	0.7%	3.3%
Baldwin & Lyons, Inc.	261.6	61.0%	32.0%	93.0%	0.4%	7.4%	1.7%	5.0%
Hallmark Financial Services, Inc.	321.2	65.4%	30.5%	95.9%	-13.4%	5.3%	5.8%	22.5%
Atlas Financial Holdings, Inc.	98.1	62.3%	28.4%	90.7%	37.3%	16.2%	0.0%	0.0%

Source: SNL Financial

Publicly Traded Companies

Property & Casualty

Ticker	Name	6/30/15 Price	Market Cap (\$M)	Share Price %YOY	Share Price %Qtr	Price / Earnings			Price / Book		Div Yield	Underwriting Ratios			Invest Yield	LTM ROE
						LTM	FY15E	FY16E	P/B	P/TB		Loss	Expense	Comb.		
Commercial Lines																
AIG	American International Group, Inc.	61.82	83,276	13.3%	12.8%	10.5x	12.6x	11.1x	0.77x	0.81x	0.91%	67.3%	34.8%	102.0%	4.91%	7.8%
ACE	ACE Limited	101.68	33,258	-1.9%	-8.8%	12.2x	11.0x	10.7x	1.12x	1.38x	2.33%	58.6%	29.4%	88.0%	3.15%	9.4%
TRV	Travelers Companies, Inc.	96.66	30,806	2.8%	-10.6%	9.4x	10.0x	10.1x	1.24x	1.47x	2.03%	57.9%	31.8%	89.8%	3.69%	13.8%
CB	Chubb Corporation	95.14	21,859	3.2%	-5.9%	11.3x	12.6x	12.2x	1.35x	1.39x	2.26%	56.9%	31.8%	88.7%	3.66%	12.4%
CNA	CNA Financial Corporation	38.21	10,326	-5.5%	-7.8%	11.4x	11.3x	10.7x	0.83x	0.84x	2.41%	63.6%	33.4%	97.0%	4.58%	7.1%
CINF	Cincinnati Financial Corporation	50.18	8,245	4.5%	-5.8%	14.7x	19.9x	19.2x	1.25x	1.25x	3.45%	64.3%	30.7%	95.0%	4.83%	8.8%
AFG	American Financial Group, Inc.	65.04	5,716	9.2%	1.4%	16.1x	12.0x	11.5x	1.16x	1.22x	1.56%	64.9%	29.9%	94.7%	4.36%	7.5%
ORI	Old Republic International Corporation	15.63	4,082	-5.5%	4.6%	13.8x	13.9x	14.4x	1.02x	1.08x	4.95%	51.9%	47.1%	98.9%	4.05%	8.1%
THG	Hanover Insurance Group, Inc.	74.03	3,257	17.2%	2.0%	11.8x	12.9x	12.0x	1.12x	1.20x	2.26%	62.0%	34.6%	96.6%	3.86%	10.1%
SIGI	Selective Insurance Group, Inc.	28.05	1,597	13.5%	-3.4%	9.8x	11.9x	11.3x	1.21x	1.22x	1.93%	60.0%	34.2%	94.2%	3.52%	13.0%
EIG	Employers Holdings, Inc.	22.78	726	7.6%	-15.6%	7.1x	15.1x	12.9x	1.02x	1.09x	0.89%	64.6%	31.0%	95.6%	3.38%	15.8%
UFCS	United Fire Group, Inc.	32.76	819	11.7%	3.1%	11.9x	15.2x	15.5x	0.97x	1.00x	2.52%	64.9%	30.5%	95.4%	3.35%	8.5%
EMCI	EMC Insurance Group Inc.	25.07	515	22.2%	11.3%	12.9x	11.9x	14.2x	0.98x	0.98x	2.96%	68.1%	31.1%	99.2%	3.68%	8.0%
DGICA	Donegal Group Inc.	15.23	413	-0.5%	-3.1%	19.0x	12.2x	9.8x	0.97x	0.99x	3.35%	67.9%	32.3%	100.3%	2.85%	5.3%
AFH	Atlas Financial Holdings, Inc.	19.83	238	30.8%	12.2%	13.6x	15.7x	10.6x	2.14x	2.26x	0.00%	60.3%	28.0%	88.3%	1.89%	17.7%
HALL	Hallmark Financial Services, Inc.	11.38	219	5.9%	7.4%	15.4x	14.2x	14.2x	0.84x	1.09x	0.00%	65.6%	30.0%	95.6%	1.93%	5.7%
Median			3,670	6.7%	-0.9%	12.1x	12.6x	11.7x	1.07x	1.15x	2.26%	64.0%	31.4%	95.5%	3.67%	8.6%

Publicly Traded Companies

Property & Casualty

Ticker	Name	6/30/15 Price	Market Cap (\$M)	Share Price %YOY	Share Price %Qtr	Price / Earnings			Price / Book		Div Yield	Underwriting Ratios			Invest Yield	LTM ROE
						LTM	FY15E	FY16E	P/B	P/TB		Loss	Expense	Comb.		
Personal Lines																
ALL	Allstate Corporation	64.87	26,537	10.5%	-8.9%	9.9x	12.1x	10.7x	1.30x	1.39x	1.69%	67.2%	26.5%	93.7%	5.02%	13.1%
PGR	Progressive Corporation	27.83	16,345	9.7%	2.3%	13.1x	14.4x	14.0x	2.27x	2.27x	2.52%	72.2%	20.0%	92.1%	2.78%	18.3%
MCY	Mercury General Corporation	55.65	3,069	18.3%	-3.6%	23.3x	23.2x	20.6x	1.64x	1.71x	4.28%	71.4%	27.9%	99.3%	4.14%	6.9%
NGHC	National General Holdings Corporation	20.83	1,948	19.7%	11.4%	17.4x	12.0x	9.9x	1.85x	2.71x	0.43%	64.7%	29.1%	93.8%	3.01%	11.5%
HMN	Horace Mann Educators Corporation	36.38	1,496	16.3%	6.4%	14.0x	14.8x	13.5x	1.06x	1.10x	2.92%	68.4%	26.9%	95.3%	4.74%	8.5%
STFC	State Auto Financial Corporation	23.95	982	2.2%	-1.4%	9.5x	13.7x	13.0x	1.09x	1.09x	1.65%	70.5%	33.4%	103.9%	3.57%	12.3%
IPCC	Infinity Property and Casualty Corp.	75.84	869	12.8%	-7.6%	15.1x	17.7x	15.9x	1.23x	1.37x	2.10%	75.4%	19.5%	95.0%	2.51%	8.5%
UVE	Universal Insurance Holdings, Inc.	24.20	860	86.6%	-5.4%	10.5x	10.2x	9.1x	3.56x	3.59x	1.88%	36.4%	NA	NA	1.40%	42.3%
SAFT	Safety Insurance Group, Inc.	57.71	871	12.3%	-3.4%	76.9x	81.8x	14.6x	1.31x	1.31x	4.69%	78.0%	30.1%	108.1%	3.44%	1.7%
HRTG	Heritage Insurance Holdings, Inc.	22.99	685	51.2%	4.5%	9.6x	7.6x	7.1x	2.38x	2.38x	0.00%	35.9%	29.3%	65.2%	1.31%	30.5%
UIHC	United Insurance Holdings Corp.	15.54	334	-10.0%	-30.9%	10.9x	13.7x	7.8x	1.53x	1.57x	0.89%	51.1%	37.9%	88.9%	1.65%	15.4%
SNC	State National Companies, Inc.	10.83	482	NA	8.8%	NA	11.2x	9.0x	1.91x	1.96x	0.40%	NA	NA	NA	2.00%	10.4%
FNHC	Federated National Holding Company	24.20	332	-5.1%	-20.9%	8.2x	11.1x	9.0x	1.63x	1.63x	0.52%	49.0%	NA	NA	2.97%	22.9%
Median			871	12.6%	-3.4%	12.0x	13.7x	10.7x	1.63x	1.63x	1.69%	67.8%	28.5%	94.4%	2.97%	12.3%

Publicly Traded Companies

Property & Casualty

Ticker	Name	6/30/15 Price	Market Cap (\$M)	Share Price %YOY	Share Price %Qtr	Price / Earnings			Price / Book		Div Yield	Underwriting Ratios			Invest Yield	LTM ROE
						LTM	FY15E	FY16E	P/B	P/TB		Loss	Expense	Comb.		
Specialty Lines																
MKL	Markel Corporation	800.68	11,166	22.1%	4.1%	27.1x	24.7x	31.4x	1.42x	1.82x	0.00%	54.9%	37.7%	92.6%	2.20%	13.1%
ACGL	Arch Capital Group Ltd.	66.96	8,354	16.6%	8.7%	9.7x	16.2x	16.2x	1.40x	1.43x	0.00%	54.2%	33.9%	88.1%	2.87%	18.3%
WRB	W. R. Berkley Corporation	51.93	6,488	12.1%	2.8%	11.6x	14.9x	13.8x	1.42x	1.47x	0.87%	61.0%	32.8%	93.8%	4.75%	6.9%
HCC	HCC Insurance Holdings, Inc.	76.84	7,366	57.0%	35.6%	16.3x	19.0x	18.5x	1.87x	2.47x	2.08%	57.6%	25.7%	83.3%	3.79%	11.5%
WTM	White Mountains Insurance Group, Ltd.	654.94	3,924	7.6%	-4.3%	13.2x	42.2x	35.5x	0.98x	1.08x	0.15%	58.5%	34.5%	93.0%	5.46%	8.5%
AWH	Allied World Assurance Company Holdings, AG	43.22	4,125	13.7%	7.0%	9.8x	16.2x	15.5x	1.08x	1.18x	2.23%	56.2%	31.0%	87.2%	2.90%	12.3%
ENH	Endurance Specialty Holdings Ltd.	65.70	2,964	27.4%	7.5%	9.2x	10.4x	10.1x	1.04x	1.10x	2.24%	52.0%	34.2%	86.2%	2.38%	8.5%
ESGR	Enstar Group Limited	154.95	2,983	2.8%	9.2%	12.9x	14.1x	12.4x	1.28x	1.40x	0.00%	NA	NA	NA	2.58%	42.3%
RLI	RLI Corp.	51.39	2,220	12.3%	-1.9%	16.4x	21.3x	22.8x	2.57x	2.81x	1.37%	44.1%	41.3%	85.4%	5.37%	1.7%
OB	OneBeacon Insurance Group, Ltd.	14.51	1,382	-6.6%	-4.6%	131.9x	19.8x	14.5x	1.32x	NA	5.52%	70.0%	33.1%	103.1%	3.02%	30.5%
AGII	Argo Group International Holdings, Ltd.	55.70	1,557	19.9%	11.1%	8.0x	15.6x	14.7x	0.94x	1.09x	1.38%	55.6%	40.1%	95.7%	4.37%	15.4%
NAVG	Navigators Group, Inc.	77.56	1,116	15.7%	-0.4%	12.1x	14.2x	13.9x	1.06x	1.07x	0.00%	57.1%	35.5%	92.6%	2.95%	10.4%
GBLI	Global Indemnity plc	28.08	722	8.0%	1.2%	11.7x	20.0x	20.1x	0.78x	0.82x	0.00%	51.3%	40.0%	91.3%	3.87%	22.9%
JRVR	James River Group Holdings, Ltd.	25.87	738	NA	9.9%	NA	13.0x	11.8x	1.06x	1.55x	0.68%	60.3%	33.3%	93.6%	NA	12.3%
NATL	National Interstate Corporation	27.32	542	-2.5%	-2.7%	53.6x	20.2x	17.1x	1.46x	1.50x	1.85%	84.3%	20.2%	104.4%	3.08%	17.7%
BWINB	Baldwin & Lyons, Inc.	23.02	346	-11.3%	-1.9%	11.6x	12.8x	13.5x	0.86x	0.87x	4.26%	61.3%	31.9%	93.2%	3.22%	5.7%
Median			2,592	12.3%	3.5%	12.1x	16.2x	15.1x	1.18x	1.40x	1.12%	57.1%	33.9%	92.6%	3.08%	8.6%
Workers' Compensation Focus																
AFSI	AmTrust Financial Services, Inc.	65.51	5,395	56.7%	15.0%	10.9x	11.9x	10.9x	2.72x	4.43x	1.75%	65.7%	24.7%	90.4%	3.36%	26.0%
PRA	ProAssurance Corporation	46.21	2,562	4.1%	0.7%	14.4x	17.3x	18.1x	1.20x	1.41x	2.70%	54.1%	30.0%	84.2%	3.36%	8.3%
AMSF	AMERISAFE, Inc.	47.06	893	15.7%	1.8%	15.3x	14.1x	13.3x	1.93x	1.93x	1.30%	63.9%	22.1%	86.1%	2.57%	13.1%
Median			2,562	15.7%	1.8%	14.4x	14.1x	13.3x	1.93x	1.93x	1.75%	63.9%	24.7%	86.1%	3.36%	13.1%
Median All P&C Sub-Groups			1,772	11.9%	1.3%	12.2x	14.1x	13.4x	1.23x	1.38x	1.80%	61.2%	31.4%	93.7%	3.36%	10.4%

Publicly Traded Companies

Reinsurance

Ticker	Name	6/30/15 Price	Market Cap (\$M)	Share Price %YOY	Share Price %Qtr	Price / Earnings			Price / Book		Div Yield	Underwriting Ratios			Invest Yield	LTM ROE
						LTM	FY15E	FY16E	P/B	P/TB		Loss	Expense	Comb.		
XL	XL Group plc	37.20	9,549	13.7%	1.1%	NM	12.2x	10.1x	0.93x	0.97x	1.74%	56.8%	31.2%	88.0%	3.22%	-0.3%
RE	Everest Re Group, Ltd.	182.01	8,083	13.4%	4.6%	6.8x	8.7x	9.4x	1.05x	1.06x	1.95%	56.4%	26.8%	83.2%	3.27%	16.6%
PRE	PartnerRe Ltd.	128.50	6,125	17.7%	12.4%	6.9x	12.7x	13.6x	0.97x	1.07x	2.37%	55.6%	30.4%	86.0%	4.68%	14.2%
AXS	AXIS Capital Holdings Limited	53.37	5,349	20.5%	3.5%	7.0x	12.3x	11.7x	1.00x	1.02x	2.17%	56.4%	35.7%	92.2%	2.81%	14.1%
RNR	RenaissanceRe Holdings Ltd.	101.51	4,672	-5.1%	1.8%	7.7x	10.7x	10.8x	1.07x	1.14x	1.17%	20.1%	32.5%	52.6%	3.01%	14.0%
VR	Validus Holdings, Ltd.	43.99	3,679	15.0%	4.5%	8.2x	9.1x	9.4x	1.00x	1.09x	2.90%	40.6%	34.7%	75.3%	1.16%	13.4%
AHL	Aspen Insurance Holdings Limited	47.90	2,959	5.5%	1.4%	9.6x	11.1x	11.0x	1.02x	1.03x	1.69%	54.5%	37.4%	92.0%	2.91%	10.5%
MRH	Montpelier Re Holdings Ltd.	39.50	1,730	23.6%	2.8%	10.5x	14.1x	13.6x	1.12x	1.12x	1.89%	32.9%	37.3%	70.2%	0.69%	11.2%
TPRE	Third Point Reinsurance Ltd.	14.75	1,551	-3.3%	4.2%	26.3x	7.2x	5.6x	1.03x	1.03x	0.00%	63.9%	37.8%	101.7%	4.63%	4.2%
GLRE	Greenlight Capital Re, Ltd.	29.17	1,095	-11.4%	-8.3%	12.0x	18.8x	6.3x	0.96x	0.96x	0.00%	68.4%	35.2%	103.6%	3.80%	8.4%
MHLD	Maiden Holdings, Ltd.	15.78	1,158	30.5%	6.4%	10.7x	9.4x	8.0x	1.20x	1.32x	3.24%	65.6%	32.5%	98.1%	3.16%	11.3%
BCRH	Blue Capital Reinsurance Holdings Ltd.	17.97	157	-8.8%	3.8%	11.0x	9.8x	9.7x	0.89x	NA	6.93%	39.3%	28.4%	67.7%	0.00%	8.1%
Median			3,319	13.5%	3.6%	9.6x	10.9x	9.9x	1.01x	1.06x	1.92%	56.0%	33.6%	87.0%	3.08%	11.3%

Multiline

Ticker	Name	6/30/15 Price	Market Cap (\$M)	Share Price %YOY	Share Price %Qtr	Price / Earnings			Price / Book		Div Yield	Underwriting Ratios			Invest Yield	LTM ROE
						LTM	FY15E	FY16E	P/B	P/TB		Loss	Expense	Comb.		
AMP	Ameriprise Financial, Inc.	124.93	22,712	4.1%	-4.5%	14.9x	13.2x	11.4x	2.77x	3.66x	1.77%	93.1%	15.3%	108.4%	3.66%	19.5%
HIG	Hartford Financial Services Group, Inc.	41.57	17,517	16.1%	-0.6%	23.1x	10.9x	10.0x	0.92x	0.94x	1.72%	67.6%	30.5%	98.0%	4.01%	4.0%
AIZ	Assurant, Inc.	67.00	4,574	2.2%	9.1%	12.7x	10.8x	9.9x	0.89x	1.15x	1.76%	NA	NA	NA	4.35%	7.3%
ANAT	American National Insurance Company	102.32	2,752	-10.4%	4.0%	9.3x	NA	NA	0.61x	0.61x	3.13%	68.6%	30.6%	99.2%	4.89%	6.8%
KMPR	Kemper Corporation	38.55	1,998	4.6%	-1.1%	21.9x	17.2x	14.6x	0.95x	1.11x	2.46%	70.6%	28.6%	99.2%	4.95%	4.4%
Median			4,574	4.1%	-0.6%	14.9x	12.1x	10.7x	0.92x	1.11x	1.77%	69.6%	29.5%	99.2%	4.35%	6.8%

Publicly Traded Companies

Life & Health

Ticker	Name	6/30/15 Price	Market Cap (\$M)	Share Price %YOY	Share Price %Qtr	Price / Earnings			Price / Book		Div.Yield	Invest. Yield	ROE		
						LTM	FY15E	FY16E	P/B	P/TB			LTM	FY15E	FY16E
MET	MetLife, Inc.	55.99	62,392	0.8%	10.8%	9.1x	9.5x	9.0x	0.87x	1.01x	2.77%	4.64%	10.1%	11.1%	10.9%
PRU	Prudential Financial, Inc.	87.52	39,692	-1.4%	9.0%	18.8x	8.6x	8.4x	0.88x	0.90x	2.89%	4.39%	5.2%	15.4%	13.9%
AFL	Aflac Incorporated	62.20	26,981	-0.1%	-2.8%	9.7x	10.4x	9.8x	1.45x	NA	2.44%	3.18%	16.3%	16.5%	16.2%
PFG	Principal Financial Group, Inc.	51.29	15,100	1.6%	-0.2%	12.5x	11.7x	10.9x	1.53x	1.99x	2.80%	4.60%	12.3%	13.3%	13.2%
LNC	Lincoln National Corporation	59.22	14,978	15.1%	3.1%	10.6x	9.8x	8.9x	0.92x	1.07x	1.39%	4.61%	9.6%	11.5%	11.6%
VOYA	Voya Financial, Inc.	46.47	10,644	27.9%	7.8%	5.2x	13.8x	12.8x	0.66x	0.67x	0.09%	4.49%	14.7%	6.0%	6.2%
UNM	Unum Group	35.75	8,919	2.8%	6.0%	23.4x	9.8x	9.1x	1.03x	1.05x	1.96%	4.77%	4.4%	10.8%	10.8%
TMK	Torchmark Corporation	58.22	7,365	6.6%	6.0%	14.3x	13.6x	12.4x	1.51x	1.66x	0.98%	5.03%	11.6%	13.2%	13.4%
RGA	Reinsurance Group of America, Inc.	94.87	6,303	20.2%	1.8%	9.8x	11.3x	10.2x	0.88x	0.88x	1.42%	4.99%	9.9%	10.7%	11.0%
GNW	Genworth Financial, Inc.	7.57	3,765	-56.5%	3.6%	NM	7.1x	6.6x	0.25x	0.25x	0.00%	4.17%	-8.3%	4.5%	4.9%
CNO	CNO Financial Group, Inc.	18.35	3,645	3.1%	6.6%	11.8x	13.3x	11.4x	0.77x	0.77x	1.39%	5.49%	7.0%	7.4%	8.2%
SFG	StanCorp Financial Group, Inc.	75.61	3,190	18.1%	10.2%	14.9x	13.3x	12.8x	1.41x	1.45x	1.90%	4.39%	9.8%	10.8%	11.1%
SYA	Symetra Financial Corporation	24.17	2,806	6.3%	3.0%	13.1x	13.8x	12.2x	0.79x	0.84x	1.88%	4.41%	6.3%	7.7%	8.0%
PRI	Primerica, Inc.	45.69	2,356	-4.5%	-10.2%	13.8x	12.5x	11.0x	1.90x	2.00x	1.26%	4.00%	14.1%	15.9%	16.2%
AEL	American Equity Investment Life Holding Company	26.98	2,069	9.7%	-7.4%	15.2x	11.0x	10.0x	0.89x	0.89x	0.69%	4.40%	7.1%	11.2%	11.2%
FFG	FBL Financial Group, Inc.	57.72	1,431	25.5%	-6.9%	13.1x	14.3x	13.3x	1.15x	1.16x	2.58%	5.13%	9.1%	10.3%	10.7%
FGL	Fidelity & Guaranty Life	23.63	1,388	-1.3%	11.5%	14.2x	12.6x	10.8x	0.81x	NA	1.23%	5.08%	5.9%	6.7%	7.5%
NWLI	National Western Life Insurance Company	239.49	871	-4.0%	-5.8%	7.9x	NA	NA	0.55x	0.55x	0.14%	5.04%	7.0%	NA	NA
KCLI	Kansas City Life Insurance Company	45.71	493	0.5%	-0.5%	16.2x	NA	NA	0.65x	0.65x	2.35%	4.59%	4.1%	NA	NA
CIA	Citizens, Inc.	7.46	374	0.8%	21.1%	NM	NA	NA	1.43x	1.53x	0.00%	3.89%	-2.8%	NA	NA
IHC	Independence Holding Company	13.19	229	-6.7%	-2.9%	12.9x	NA	NA	0.77x	0.97x	0.52%	4.44%	6.2%	NA	NA
Median			3,645	1.6%	3.1%	13.1x	11.7x	10.8x	0.88x	0.97x	1.39%	4.59%	7.1%	10.8%	11.0%

Publicly Traded Companies

Managed Care

Ticker	Name	6/30/15 Price	Market Cap (\$M)	Share Price %YOY	Share Price %Qtr	Price / Earnings			Price / Book		Div.Yield	Invest. Yield	ROE		
						LTM	FY15E	FY16E	P/B	P/TB			LTM	FY15E	FY16E
UNH	UnitedHealth Group Incorporated	122.00	116,144	49.2%	3.1%	20.1x	19.3x	16.7x	3.64x	NA	1.27%	2.59%	18.2%	17.1%	17.9%
ANTM	Anthem, Inc.	164.14	43,482	52.5%	6.3%	17.0x	16.4x	14.9x	1.79x	NA	1.62%	3.47%	11.2%	10.3%	10.7%
AET	Aetna Inc.	127.46	44,509	57.2%	19.6%	21.1x	17.2x	15.6x	2.96x	NA	0.94%	3.81%	14.7%	16.2%	17.1%
CI	Cigna Corporation	162.00	41,728	76.1%	25.2%	20.4x	19.1x	17.3x	3.81x	8.49x	0.03%	5.22%	19.3%	19.2%	20.1%
HUM	Humana Inc.	191.28	28,650	49.8%	7.4%	24.5x	24.1x	20.4x	2.85x	4.48x	0.63%	3.25%	12.2%	11.3%	13.4%
CNC	Centene Corporation	80.40	9,559	112.7%	13.7%	32.4x	28.8x	24.6x	5.20x	NA	0.00%	1.12%	18.6%	14.5%	15.3%
HNT	Health Net, Inc.	64.12	4,940	54.4%	6.0%	35.2x	19.2x	15.7x	2.98x	4.54x	0.00%	1.77%	8.4%	NA	NA
WCG	WellCare Health Plans, Inc.	84.83	3,736	13.6%	-7.2%	101.0x	25.3x	17.3x	2.31x	2.98x	0.00%	1.97%	2.3%	NA	NA
MOH	Molina Healthcare, Inc.	70.30	3,509	57.5%	4.5%	40.4x	27.2x	20.0x	3.37x	5.12x	0.00%	0.40%	8.9%	11.3%	13.9%
UAM	Universal American Corp.	10.12	850	21.5%	-5.2%	NM	44.4x	35.9x	1.37x	1.55x	0.00%	1.72%	-3.5%	NA	NA
GTS	Triple-S Management Corporation	25.66	681	43.1%	29.1%	9.4x	18.3x	16.6x	0.79x	0.81x	0.00%	4.95%	8.6%	NA	NA
Median			9,559	52.5%	6.3%	22.8x	19.3x	17.3x	2.96x	4.48x	0.00%	2.59%	11.2%	14.5%	15.3%

Publicly Traded Companies

Brokers

Ticker	Name	6/30/15 Price	Market Cap (\$M)	Share Price %YOY	Share Price %Qtr	EV (\$M)	EV / EBITDA			EV / Revenue		Div.Yield	LTM EBITDA Margin	LTM Rev Growth	Organic Rev Growth	
							LTM	FY15E	FY16E	LTM	FY15E				15Q1	14Q4
MMC	Marsh & McLennan Companies, Inc.	56.70	30,528	9.4%	1.1%	33,313	12.5x	11.6x	10.7x	2.6x	2.5x	2.00%	20.6%	3.8%	3.0%	4.0%
AON	Aon plc	99.68	28,083	10.6%	3.7%	33,381	12.8x	12.6x	11.9x	2.8x	2.7x	1.04%	21.9%	0.7%	4.0%	6.0%
WSH	Willis Group Holdings Public Limited Company	46.90	8,420	8.3%	-2.7%	10,222	13.5x	11.8x	10.1x	2.7x	2.6x	2.51%	20.0%	2.0%	3.4%	3.6%
AJG	Arthur J. Gallagher & Co.	47.30	7,883	1.5%	1.2%	9,942	15.7x	10.8x	9.5x	2.7x	2.5x	3.17%	16.9%	30.5%	5.7%	5.6%
BRO	Brown & Brown, Inc.	32.86	4,627	7.0%	-0.8%	5,460	11.2x	10.2x	9.5x	3.4x	3.3x	1.33%	30.3%	16.1%	2.9%	4.4%
Median			8,420	8.3%	1.1%	10,222	12.8x	11.6x	10.1x	2.7x	2.6x	2.00%	20.6%	3.8%	3.4%	4.4%

Third Party Claims, Tech & Services

Ticker	Name	6/30/15 Price	Market Cap (\$M)	Share Price %YOY	Share Price %Qtr	Total EV (\$M)	EV / EBITDA			EV / Revenue		Div.Yield	LTM EBITDA Margin	LTM Rev Growth	LTM Rev. (\$M)
							LTM	FY15E	FY16E	LTM	FY15E				
GWRE	Guidewire Software, Inc.	52.93	3,714	30.2%	5.6%	3,588	124.9x	53.1x	45.8x	9.7x	9.5x	0.00%	7.8%	17.2%	369
SLH	Solera Holdings, Inc.	44.56	2,989	-33.6%	-13.7%	4,877	12.7x	10.6x	10.0x	4.4x	4.3x	1.51%	34.6%	18.5%	1,112
EBIX	Ebix, Inc.	32.61	1,150	127.9%	7.3%	1,260	13.8x	13.4x	12.2x	5.6x	4.9x	0.99%	40.4%	11.4%	227
CRVL	CorVel Corporation	32.02	648	-29.1%	-6.9%	606	9.5x	NA	NA	1.2x	NA	0.00%	12.9%	2.9%	493
CRD.B	Crawford & Company	8.43	466	-16.4%	-2.4%	670	6.7x	6.6x	5.3x	0.5x	0.5x	2.31%	8.1%	-0.1%	1,234
PN	Patriot National, Inc.	16.00	422	NA	26.0%	460	NA	8.8x	6.3x	NA	2.4x	0.00%	NA	NA	NA
Median			899	-16.4%	1.6%	965	12.7x	10.6x	10.0x	4.4x	4.3x	0.49%	12.9%	11.4%	493

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Special thanks to our summer intern Hogan Bryant for helping create this issue.

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Erickson Partners

Merges with Mercer Capital



Mercer Capital, a national business valuation and financial advisory firm specializing in Corporate Valuation, Litigation Support, Financial Reporting Valuation, and Transaction Advisory Consulting, and **Erickson Partners, Inc.**, a Texas-based Valuation and Litigation Support firm, announce their merger effective July 1, 2015.

Mercer Capital, with its strong presence throughout the Southeast and Midwest, and Erickson Partners, with its strong presence in Texas and Oklahoma, are a perfect fit.

Both firms maintain the highest standards of quality for financial analysis and client service and believe deeply in hiring and developing the best professionals.

“The culture of both firms is so similar and that was important to us. The professionals of Erickson Partners are well-known in the valuation profession as some of the best and brightest. Their work product and reputation are stellar. This merger not only allows us to broaden our geographic reach but also our industry expertise,” said **Matt Crow**, President of Mercer Capital.

Erickson Partners enhances Mercer Capital’s broad base of industry concentrations with their exceptional history working with and knowledge of professional sports franchises and the energy sector.

“Over our 30 plus year history, Mercer Capital has developed several industry concentrations. By adding the knowledge, insight, and expertise of Don Erickson, Bryce Erickson, and the rest of the professionals of Erickson Partners, we now bring deep experience and insight to a broader range of industries than we could as separate firms,” said **Chris Mercer**, CEO of Mercer Capital.

“Combining with Mercer Capital, we will now be able to offer new or expanded services that complement our existing services, as well as additional industry expertise,” said **Bryce Erickson**, Managing

Director of Erickson Partners. “In addition to our sports franchise and energy industry concentrations, we will be able to offer deep industry concentrations in construction and building materials, agribusiness, manufacturing and financial institutions, which includes depository institutions, insurance companies, fintech companies, asset management firms, and PE firms.”

“The combined firm will have over 40 valuation professionals positioned in five markets throughout the southwest and southeast. Such a deep bench will provide us with a tremendous opportunity to better serve the expanding needs of our clients,” said **Don Erickson**, President of Erickson Partners. “Joining with Mercer Capital gives us national resources that will benefit our clients in Texas and beyond.”

About Mercer Capital

Mercer Capital is a national business valuation and financial advisory firm offering corporate valuation, litigation support, financial reporting valuation, and transaction advisory consulting services to a national client base. Clients include private and public operating companies, financial institutions, asset holding companies, high-net worth families, and private equity/hedge funds.

About Erickson Partners, Inc.

Erickson Partners is a professional valuation and advisory firm specializing in business valuation, litigation support, financial investigations and strategic corporate advisory services. Founded by Don & Bryce Erickson, Erickson Partners has served large and small clients by providing complex financial and economic analysis, leading to reasonable valuation opinions that withstand scrutiny.

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