



Q4 2016 Newsletter

Your source for the latest opportunities and concierge-level services.

Letter from the CEO

We hope 2017 is already shaping up to be another prosperous year for you.

M&A Services has closed 2016 as another successful year of advisory practice. Once again M&A Services ranked among the Top 10 Financial Advisers in the Insurance Industry by deal volume according to SNL Financial. In 2016 M&A Services completed seven transactions including the sale of Ashmere Insurance Company to National Fidelity and the sale of Mosiac Insurance Company to Metromile in the 4th quarter.

In January M&A served as an advisor to State National in its acquisition of Fireman's Fund of Ohio from Allianz.

The M&A Insurance market outlook for 2017 remains strong, as the industry consolidation continues, and acquirers continue to seek strategic opportunities. Private-equity backed buyers are expected to remain the most active acquirers in the distribution sector, and will continue to pursue bolt-on acquisitions to expand their platforms on a national scale. This ongoing M&A activity should keep valuations and multiples at their historically high levels throughout 2017.

M&A Services is ready to help you find the best route to achieve your business development objectives. Our vast experience and long established business relationships allow us to present our clients with solid options to reach their strategic and financial goals. Don't hesitate to contact our team for advice.

We look forward to serving you in 2017.

Sincerely,

Jason C. Murgio, CEO

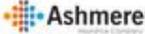
Recently Closed Transactions

StateNational
acquired
Fireman's Fund Of Ohio
from
Allianz

 Served as the advisor to StateNational


sold
Mosaic Insurance Company
to
Metromile

 Served as the advisor to AXA


 Global Solutions
sold

to
National Fidelity

 Served as the advisor to Sirius Global Solution


DAIMLER
sold
 Intrepid Insurance Company
to


 Served as the sole financial advisor to Daimler AG


 The Hanover Insurance Group*
sold
 Professionals Direct Insurance Company
to
Watford Specialty Insurance Company

 Served as the advisor to Hanover


 GLOBAL INDEMNITY Inc
sold
 United National Specialty Insurance Company
to
StateNational

 Served as the sole advisor to Global Indemnity


 integro
acquired
HEALTHCARE RISK SPECIALISTS

 served as the sole financial advisor to HealthCare Risk Specialists


AssuredPartners
Acquired
ELM Insurance Brokers

 served as advisor to ELM Insurance Brokers


AssuredPartners
Acquired
Pat Moore Insurance Services

 served as advisor to Pat Moore Insurance Services

TANGRAM
Insurance Services
sold renewal rights book
to
Twenty Mile Insurance Services

 Served as the advisor to Tangram


Crabdree
 INSURANCE
sold to

Shepherd
 INSURANCE

 Served as the advisor to Crabdree

Upcoming Events

Up Coming Industry Conferences -

Throughout the year Merger & Acquisition Services travels to numerous locations, whether hosting a hospitality suite, serving as a panel speaker, or just being on hand to meet face to face with clients and prospective clients to discuss the insurance marketplace. Our advisors believe this interaction is critical to keeping pace with changing market conditions. The list below represents select occasions where advisors of Merger & Acquisition Services will be available to meet with new and existing clients.

- **RIMS Annual Conference** - April 23-26, 2017 in Philadelphia PA.
- **Target Markets Mid-year Meeting** - May 15-17, 2017 in Arlington VA
- **AAMGA Annual Meeting** - May 21-25, 2017 in Orlando FL

If you would be interested in meeting with us please contact Vanessa Silva at vsilva@maservices.com to schedule an appointment.

[See all upcoming events here.](#)

MGA Book Roll

M&A Services' Book Roll offers a unique opportunity for program managers and MGA's to maximize the fee income stream of their existing books of business **without selling their agency**. This strategy is ideal for principals that recognize the value of the business they produce but are not interested in divesting ownership. It allows agency owners to extract the embedded value of stable, low loss ratio business by partnering with highly rated paper who can assist and foster growth of existing books of profitable business. The program provides the following benefits for agency principals:

- Allows the principals the ability to monetize their agency immediately **without** giving up any control or ownership of the agency.
- Continue to receive a market based commission structure.
- Partnership with established, financially sound, committed "A" rated carriers.
- A long term appointment contract offering stability and consistency in your markets.
- There is no financial obligation borne by the program manager to participate as M&A's fees are borne by the carrier.

M&A has close to two decades of experience in the insurance sector, working with carriers, program managers and agencies, allowing us to help parties maximize their revenue stream. If you would be interested in learning more about how this Book Roll program works and if your agency might qualify, please contact Danial Baransky directly at dbaransky@maservices.com. All inquiries are kept confidential and you incur no obligation to M&A.

Shells

Merger & Acquisition Services is considered to be the trusted source for insurance companies and agencies that seek to start up an insurance carrier operation, expand their geographic footprint, or enter the US insurance market. Successfully completing over 100 Insurance Shell Company transactions in the past 10 years, M&A continues to be the leading advisor throughout the United States.

M&A brings a team of senior financial advisors who can assist in all matters of a transaction and are available to discuss the process of buying an Insurance Shell Company or the phases involved in selling an Insurance Shell Company.

Current L&H Opportunities:

- **Client seeking widely licensed life, annuity or health company**
- Southeast Life Company Going Concern

Current P&C Opportunities:

- A+ rated insurance company seeking to purchase a widely authorized non admitted / Excess & Surplus lines shell company
- Widely Licensed P&C Admitted Carrier with Commercial Lines
- Widely Licensed P&C Admitted Carrier with Personal Lines
- Regional P&C Admitted Carrier
- Single State NJ Premium Tax Benefit Company

Please contact Paul Procops at pprocops@maservices.com to learn more about the process and the opportunities above.

[Learn more about our Shell Transactions.](#)

Distribution

The valuation and market for insurance distribution businesses is at an unprecedented peak over the past twelve months, and is expected to remain high for the next six to eighteen months. Industry valuations are driven primarily by private equity capital that has made significant platform investments in the past three years, leveraging 3:1 and 4:1 with historically low interest rate debt.

Further, stock market prices and trading multiples for publicly traded brokerage firms are at all-time highs, allowing the publicly traded acquirers to compete with the private equity aggregators at the higher valuations. This combination of low interest rate leveraged private equity capital and high priced publicly traded companies has created an expansive and competitive landscape for insurance distribution assets, and therefore, increased the multiples of earnings (EBITDA) valuations for small and mid-sized distribution assets.

Currently, the market is priced at approximately a 50% premium to valuations from two to three years ago.

For more information on Distribution or the opportunities listed above please contact Chris Hughes directly at chughes@maservices.com

[Learn more about Distribution services](#)

Agency Financing

Through our registered broker-dealer Merger & Acquisition Capital Services, LLC we develop custom financing solutions for agencies of all sizes.

M&A's team of experienced dealmakers advises our clients through all aspects of capital financing and M&A transactions including sourcing lenders, producing offering memorandums, and assisting in preparing presentations for potential lenders and equity partners.

M&A's expertise and industry knowledge allow us to approach a diverse cross section of capital providers simultaneously, often reducing the total time to fund transactions, and because M&A manages the entire process, agency owners are free to focus on running their business rather than managing the capital raising effort.

If you are currently looking to raise capital for your agency, or MGA, to fund an acquisition, a partner buy-out / buy-in, or to refinance existing agency debt, contact us today to learn how Merger & Acquisition Capital Services can develop a customized solution for you.

Please contact Trevor Murgio directly at tmurgio@maservices.com . All inquiries will be held strictly confidential.

[Learn more about Agency Financing](#)

Program Insurance

The appetite for MGU/MGA programs will continue to strengthen in 2017. Many carriers have recognized that organic growth will continue to be challenged as rates continue to soften. Mergers and acquisitions will continue to be one source of potential growth. Also, program managers are seeking a second carrier to diversify their book of business, and seeking geographic reach expansion. Carriers have learned that partnering with a quality program administrator can be very profitable. Competition in the program space will continue to grow which will lead to more ingenuity and creative opportunities.

For more information on programs and how our Program Team might help your MGA/MGU, please contact Frank See at fsee@maservices.com or Paul Surdel at psurdel@maservices.com.

Insurance Programs services offered:

- Represent MGAs/MGUs seeking program insurance carriers.
- Our program carrier relationships are now over 60 and growing.
- Represent MGAs/MGUs seeking fronting program insurance carriers requiring 100% quota share reinsurance.
- Represent wholesale brokers seeking to bundle certain profitable homogeneous books of business into insurance programs.
- Represent underwriting start-up groups seeking program design and placement consultation.

M&A Recent Programs Placed:

- Placed an E&S Tier 1 Homeowners program for a southeastern MGA. Program placed with an "A+" carrier, allowing the MGA to write business in the southeastern and mid-Atlantic states.
- Placed a Surety contractors bond program for a western MGA. Program placed with a regional mid-western carrier that was looking to expand their surety writings on the west coast.

Current Opportunity:

- Seeking a carrier that is interested in a lawyers professional liability program. Book is currently \$12,000,000 in written premium and profitable. The MGA is limited to writing in two states by their current carrier and is seeking a carrier that will allow them to expand their program. 95% of the law firms have 1-5 attorneys.

[Learn more about Program Business services](#)

Our Services

Merger & Acquisition Services is a boutique investment bank, specialist advisory and financial services firm devoted specifically to participants within the insurance industry.

Our mission is to provide concierge-level services and expertise within the insurance industry by assisting firms with their corporate development and acquisition/divestiture objectives. M&A Services has closed more than 100 transactions over the past 10 years and has earned continuous placement within the "Top 5 Financial Advisors in Insurance Underwriting" according to SNL Financial.

Our [Services](#) include:

- Carrier M&A Transactions
- Agency M&A Transactions
- Agency Financing
- Capital Raising
- Strategic Advisory
- Valuation Services
- Program Business
- Renewal Rights
- Fronting
- Reinsurance.



CALL US TODAY at 212-750-0630 for a confidential consultation with one of our senior advisors.

Our Offices

Manhattan, New York

320 East 53rd Street
Suite 100
New York, NY 10022

Tel: (212) 750-0630
Fax: (917) 591-8998

Mystic, Connecticut

1 Water Street
2nd Floor
Mystic, CT 06355

Tel: (860) 367-8720
Fax: (860) 760-6838

Atlanta, Georgia

3525 Piedmont Road
7 Piedmont Center
Suite 300
Atlanta, GA 30305

Tel: (770) 417-1119
Fax: (404) 521-4781

George Town, Cayman Islands

P.O. Box 1564
Grand Cayman
KY1-1110 Cayman Islands

Tel: (345)-749-7510
Fax: (800) 860-2292

[Subscribe to our Newsletter](#)

[Contact us](#)

Any information provided herein is indicative only, subject to change without notice, and does not constitute an offer to purchase or sell. Principals retain the exclusive right to negotiate and evaluate any transactions, and advisors of Merger & Acquisition Services, Inc. and Merger & Acquisition Capital Services, LLC. have no authority to do so. Merger & Acquisition Services, Inc. does not underwrite securities, nor advise on, nor effect transactions in securities for the account of others.

*Investment banking services and securities transactions are provided through and completed by Merger & Acquisition Capital Services, LLC., a broker-dealer registered with the U.S. Securities and Exchange Commission and member of FINRA and SIPC.

Copyright 2017 Merger & Acquisition Services, Inc. & Merger & Acquisition Capital Services, LLC. All Rights Reserved.

Merger & Acquisition Services Inc. | 320 East 53rd Street | Suite 100 | New York | NY | 10022
phone: 212-750-0630 | fax: 917-591-8998

info@maservices.com
www.maservices.com

STAY CONNECTED

