



Q1 2016 Newsletter

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

Letter from the CEO

We hope the first quarter of 2016 has treated you well.

The market has remained very active for the early part of 2016. Insurance distribution transactions continue to be numerous and small to mid-size carriers are getting significant attention from larger carriers looking for bolt on acquisitions. M&A services has closed 2 distribution transactions in the first quarter and put 6 carriers under contract. In addition, our program group has bound two new program placements.

M&A offers a full range of services to insurance carriers and distribution firms including: M&A transactions, capital financing, fronting, renewal rights, reinsurance, strategic advisory, and program placements. M&A knows the insurance industry and has completed multiple transactions per year in the insurance space.

Our advisors make each client's project a priority and offers concierge-level service. M&A Services business philosophy since the firm's inception has been to provide unbiased, focused, and value added advice to our clients and I am proud to say our team continues to deliver on that promise everyday.

Sincerely,

Jason C. Murgio, CEO

Recently Closed Transactions



Upcoming Events

Regional Meetings – the M&A Services Advisory Team will be visiting **Chicago, IL early June 2016**.

If you would be interested in meeting with us in Chicago or another city to discuss our current projects, market trends and ways we might be able to assist you with your corporate development projects, please contact Vanessa Silva at vsilva@maservices.com or (212) 750-0630 ext. 41 to schedule an appointment.

Up Coming Industry Conferences -

Throughout the year Merger & Acquisition Services travels to numerous insurance industry conferences and events. 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.

- **Target Markets Mid-Year Meeting**, April 18 - April 20, 2016, Arlington, VA
- **PIA of New Jersey & New York Annual Conference**, June 5 - June 7, 2016, Atlantic City, NJ

If you would be interested in meeting with us please contact Vanessa Silva at vsilva@maservices.com or (212) 750-0630 ext. 41 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 principal:

- 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. The shell market has been extremely active with over 8 transactions occurring in 2015 and early 2016. 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 P&C Opportunities:

- 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
- Single State NY Company

Current L&H Opportunities:

- Southeast Life Company Going Concern
- Client seeking widely licensed life, annuity or health 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 publically traded brokerage firms are at all-time highs, allowing the publically 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 publically 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

M&A Services' Managing Director, [Chris Hughes](#), and Insurance Programs advisors Frank See and Paul Surdel will be attending the upcoming **TMPAA Mid-Year Convention from April 18-20 in Arlington, VA**. Please contact [Vanessa Silva](#) to set up appointments, or contact [Frank](#) or [Paul](#) directly. Thank you.

Insurance Programs services offered:

- Represent MGAs/MGUs seeking program insurance carriers.
- Our program carrier relationships are now over 70 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 is currently representing an MGA seeking a carrier for a Billboard Program:

- Need admitted paper and Program can be sold with ISO rates.
- Estimated premium within 18 months is \$1,500,000-\$2,000,000.
- Program would be the first of its kind in the country.
- MGA will take a meaningful retention on the Program.

Additional opportunities:

- Captive insurer specializing in underwriting surety bonds for mid-size contractors is seeking an insurance carrier that is willing to front their business. Estimated premium for the program would be \$10,000,000. The fronting carrier needs to carry a rating of A- 7 or better and be licensed in the northeast states including New York. The captive insurer has not had a surety loss in the past five years. The captive insurer will assume risk but currently has Lloyds of London for reinsurance.

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 .

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 .

[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.

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