Merger & Acquisition Services
serving the insurance industry

Q4 2015 Newsletter

December, 7th 2015

From the CEO

Jason Murgio

Year after year, M&A Services has set exemplary standards in the Insurance M&A industry and 2015 has been no different. We have further enhanced our position in the market as one of the top advisors in the insurance sector and continue to contribute to the growth of the insurance industry as a whole. The Firm's business philosophy since 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.

Notable 2015 Accomplishments:

- Global Indemnity's Acquisition of American Reliable from Assurant
- The sale of TIP and TIP National to Capacity Group
- The sale of RLI Indemnity to Clear Blue
- The sale of HealthCare Risk Specialists by Integro
- Founding sponsor of The CHART Exchange, a ground breaking union between London Risk Takers and U.S. Domestic Insurance Agencies
- One year anniversary of M&A International Ltd

I personally want to thank our valuable clients that have trusted our firm to assist them with their corporate development projects this year.

Our team looks forward to continuing to serve our clients in 2016. Happy Holidays!

Sincerely,

Jason Murgio

News

Regional Meetings – the M&A Services Advisory Team will be visiting:

- **Boston, MA** on February 1st – February 5th, 2016
- **Miami, FL** on February 29th – March 4th, 2016
- **Los Angeles and San Francisco, CA** on March 14th – March 18th, 2016

If you would be interested in meeting with us 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.

We look forward to meeting with you!

Shell Opportunities

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 Opportunities:

- Widely Licensed Property and Casualty Shell
- Florida Only Property and Casualty Shell
- New York Only Property and Casualty Shell
- Pre-1984 New Jersey Only P&C Shell with Premium Tax Benefit
- Buyers seeking widely licensed Life and health shells

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

Valuation & 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.

Current Opportunities:

- CA and TX Based Professional Liability Insurance Wholesale Agencies available for acquisition $23MM Written Premium, $2.3MM Net Revenue, $750K EBITDA
- CA Artisan Contractors GL Non-Admitted Program available for acquisition $7MM WP, Ave Premium $5,500, $650K Net Revenue.

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

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.

Program Insurance

Traditionally the MGU marketplace has been a domain for specialists that write property or casualty programs. Lines of coverage typically include general liability, auto liability, workers compensation, professional liability, mono-line property and mono-line excess. The Program Team at M&A has successfully placed a number of program deals for our MGA/MGU clients.

Some of our recent successes have been:

- Commercial GC program,
- Surety bond program
- Hospitality program

Our Program Team has decades of experience working with specialty MGAs and MGUs in finding the appropriate program partner for their books of business. Our services include, reviewing the program, originating introductions to carriers, providing deal support and structuring the terms of the program as well as providing reinsurance consultation if needed.

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 .

Other Services

In addition to advisory capabilities, M&A can provide many value added services; some of which are highlighted below:

- Valuations
- Fairness Opinions
- Company comparison and contrast reports useful for marketing, benchmarking, and evaluations
- Financial Modeling

For more information on any of these services mentioned above please contact Daniel Baransky at dbaransky@maservices.com.

To receive news and updates, please join our mailing list by clicking here.

www.maservices.com
info@maservices.com

Offices

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

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

Connecticu
1 Water Street
2nd Floor
Mystic, CT 06355

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

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

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

Cayman Islands
P.O. Box 1564
Grand Cayman
KY1-1100
Cayman Islands

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