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2022 Agent and Broker Mergers and Acquisitions: 17% Decline

Posted on February 08, 2023

2022 mergers and acquisitions among insurance agencies and brokers in the U.S. and Canada declined 17% from the record set in 2021

The NORTH AMERICAN AGENT & BROKER 2022 YEAR-END MERGER & ACQUISITION REPORT prepared by Optis Partners shows 885 transactions in the U.S. and Canada in 2022 as compared to 1,066 transactions in 2021.

Rising interest rates and tightening capital resulted in slowing activity in the last half of 2022 and the slower pace is expected to continue in 2023. Although buyers are scrutinizing deals more closely and valuations may decline, a value premium may be available for quality selling agencies.

To the extent the pace of activity declines in 2023, it presents selling agency candidates with the opportunity to perform in-house due diligence to prepare the agency for increased buyer scrutiny. At a minimum future seller candidates should review:

- the organizational documents and ownership registry to confirm the current ownership and adequately document the withdrawal of prior owners;
- the balance sheets and remove or distribute non-operating assets;
- agreements with producers or third parties to remove options to purchase or other claims to customer accounts;
- producer and customer service representative restrictive covenants and confidentiality agreements;
- third party broker and sub-broker arrangements to confirm the ownership of accounts and the ability to terminate on reasonably short notice;
- the organizational structure to identify key personnel and account relationships;
- system integrity demonstrate data security; and
- the adequacy of its own errors and omission, cyber, employment practices liability and other insurance coverage.

As you consider preparing your own agency for a sale, or if you are considering the purchase of another agency, we would be happy to work with you in the process. **Knox Law has a history of representing both agent and broker buyers and sellers.**

- Knox Law Insurance Acquisitions & Divestitures 2023
  Knox Law Insurance Brokerage Acquisitions & Divestitures 2023

For more information, please contact Bill Helbling, or call us at 814-459-2800.



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