Knox McLaughlin Gornall & Sennett, P.C.
Erie • Pittsburgh • Jamestown, NY
814-459-2800 • www.kmgslaw.com

Agent and Broker Mergers & Acquisitions: 3rd Quarter 2023

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Mergers & acquisitions among insurance agencies and brokers in the United States and Canada declined 34%, as compared to the 3rd quarter 2022.

The Q3 2023 Merger & Acquisition Update (optisins.com) prepared by Optis Partners shows 168 transactions in the U.S. and Canada in the 3rd quarter 2023 as compared to 195 transactions in the 3rd quarter 2022. The 534 transactions year to date through September 30, 2023 are also down from the 729 transactions for the same period in 2022.

Although the pace of activity has declined from the all-time high number of transactions of 1,148 for the 12-month period ending June 2022, the number of transactions that will be completed for calendar year 2023 will likely be in line with the levels achieved in 2018, 2019 and 2020.

Rising interest rates and tightening capital resulted in slowing activity in the last half of 2022 and the slower pace has continued thus far in 2023. Although some buyers have slowed their activity [e.g. Acrisure], others have increased year-over-year purchases [e.g. Broadstreet and Arthur J. Gallagher]. Accordingly, there continue to be sale opportunities and value premiums available for quality agencies.

Agencies will be well served to perform in-house due diligence in advance of opportunity knocking. 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 and 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.**

For more information, reach out to Bill Helbling:



William B. Helbling

William B. Helbling concentrates his practice in the areas of business, tax and securities law, banking and commercial lending, and intellectual property & technology. He has a special emphasis on mergers and acquisitions.

whelbling@kmgslaw.com • 814-923-4903

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