

Financial Services M&A

Driving value: key lessons learned from our insurance distribution M&A transaction experience

EY Financial Services M&A Advisory



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The Canadian insurance distribution market has seen increased M&A activity and significant inflows of capital for the past number of years. The combination of strong operating results, the hard market conditions and the arrival of several new acquirors has created an environment of significant opportunity for owners of insurance brokerages, managing general agencies and third-party administrators.

EY has been at the forefront of this activity, leading and advising on important sell-side M&A transactions for our clients. The key questions we're often asked are: *What is the real value of my business? How do I drive value in the M&A process?*

Key lessons learned: to help position your business and drive value

1. Differentiated market and product focus

- Specialist underwriter/broker in key markets
- Innovator with ability to operate across multiple niche markets
- Track record of capturing market share in selected markets

2. Channel resilience and customer focus

- Diversity in distribution channels
- Ownership of customers and strong brand in select markets
- Online platforms and technology enabled

3. Leading underwriting and pricing capabilities

- Use of proprietary pricing tools and data capabilities to evaluate and price risks effectively
- In-house and proven underwriting expertise

4. Operational effectiveness and resilient profitability

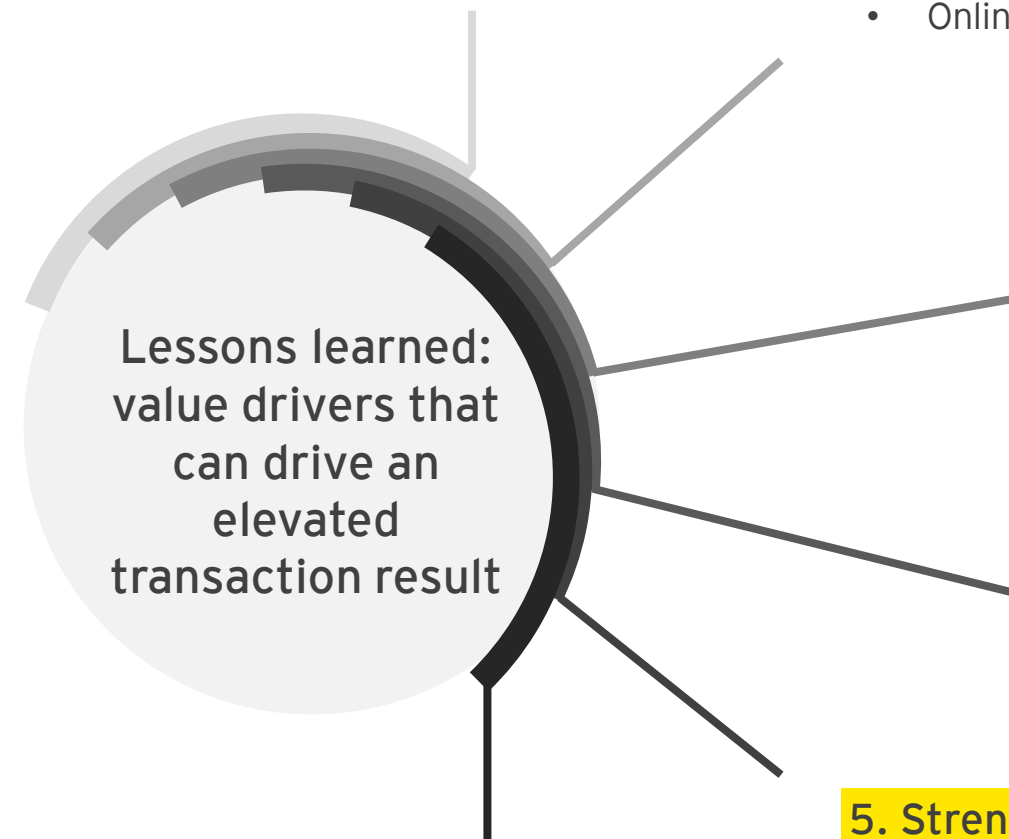
- Technology-enabled operations driving efficiency
- High-margin, high-growth operations
- Customer loyalty leading to strong retention metrics

5. Strength of the management team

- Team of seasoned industry advisors with an excellent reputation
- Strong succession story - deep second layer of management
- Visionary leadership with ability to quickly respond to trends

6. Well-developed growth opportunities

- Proven growth trajectory, history of capturing growth and market share
- Future growth prospects with a defined path
- Clear rationale as to why a partner can accelerate growth

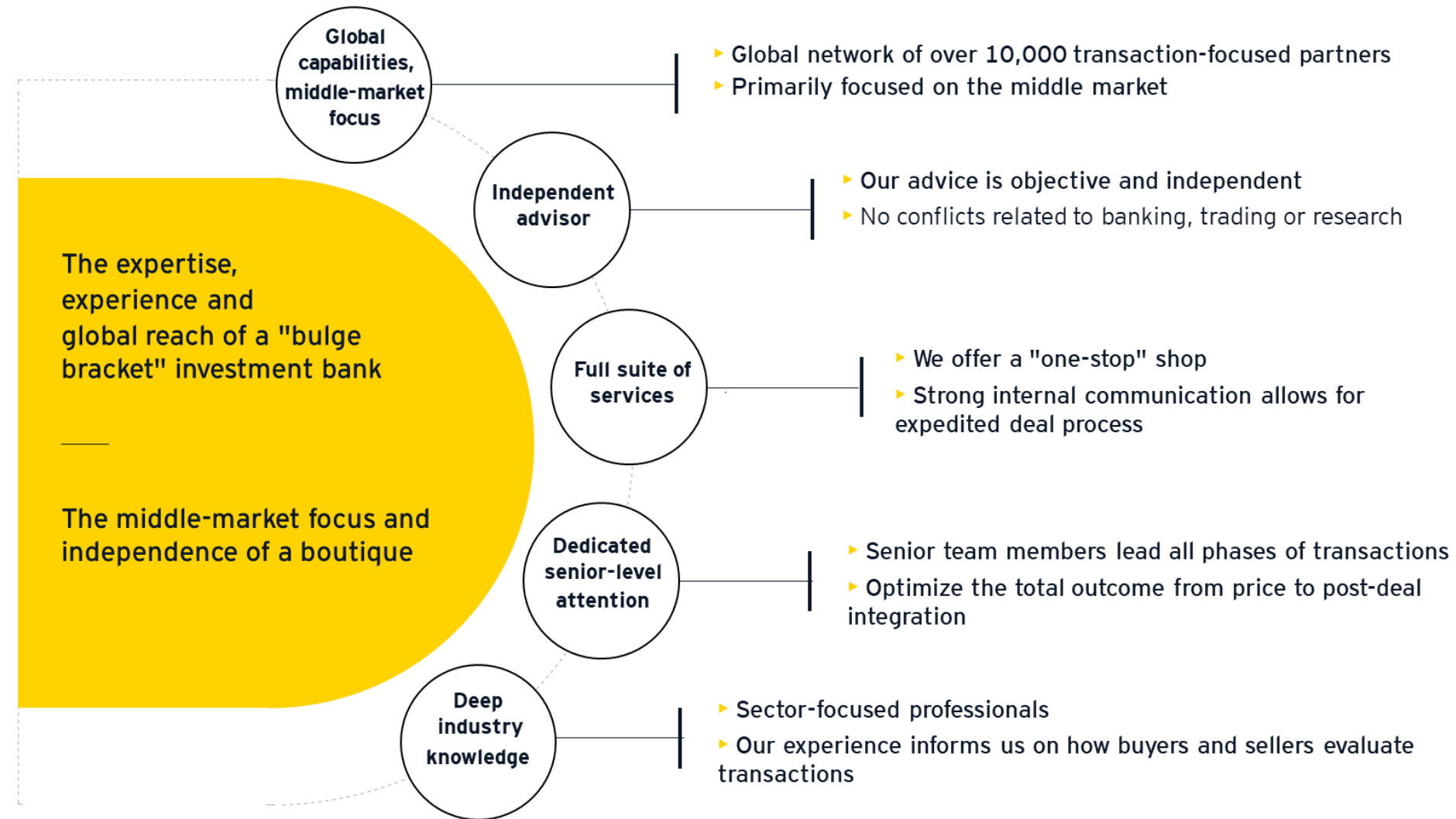


Elevated transaction outcomes can result from positioning your business relative to these key drivers and proper communication of that story. We welcome the opportunity to show you how these key drivers can improve your business.

EY¹ is one of Canada's largest mid-market focused corporate finance advisory firms

We provide sector-specific advice on mergers, acquisitions and divestitures, debt and equity capital markets, and real estate and infrastructure transactions. We also advise on corporate strategy. We bring deep industry knowledge to every transaction to support your corporate finance strategies and priorities. We can help you navigate your business issues, capitalize on your transaction opportunities and achieve your strategic objectives.

How we're different



Our Financial Services M&A Team



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Highlighted Transactions

has completed a minority equity raise of growth capital from

a leading US private equity firm

EY* acted as a financial advisor to Sterling Capital Brokers, on the sale of the minority equity stake to a leading US private equity firm.

has been acquired by

A leading global insurance brokerage and risk management services firm

EY* acted as exclusive financial advisor to Excess Underwriting Company

has been acquired by

EY* acted as the exclusive financial advisor to C&C Insurance Consultants Ltd.

