

June 29, 2011



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CONTACT:

Shirley Lukens
(404) 233-5545, ext. 2539
shirley@reaganconsulting.com

Agent/Broker Acquisition Appetite Healthy, Reagan Report Says
Continuing Demand for Deals Predicted Into 2012

ATLANTA (June 29, 2011)—The independent agent and broker channel’s most prolific buyers predict a strong ongoing appetite for acquisitions through 2012, according to a new report prepared by Reagan Consulting.

Following its bi-annual Mergers & Acquisitions Conference with more than 130 insurance industry leaders in attendance, Reagan Consulting released a highlight report of M&A findings featuring perspectives of seven of the industry’s most active acquirers.

The consensus on continuing deals is reflected in the comments of Marty Hughes, Chairman and CEO of Hub International, who described his firm’s acquisition activity as “prolific, but disciplined.” The report includes the opinions of:

- Dave Eslick, Chairman, Marsh & McLennan Agency;
- Wade Reece, Chairman & CEO, BB&T Insurance Services;
- Pat Gallagher, Chairman & CEO, Arthur J. Gallagher;
- Mike Sicard, Chairman, President & CEO, USI;
- Powell Brown, CEO, Brown & Brown; and
- Dave Zuercher, EVP and Group Head, Insurance Services, Wells Fargo;
- Marty Hughes, Chairman & CEO, Hub International .

In the report, the executives see continued appeal for firms offering one or more characteristics based on strategic goals: a mix of employee benefits and property/casualty, additional geographic coverage, new areas of expertise, or strong cultural and strategic fit with existing operations. “There is really no limit on the type of operations that we would be interested in acquiring,” Eslick says.

The Reagan panelists also share what they believe is vital for industry growth overall—particularly development of expertise and value-added service to customers. “While having a solid relationship with the client is important, it is not enough,” Reece says. “Understanding the client’s business intimately to help the client achieve his goals is becoming more and more critical.”

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If this vital expertise and specialization is to occur, the Reagan panel underscores the importance for the entire industry to improve its ability to attract and retain new talent—a hurdle Gallagher characterizes as the industry’s “single biggest challenge.”

Although property/casualty revenue remains a fundamental element of many firm acquisitions, an employee benefits book remains attractive. The panelists emphasize the changing environment and generally agree that the appeal of accounts with fewer than 100 lives is waning. Nevertheless, agencies delivering a demonstrated level of expertise in this complex field hold particular appeal for acquirers. “Healthcare reform has created a fundamental set of changes plus a state of ‘perpetual uncertainty,’ Secard says. “Perpetual uncertainty on behalf of clients means a critical role for the right broker/consultant/advisor.”

This need for expertise—not only in employee benefits, but in all specialties—is expected to drive industry growth well into the future and fuel continued acquisitions, the Reagan report documents. The panelists share uniform optimism for both their own firms and the industry at large. “The world is getting riskier. The need for risk consultancy and risk mitigation will only continue to grow,” Gallagher notes.

The report, “M&A Perspectives from the Most Active Acquirers,” can be obtained by contacting Reagan Consulting at info@reaganconsulting.com or by visiting www.reaganconsulting.com.

About Reagan Consulting: Formed in 1995, Reagan Consulting is one of the insurance and financial industries’ most influential firms, servicing a blue chip list of clientele that has included 60 of the top 100 U.S. insurance agent and brokers and more than a third of the nation’s largest financial institutions. For more information, visit www.reaganconsulting.com.

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