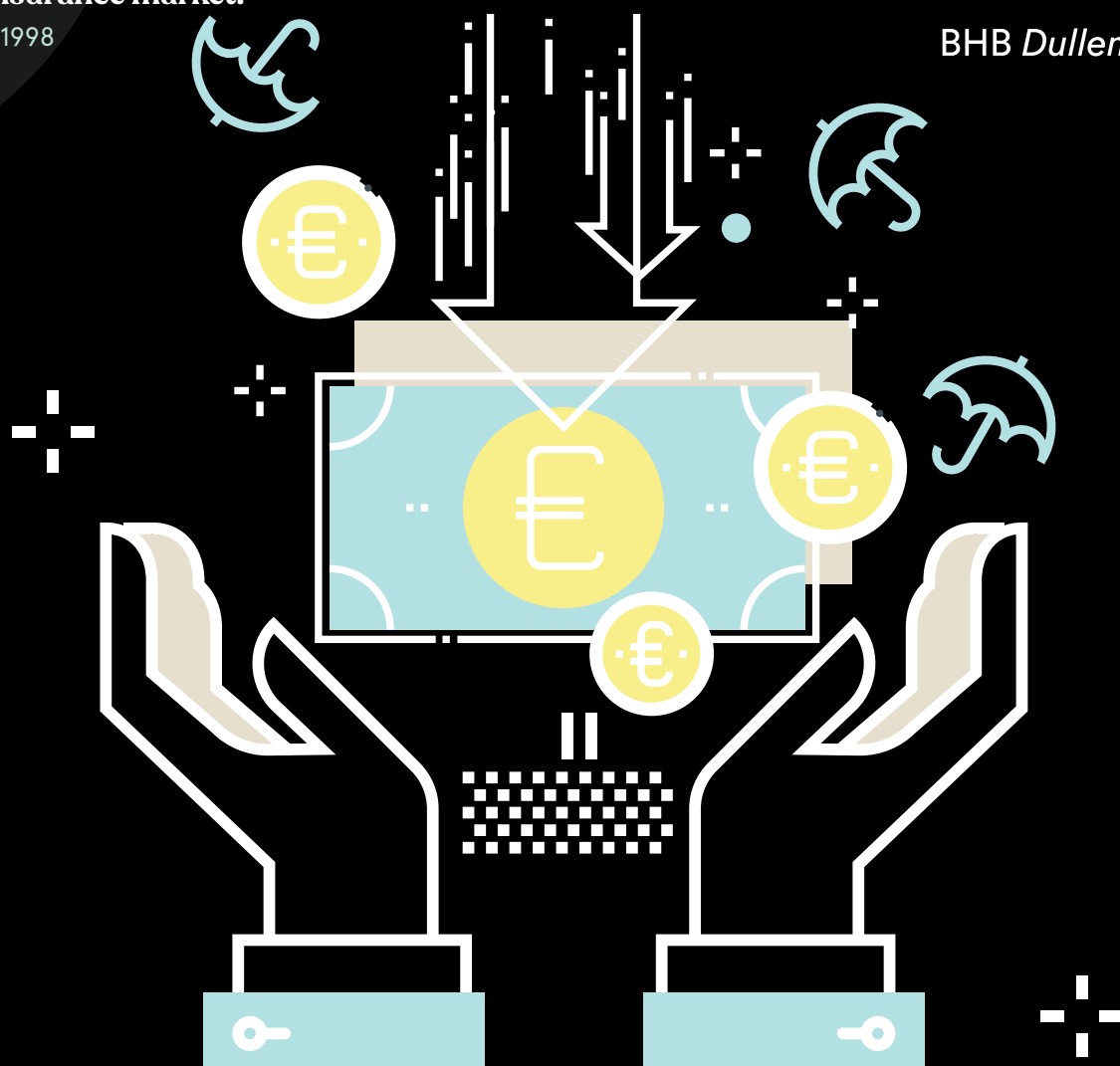


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Transaction Monitor

Insurance brokers

**Acquisitions in the market of insurance
brokers in uncertain times**

H1-2022

October 2022

Colophon

Exclusive publication BHB Dullemond

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This Transaction Monitor examines developments within the insurance market during the first half of 2022. Developments over the past years are also discussed.

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**“A sustainable
revenue model is
crucial for future
brokers”**

Introduction



Martine van Eck and Lisette van Gils

The Insurance Market Acquisition Monitor is an exclusive publication of BHB Dullemond. This Acquisition Monitor reflects bi-annual research and provides a complete picture of the takeovers and acquisitions in the insurance market.

This Market Acquisition Monitor also provides insights in various trends such as price setting, shifts in the market and new entrants to the market. The figures and trends discussed in the Acquisition Monitor are meant to provide better understanding and more transparency with regard to the current and future developments in the insurance market.



DEVELOPMENT 2022

Foreword by Jorg Quapp

Changing market conditions are on the minds of many. Rising inflation rates after a decade of expansionary monetary policy, rising energy prices due to geopolitical tensions resulting from an armed conflict on the European continent, and ongoing supply chain disruptions in East Asia make for an uncertain future.

Consumer confidence has now fallen to an all-time low and a recession seems inevitable. At the same time, there are labour shortages at an unprecedented level and the figures for the first six months of 2022 show economic growth. Various articles (e.g. Financieel Dagblad, 22/05/22) report that the market for acquisitions is slowing down considerably. However, this development seems to leave the insurance market untouched and there is no sign of a slowdown in the acquisition market as yet. It does appear that a plateau has been reached in the number of transactions. Similar to previous years, the first half of the year is quieter, with a smaller number of transactions and lower deal volume.

In this Transaction Monitor we will elaborate on the impact of these macroeconomic developments on acquisitions within the insurance market. A market characterised by stable cash flows and relatively high multiples.

In addition to the changing macroeconomic market conditions, there are ongoing developments within the market that have a major impact on the earnings model of insurance brokers. Commission transparency ("Provisietransparantie"), automation and standardisation are important factors. In the final part of this Transaction Monitor, we look to the future, where a sustainable earnings model will be crucial to insurance broker's survival.

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Jorg Quapp, Partner

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Wouter van Oversteeg and Jorg Quapp

Section 1

Impact of changing market conditions

Insurance brokers are faced with a multitude of challenges. In this chapter, we explain the changing market conditions and their impact on the earnings model and future prospects for the insurance brokers. Three important topics deserve further attention: i. digitalisation, standardisation and compliance, ii. inflation and developments in the capital market and iii. personnel.

Digitalisation, standardisation and compliance

Insurance originates on the principle of transferring and sharing risks by spreading them among multiple participants and over time. Technological developments enable insurers to continuously improve risk models and forecasts. Advances in technology also create various opportunities for insurance brokers. Automating processes reduces manual administrative work and enables advisers to spend more time to provide sound advice to their clients. This not only results in brokers being able to deliver added value, but also in clients willing to pay for it.

A consequence of automation is the increased difficulty in deviating from standards, which also is reinforced by tighter legislation and regulations. Although standardisation makes processes simpler and reduces the chances of human error (and fraud), it also enhances insurers' grip on the value chain. For standardisation within the authorised agent channel, the Volmachtbeheer Product Interface (VPI) is used. A secondary effect is that (Dutch) insurers are less receptive to certain special risks and categories. This is reflected in the (un)insurability of, for example, taxi drivers, recycling companies and other niche industries. This gap is currently filled by the Vereende and foreign insurers (fortunately).

The way in which private clients find their insurance cover is subject to change. Whereas in the past one went to the local insurance broker to take out an insurance policy, nowadays the search often starts online. To remain relevant in the future, it is imperative for insurance brokers to also adapt their marketing strategy and customer communications to the digital age.

Inflation trends

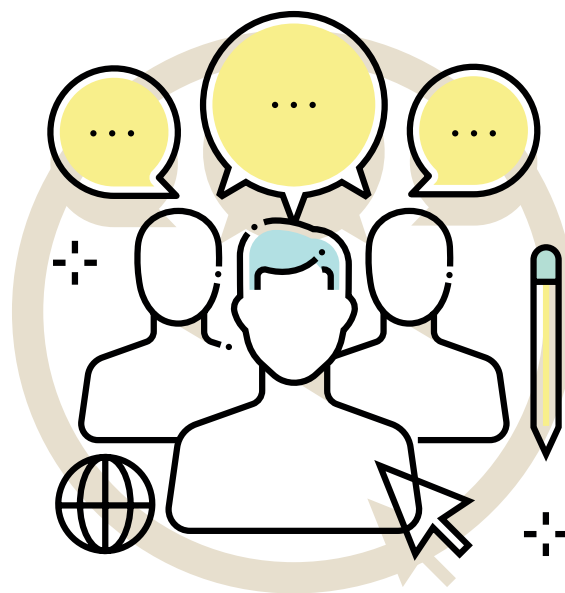
Inflation has been on the rise over the past year and has climbed to record levels in recent months. This has a strong impact on the insurance industry. The current inflation rate will cause the monetary value of insured assets to rise rapidly, which will over time translate into higher premiums and a corresponding increase in commission and underwriting fees. At the same time, we observe an unusual market situation due to extremely high energy prices. This will have a major impact on households and businesses. The Nibud (Dutch National Institute for Budgetary Information) has warned that a large number of households will face payment problems as a result of these energy prices. In the quest for savings, insurance will also come into play for consumers. For companies, especially those that rely heavily on energy in their production process, this risk also plays a role. At the same time, inflation is seeping through to the entire economy. This will inevitably have an impact on the cost of claims and thus on combined ratios. On the one hand, we are seeing insurance premiums (and therefore commission) moving in line with inflation and, on the other hand, payment risks will arise. The net effect on insurance brokers will become clear in the quarters to come.

Section 1

Personnel

The Dutch labour market is experiencing a historic shortage. For every 100 job seekers, there are currently 143 vacancies (Centraal Bureau voor de Statistiek, 17/08/22). In the market for insurance brokers and among insurers, there is a great need for well-trained staff. Acquisitions are therefore not only a means to expand a company's portfolio, but also a way to obtain skilled personnel (Financieel Dagblad, 14/06/22). In acquisitions, more attention is now paid to staff retention than previously, when companies were mainly looking to cut costs. However, merging acquired companies leads to unrest within organisations and thus to undesirable staff turnover. The need to retain staff is conflicting with the need to integrate. Staff shortages make it even more difficult to achieve one, effective organisation. Consequently, the degree to which integration of insurance brokers succeeds varies greatly.

One solution will originate in further digitalisation of processes. By automating as many administrative processes as possible, insurance brokers can still serve their customers well with a limited number of employees.



RECAP OF EXPECTATIONS FOR 2022

As indicated in the previous Transaction Monitor, we expect consolidation within the market for insurance brokers to continue and to see more business owners being tempted to discuss selling their company. Looking at the market developments over the past few months, this expectation appears to be correct, and the number of transactions within market for insurance brokers is at a similar level to that of the first half of previous years.

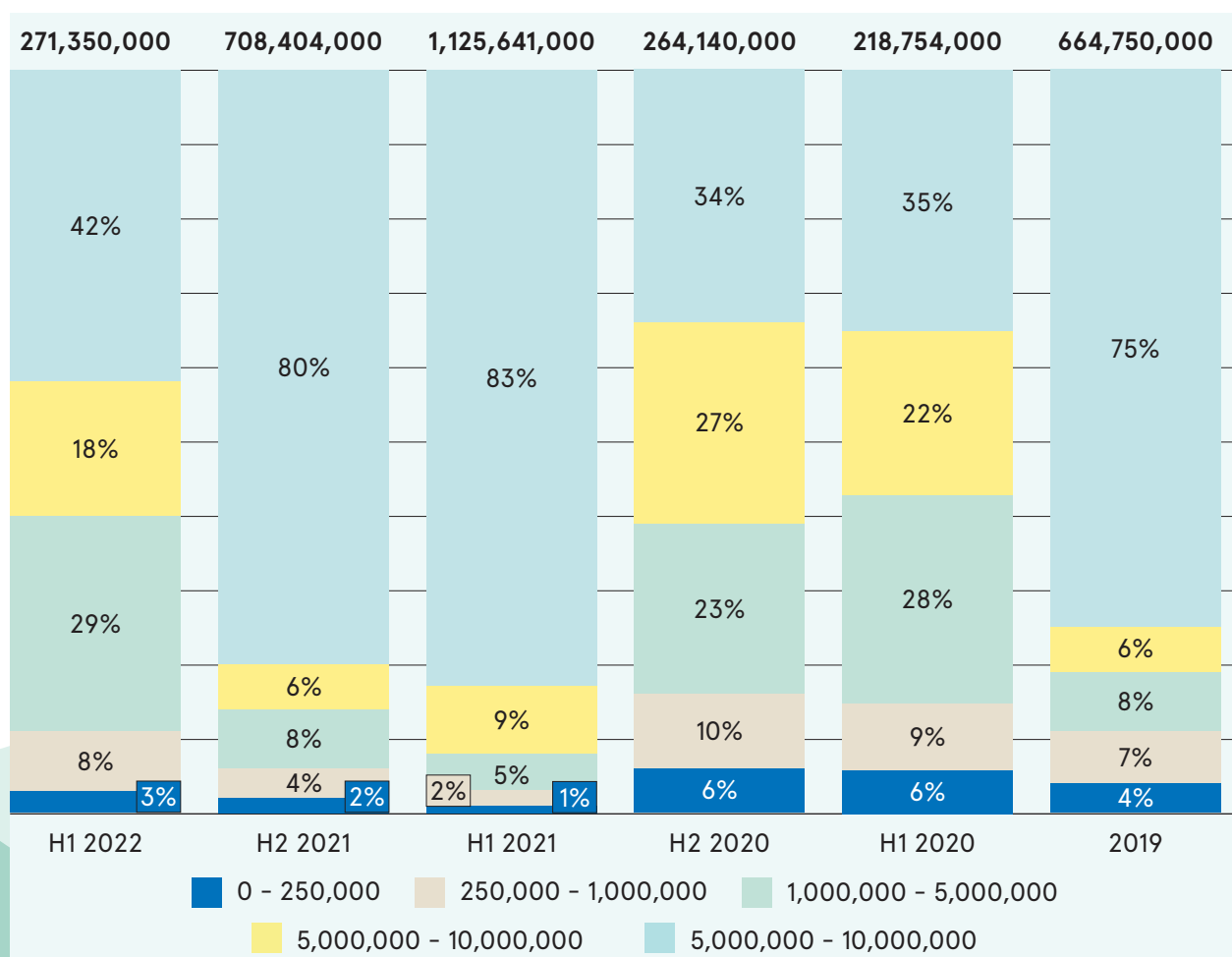
Within small(er) insurance brokers, we have noticed an increase in the number of business owners intending to sell their company. This trend is partly driven by the high multiples paid in recent years, although stricter regulations and compliance measures implemented by insurers are also important factors. To secure one's position, large investments in technology are necessary. Larger brokers are better equipped to meet these requirements and are able to make such investments. Ageing among the owners of insurance brokers also continues to play an important role.



Section 1

Deal size per category	H1 2022		H2 2021	
	Deal value	%	Deal value	%
0 - 250,000	€ 8,167,500	3%	€ 11,331,000	2%
250,000 - 1,000,000	€ 21,827,500	8%	€ 29,253,000	4%
1,000,000 - 5,000,000	€ 79,055,000	29%	€ 58,890,000	8%
5,000,000 - 10,000,000	€ 48,300,000	18%	€ 44,330,000	6%
> 10,000,000	€ 114,000,000	42%	€ 564,600,000	80%
Totaal	€ 271,350,000	100%	€ 708,404,000	100%

Table 1. Deal size per category



H1 2021			H2 2020			H1 2020		
Deal value		%	Deal value		%	Deal value		%
€	12,620,000	1%	€	15,340,000	6%	€	13,416,750	6%
€	22,706,000	2%	€	25,420,000	10%	€	20,637,250	9%
€	50,940,000	5%	€	61,920,000	23%	€	60,300,000	28%
€	105,050,000	9%	€	71,250,000	27%	€	47,700,000	22%
€	934,325,000	83%	€	90,210,000	34%	€	76,700,000	35%
€	1,125,641,000	100%	€	264,140,000	100%	€	218,754,000	100%

Acquisition market size

Compared to the Transaction Monitor H2-2021, the total deal value is lower. There is, nevertheless, a stable undercurrent of transactions. The greatest difference is mainly in the >€ 10,000,000 category. Several large acquisitions last year are for the main contributors to this difference (e.g. the acquisition of Heinenoord by Nationale-Nederlanden at approximately € 380 million and the merger between Voogd & Voogd and Heilbron valued at approximately € 750 million). Also in the <€ 1,000,000 categories the deal size is smaller, while in the categories between € 1,000,000 – € 10,000,000 there have been considerably more deals. On average, there is one such very large deal per year.

Section 1

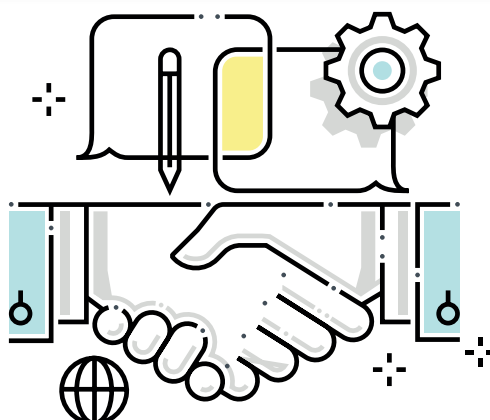
	H1 2022		H2 2021		H1 2021	
	Number	%	Number	%	Number	%
0 - 250,000	45	35%	51	35%	51	38%
250,000 - 1,000,000	41	32%	50	34%	35	26%
1,000,000 - 5,000,000	35	27%	32	22%	24	18%
5,000,000 - 10,000,000	7	45%	6	4%	15	11%
> 10,000,000	2	2%	8	5%	8	6%
Total	130	100%	147	100%	133	100%

Table 2. Number of deals per category

	H2 2020		H1 2020		2019	
	Number	%	Number	%	Number	%
0 - 250,000	69	44%	61	47%	126	53%
250,000 - 1,000,000	45	28%	38	29%	86	36%
1,000,000 - 5,000,000	30	19%	22	17%	12	5%
5,000,000 - 10,000,000	10	6%	6	5%	5	2%
> 10,000,000	4	3%	4	3%	9	4%
Total	158	100%	131	100%	238	100%

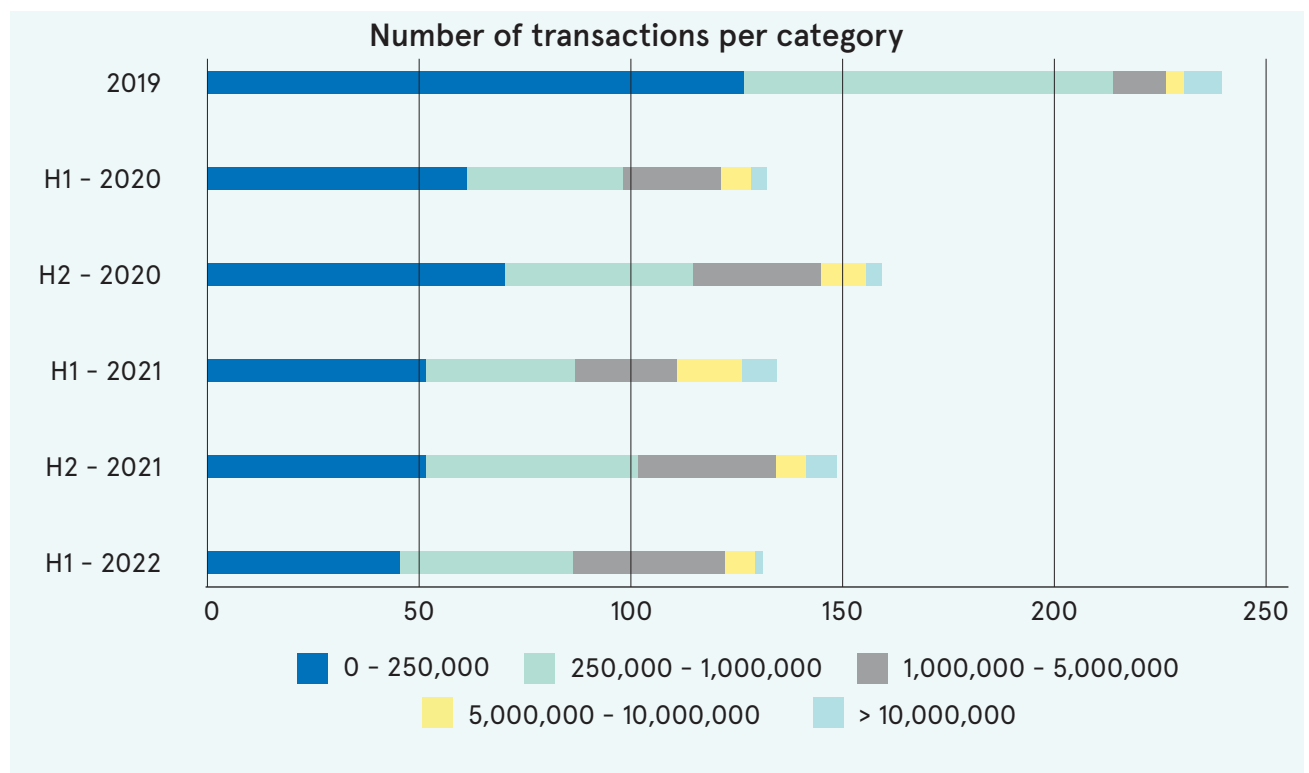
Table 2. Number of deals per category

The total number of deals is comparable to H1 of previous years. It is notable that in the > 10,000,000 category, only two transactions took place.



Belgian market

The strong interest in the market for insurance brokers has now reached our southern neighbours. There is also a strong trend towards consolidation in the Belgian market. This can be seen for example at Hillewaere, an Alpina subsidiary. Hillewaere has grown significantly in recent times with more than ten acquisitions to a turnover of almost € 30 million with over 200 employees. Alpina is certainly not the only one. Other players such as Callant Verzekeringen and Vanbreda are also increasingly pursuing an acquisition strategy in the Belgian market. The Belgian market is lagging behind the Dutch market in terms of consolidation, with acquisitions being much smaller both in number and in size. This is mainly because the market share of insurance brokers in Belgium (versus the direct channel or via banks) is smaller in comparison with the Dutch market.



Section 2

Acquisitions, consolidation and internationalisation

Despite insurance brokers' largely stable cash flows, independent of the economic cycle for, the macroeconomic situation has an impact on capital in the acquisition market. Rising interest rates have increased the cost of capital, which may affect the multiples that can be paid. However, due to the stable cash flows that are only marginally influenced by the economic cycle, this sector is an attractive 'safe haven', especially in uncertain times. There appears to be no reason for reduced M&A activity, especially for parties with an existing market presence that benefit from synergy advantages.

Most acquiring parties are still very well capitalised and, in view of the rising cost of capital over the past six months, have built up a war chest and possess sufficient means to finance their transactions. Looking at the transactions over the past six months, the acquisition market does not seem to be cooling and there still is strong interest in the stable Dutch insurance market.

From an international perspective, the Dutch insurance market is highly developed, with professional advisory services, strict supervision, regulation and good payment morale. The multiples paid in the Dutch market are still lower than those for insurance brokers in the United Kingdom and the United States, for example. In recent years, various foreign (private equity) investors have entered the Dutch market, creating a (more) international dimension. Nevertheless, there is still ample scope to make use of foreign expertise, know-how and networks. There are various examples of this.

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Pim Anderegg and Pepijn Steenmetz

Section 2

Interview

The H.W. Kaufman group expands their European activities by opening an Amsterdam office

In the light of the rapid developing Dutch and European insurance market we spoke with James Stevenson and Niels Vermolen of Kaufman Europe. Kaufman is a world-wide operating specialty broker, underwriter and advisor that helps retail brokers with capacity and advisory regarding complex risks. Ten years ago Kaufman's international expansion started with the acquisition of Chesterfield Group in UK and Canada. In 2019 Kaufman opened their first office in mainland Europe to better serve the European market.

CHALLENGES IN THE DUTCH AND EUROPEAN MARKET

Europe finds itself in the beginning of what already is a challenging decade with regard to geopolitics, the climate and financial markets. The business environment has become more complex and businesses are exposed to more complicated risks. Without mitigating these risks by means of proper insurance, a large share of business activity could not take place. The scale and specialist knowledge required to insure these risks currently is limited within local insurance markets. Thereby providing challenges for local brokers and their customers. Large international brokers like Marsh and Aon fill this gap but also confront brokers with the risk of losing their customers.

James Stevenson:

"Kaufman's Raison d'être is providing specialty expertise and capacity to retailers, thereby enabling brokers to (better) service their customers and compete with these large players. We think that most companies are best helped with a local broker with access to specialist knowledge and international capacity." In Europe, Kaufman merely acts as a wholesaler and has no intention of servicing customers directly, he says. "Due to the international network of the Kaufman group we are able to provide similar or better conditions for our partners and their customers compared to large international brokers."



Another important market trend mentioned by Kaufman's directors is companies' need for coverage of their activities in multiple countries. When expanding their business across country borders, they are in need of a broker that is able to facilitate in this. Despite the single European market there are still large differences in legislation that are difficult to advise on as a local player. Partnering with an international player or someone with understanding of international markets is crucial.

Despite the internationalisation of the (Dutch) insurance market we believe that culture, language and knowledge of the local market remain important factors, Niels Vermolen emphasises. As a consequence, local brokers fulfil a crucial role in the chain between the customer and (international) risk carriers.

Section 2

Consolidating market

By opening an Amsterdam based office, it appears that another well-funded consolidator enters the Dutch insurance market. However, Kaufman rejects this idea. *"We have opened our Amsterdam based office to better serve our partners in the Netherlands and mainland Europe and we do not have the ambition of acquiring insurance brokers with direct customers. Rather we provide them with specialist knowledge and capacity where needed."* Niels Vermolen states.

James Stevenson: *"The current consolidation in the insurance market appears partly driven by multiple arbitrage and economies of scale. Rather than operating with a 5 to 7 year horizon like some of the private equity companies do, the Kaufman group is long term oriented. We believe that new initiatives will arise to fill in the gaps resulting from the current trend of consolidation. These initiatives focus on service and advisory to facilitate their customers in mitigating their risks as best as possible."*

About the company

The H.W. Kaufman Group was founded over 50 years ago in the USA on the principles of partnership, integrity and excellence. With over 2.500 of dedicated professionals across an extensive network of over 60 offices around the world, they lead by offering innovative solutions that are at the forefront of the industry. The Kaufman Group is active in brokerage (wholesale), advisory and as an MGA. Kaufman is privately-owned, free from the influence of stock markets and private equity investors.

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James Stevenson



Niels Vermolen

James Stevenson is one of the founding partners of the Chesterfield Group and currently the managing director. After the acquisition of Chesterfield by Kaufman, the company has grown rapidly to over \$ 300 million in annual premiums.

Niels Vermolen has over 25 years of entrepreneurial experience as the owner of an insurance broker and MGA. After the sale of his company, he joined Kaufman as Kaufman Europe's director.

Section 2

Geographical analysis

In the first half of 2022, a relatively large number of transactions took place in the provinces of North-Brabant, North- and South-Holland and Gelderland. The highest transaction values were recorded in the provinces of North-Holland and Gelderland.

Province	H1 2022		H2 2021		H1 2021	
	Number	Value	Number	Value	Number	Value
Drenthe	2%	0%	1%	8%	3%	3%
Flevoland	2%	3%	2%	0%	4%	1%
Friesland	6%	2%	4%	4%	3%	1%
Gelderland	15%	12%	9%	5%	12%	5%
Groningen	2%	0%	4%	1%	1%	0%
Limburg	7%	7%	9%	33%	8%	3%
North-Brabant	18%	10%	18%	8%	20%	46%
North-Holland	14%	51%	17%	23%	19%	14%
Overijssel	8%	4%	7%	5%	6%	7%
Utrecht	6%	1%	7%	5%	8%	4%
South-Holland	17%	8%	21%	8%	17%	14%
Zeeland	2%	1%	0%	0%	1%	2%

Table 3. Transactions by province.

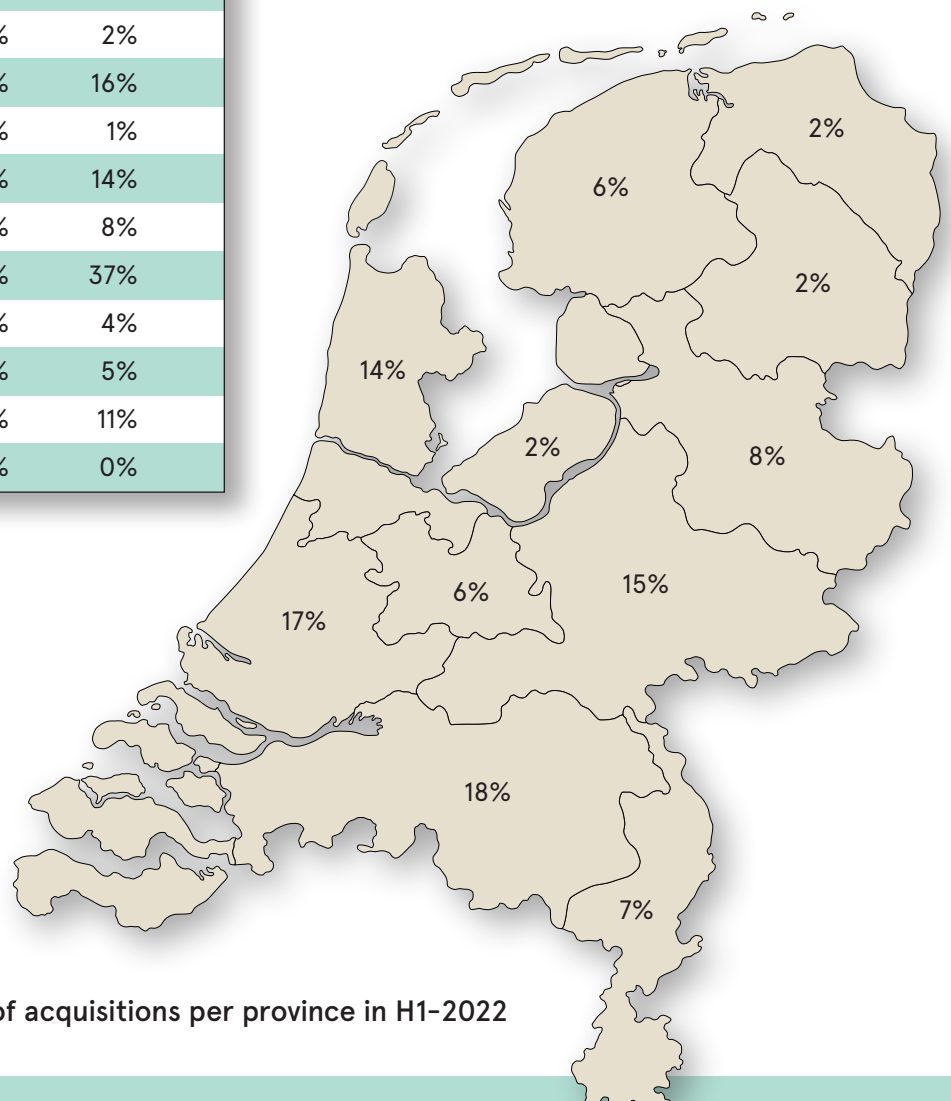
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H2 2020		H1 2020	
Number	Value	Number	Value
1%	0%	5%	1%
3%	0%	1%	0%
5%	2%	5%	2%
15%	11%	17%	16%
5%	3%	1%	1%
8%	4%	8%	14%
10%	6%	13%	8%
11%	47%	21%	37%
8%	2%	10%	4%
11%	4%	3%	5%
21%	21%	16%	11%
1%	0%	1%	0%



Breakdown of the number of acquisitions per province in H1-2022

Section 3

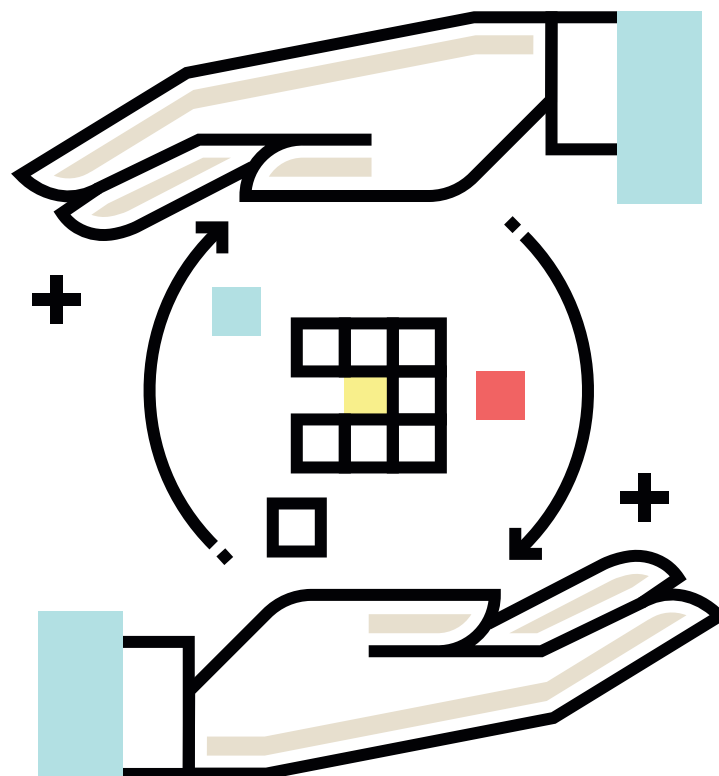
Commission transparency: blessing or curse

Few matters are as controversial for insurance brokers as active commission transparency. Through active commission transparency, regulators aim to increase consumers' awareness of the commissions paid. The measure is also aimed at counteracting adverse selection from advisers based purely on the commission. It should strengthen the position of consumers and force advisers to communicate their added value. Although passive commission transparency is a reality since 2017, research by the AFM (Dutch Financial Markets Authority) indicates that little use is made of it. It could be concluded that consumers do not care much, if at all, what commission is paid as long as the total premium is acceptable. The question is whether active commission transparency will also apply to business insurance in the short term. Nevertheless, a transition to active commission transparency for the entire market seems inevitable.

The impact of commission transparency is also evident in the M&A market. Many business owners identify a potential risk in portfolios containing a number of larger clients with above-average fees. If these clients are required to be informed of the adviser's earnings, they may find them disproportionate to the work involved. In our practice we have noticed that the potential introduction of commission transparency is pushing some business owners towards selling.

Yet in reality we see that active commission transparency is less of a factor for clients than one would expect. Most advisers invest a great deal of time in advising and taking care of their clients, who are prepared to pay for these services.

By providing clear information on which activities are performed for the commission fee, it is easily defensible to the client, who primarily wishes to be well advised and taken care of. A number of parties have already made this transition and work exclusively on the basis of a subscription model or a fixed fee. Independent underwriters such as apc holland are emerging to assist insurance brokers in providing effective advice and taking care of their customers.



Section 3

Interview

apc holland helps insurance brokers to focus on providing sound advice

As a result of the consolidation in the market for insurance brokers increasingly larger parties have emerged in recent. This consolidation has led to a shift in the customer – broker – insurer chain. We spoke with Paul Röthengatter committed to restoring the human touch and customisation in the insurance market, regarding the customer's position and the broker's role in this chain.



According to Röthengatter, the human factor is what justifies the insurance broker's existence. Given the strength of the large consolidators, online underwriting of standard insurance policies and developments such as active commission transparency, it is more important than ever for insurance broker to demonstrate their added value. This can be done by providing good advice and giving the customer ample attention. The insurance broker is a comprehensive adviser regarding risks and how to limit them. According to Röthengatter, the advice regarding specific areas and risks should always be given by an independent insurance broker, not by insurers. As long as the insurance broker fulfils this role well, it can justify its existence.

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Paul Röthengatter, founder and owner apc holland

The developments in the authorized agent (Volmacht) channel are making it ever more challenging for the insurance brokers to offer tailor-made solutions. Consolidating brokers with an in-house authorized agent acting as service providers have grown rapidly, consequentially they are now almost at the same distance from the customer as

insurers. In addition, insurers are imposing product standardisation. Although understandable, this leaves little room to assist the customer with tailor-made solutions. Both developments mean that there is scarcely any room at these organisations for advice, personal contact and adaptability in relation to the insurance broker.

Section 3

Paul Röthengatter has noticed this development across the market: *“Parties are becoming ever more distant from the adviser and therefore the customer. If a certain situation deviates too much from the model, they do nothing with it. This is not only bad for the customer, but also for the adviser.”* The insurance market needs to retain its human touch. This appears to be disappearing due the intense consolidation that has been occurring for some time.

apc holland aims to combine all the convenience and efficiency offered by the Dutch market in 2022 with traditional and customised solutions. In order to deliver these

customised solutions, apc holland adopts a different approach. *“We work exclusively with foreign risk carriers (mostly via London). We consider it to be the underwriter’s task to convince insurers of a certain need in the market. We therefore develop all our products ourselves, and then convince insurers that they are good products. The customer’s needs are central to this. All products are built within the framework of the Dutch market, which means that they can be processed using standard systems (e.g. DIAS and Aplaza). The benefits of the technology of 2022 combined with customised solutions from the 80s,”* says Röthengatter.

About the company:

apc holland is an independent MGA (Managing General Agent) specialising in business non-life insurance, and builds customised and niche insurance products centred on the needs of advisers and their clients.

Paul Röthengatter started his career in 2003 as an account manager at West Holland Insurance after graduating in Commercial Economics at Hogeschool Den Haag. Paul has been the founder and owner of apc holland since 2012.

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Henny Kloppenburg

Section 4

Sustainable business practice for insurance brokers

To be and remain relevant as an insurance broker, a sustainable approach is crucial. Developments such as commission transparency are forcing business owners to constantly highlight their added value for the customer. Conducting business sustainably means being able to meet existing needs without compromising the ability to meet future needs. Sustainability is about more than just the environment or climate and looks primarily at the long term. Well-being and added (economic) value are key factors.

Due to the keen interest in insurance brokers, there is ample choice for business owners when selling their companies. To be distinctive, buyers need to do more than simply offer a good price. Sellers increasingly value buyers who show consideration for customers and staff.

Although sustainability is not the first issue that comes to mind in the insurance industry, the sector is rooted in the idea of sharing risks that are too great for any one individual (principle of solidarity). Many insurers originate from trade unions or cooperatives. In addition to solidarity, the *raison d'être* of insurers (and therefore of insurance brokers) is to distribute risks and thereby facilitate sustainable value creation.

With the advent of sustainability thinking across society, there is also renewed interest in this subject in the insurance industry. The insurance brokers will also be called upon to continue addressing sustainability issues. This will come not only from insurers who will include it as a requirement in their cooperation agreements, but also from customers who value sustainable suppliers. One important initiative in this area is INSVER: insuring a sustainable society.

INSVER

INSVER is an initiative to make the insurance industry sustainable and aims not only to do so more quickly and more effectively, but also to make a meaningful contribution to a sustainable society. One of the ways INSVER does this is by acting as a knowledge centre for business owners in the insurance sector and offering them practical tools to start addressing the issue. According to the organisation, knowledge and awareness are an important first step.

Section 5

Expectations for 2023 and beyond

The insurance market and insurance brokers are known to be sectors that are largely independent of economic fluctuations and macroeconomic developments. Geopolitical tensions and disrupted supply chains also have a very limited influence on the need to mitigate risks. Nevertheless, insurance brokers cannot be viewed separately from the market in which they operate. Although interest rate hikes have an impact on the financing of acquisitions, we expect this impact to be limited and the consolidation to continue. Primarily those that are able to successfully integrate will continue to make acquisitions. The multiples paid in the past two quarters show no signs of cooling. However, it is our expectation that there will be fewer upward surges.

The trend of internationalisation is also expected to persist. International parties offer more opportunities for accommodating specific risks and can help in advising on them. This internationalisation is reflected in acquisitions by foreign investors, but also by the entry into the Dutch market of parties such as H.W. Kaufman Group.

	H1 2022		H2 2021		H1 2021	
	Number (%)	Value	Number (%)	Value	Number (%)	Value
Portfolio	89 (68%)	€ 53,000,000	108 (74%)	€ 65,0614,000	82 (62%)	€ 42,161,000
Shares	41 (32%)	€ 218,350,000	38 (26%)	€ 262,790,000	51 (38%)	€ 333,480,000
Total	130 (100%)	€ 271,350,000	146 (100%)	€ 328,404,000	133 (100%)	€ 375,641,000

Tabel 4. Breakdown of portfolio and share transactions.

As in previous periods, the largest proportion of insurance brokers transactions are portfolio transfers (asset/liability transactions).

Legal form	H1-2022					H2-2021				
	Number	%	Deal Value		%	Number	%	Deal Value		%
Sole proprietor	36	28%	€	8,857,500	3%	28	19%	€	10,140,000	3%
V.O.F.*	17	13%	€	21,250,000	8%	13	9%	€	8,2075,000	2%
B.V. / N.V.**	77	59%	€	241,242,500	89%	105	72%	€	310,189,000	94%
Total	130	100%	€	271,350,500	100%	146	100%	€	328,404,500	100%

Tabel 5. Transactions by legal form

Although 58% of the acquisitions concern private companies, these transactions are responsible for more than 82% of the transaction volume. Deals > 30,000,000 are not included in this figure.

* General partnership ** Private limited company/public limited company

Sustainability is becoming increasingly relevant throughout society. As part of Corporate Social Responsibility (CSR), companies will place demands on their suppliers in this area. The emphasis on sustainability in the sector of insurance brokers will be on well-being and added value in the short and long term. Through legislation and regulation (e.g. commission transparency), the insurance broker will be forced to demonstrate its added value, which will also result in more innovation in the services provided.

Insurance brokers play a key role in the value chain of Dutch business. Given their independent position close to the customer, they are of crucial significance to the entire insurance market, especially now.

	H2 2020			H1 2020		
	Number (%)	Value		Number (%)	Value	
Portfolio	97 (61%)	€ 48,050,000		94 (72%)	€ 54,279,000	
Shares	62 (39%)	€ 216,090,090		37 (28%)	€ 164,475,000	
Totaal	159 (100%)	€ 264,140,000		131 (100%)	€ 218,754,000	

The largest proportion of portfolio transactions occurs in the categories up to 1,000,000 (in which many sole proprietors and general partnerships operate).

Section 6

Accountability

In this Acquisition Monitor a takeover has been defined as a business transfer to another party which was not legally nor family-related. Business succession within the family and management buy-outs are therefore not included. There are three types of acquisitions: share transfers, portfolio transfers and participations (mostly by private equity). Mergers are included in the share transfers.

Transfers are signalled by changes in the registers of the Dutch Chamber of Commerce with regard to shareholders, AFM registrations, the articles of association, directors and/or policymakers. In addition to this, checks are carried out in publicly available reports (including websites) on whether a takeover had indeed taken place and per which date.

The number of FTEs (often available from the annual report) of the selling party, has been obtained from the RiFD (Ratinginstituut Financieel Dienstverleners) database. This has been used to estimate the deal volume. Based on the number of FTEs, the turnover has been estimated, as has the EBITDA. The larger the size of the business, the higher the EBITDA multiple on which the deal value is based. Subsequently we corrected based on our own benchmark and the duplicate numbers in mergers were removed.

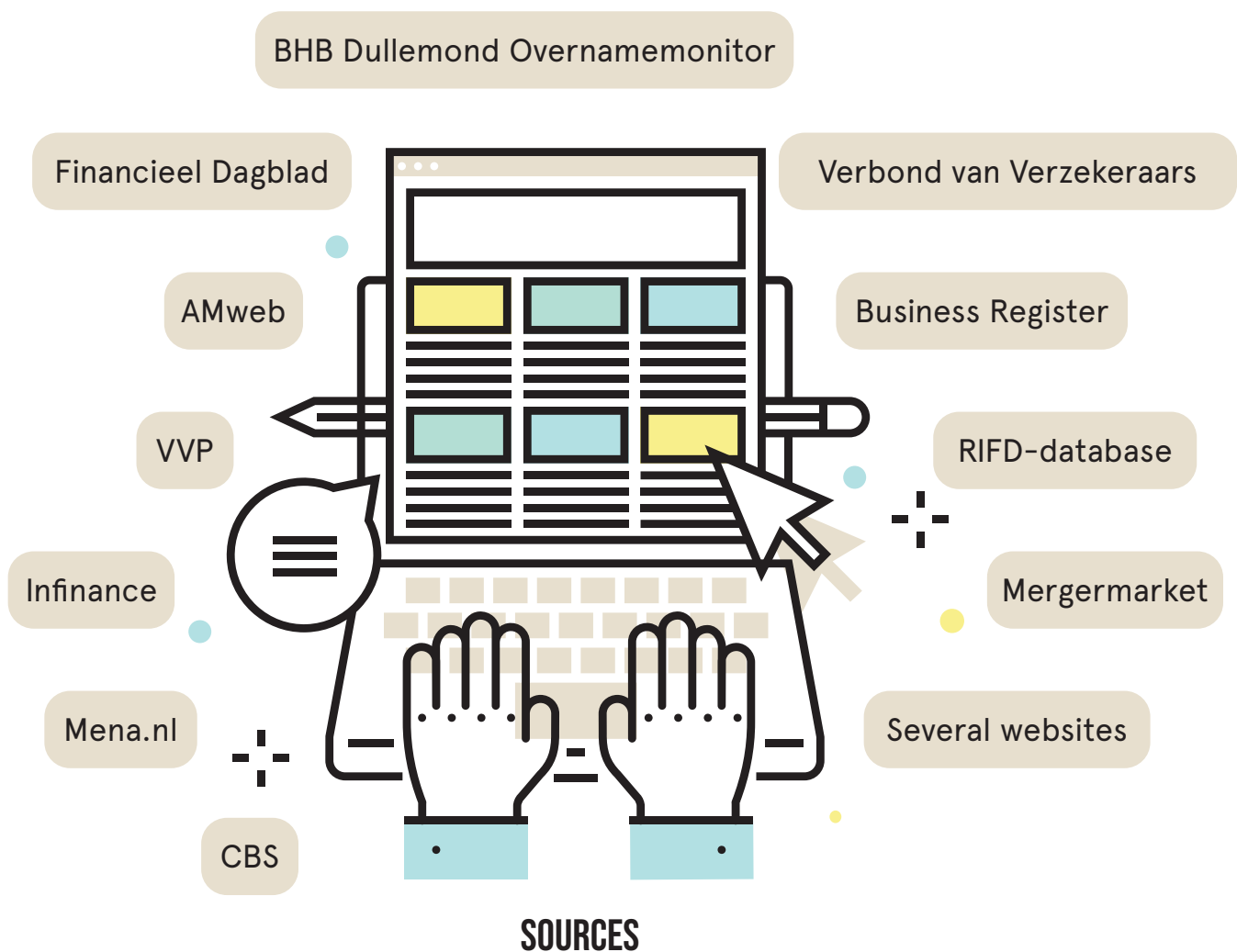
Consultants who have withdrawn, mostly sole traders, fall into the (portfolio) category of transfers up to EUR 250,000. These have been included for 70%, as consultants without a portfolio of value have also withdrawn. In this category one may think of mortgage portfolios and liquidations.

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About BHB Dullemond

For over 24 years we have been working for entrepreneurs and companies in financial services. We are a specialist M&A boutique active in five niche markets: Insurance brokers and MGA's/proxy companies, real estate agents, mortgage brokers, health and safety service providers and accounting firms.

Due to our niche approach we have thorough knowledge of these markets, resulting in better deals with higher deal value. Our large network perfectly equips us to find the right match, even when it concerns aberrant or exotic companies within these niches. The team consists of 18 M&A specialists with expert knowledge of the fields of business valuation, strategic advisory and negotiation. We also provide fiscal advisory and in-house legal services.

We advise and convoy entrepreneurs in handing over the helm of their company. With great personal involvement and a sharp eye for all the stakeholders' interests we find the perfect match every time and create the highest value for all involved.



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Lisette van Gils, M&A Legal advisor and team BHB Dullemond

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