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# Acquisition Monitor

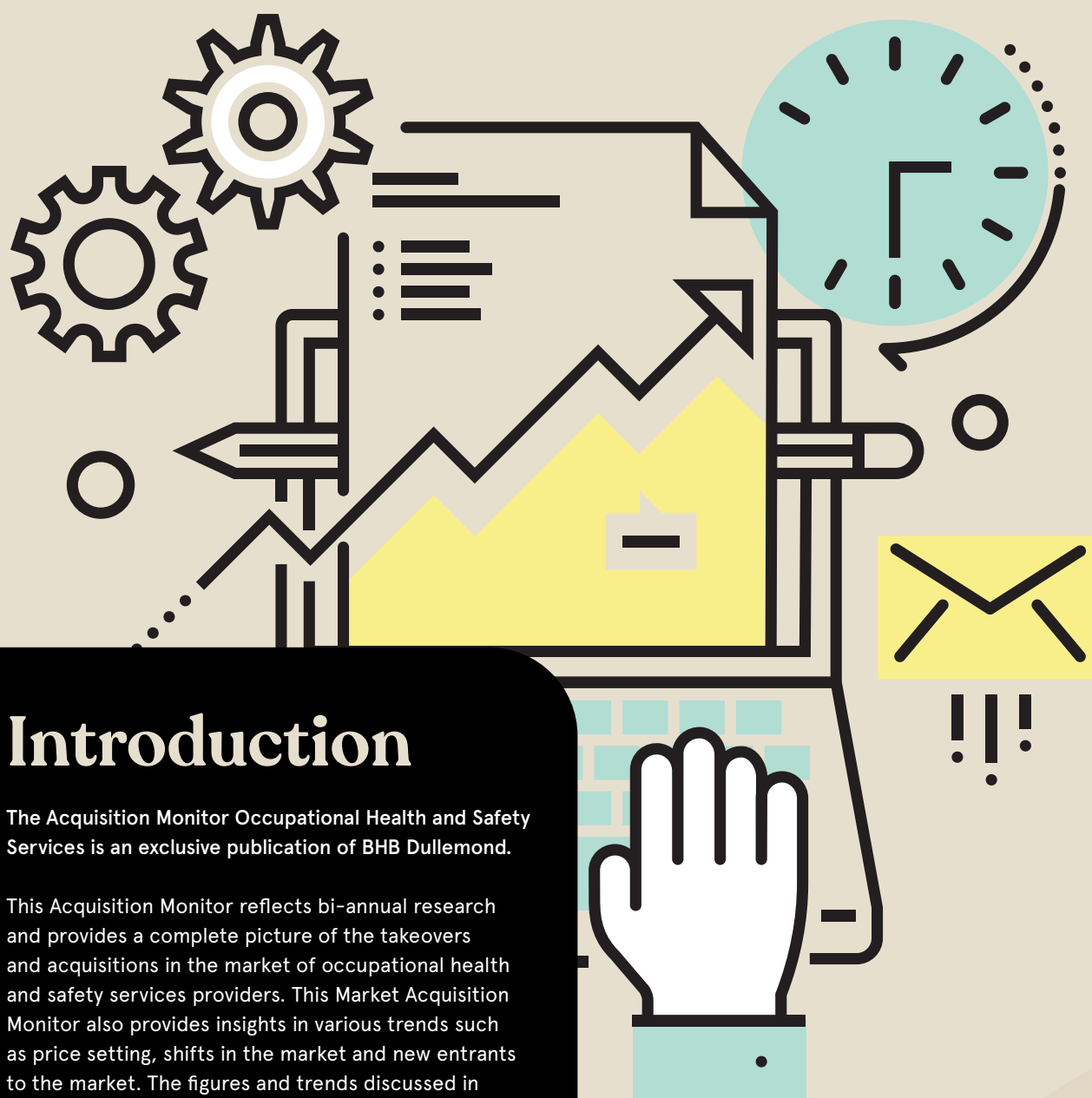
Occupational Health and Safety Services

**Occupational health and safety services are  
increasingly an extension of insurance offices**

H1-2021

October 2021

# Acquisition Monitor Occupational Health and Safety Services



## Introduction

The Acquisition Monitor Occupational Health and Safety Services 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 market of occupational health and safety services providers. 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 market for Occupational Health and Safety service providers.

## Foreword

### Occupational health and safety services are increasingly an extension of insurance offices

The market for occupational health and safety services and reintegration is in full swing. This not only shows from the takeovers and acquisitions that occur, the market dynamics (rising state pension age and increased participation in the labour force of the over-50s), but also from the market growth figures.

The Central Bureau of Statistics in the Netherlands (CBS) recently mentioned a growth rate of 8% (Centraal Bureau voor de Statistiek, 2021). Although a large number of players are active in the health and safety services market, there are a small number of important players rapidly gaining market share.

An important reason for this development is the strengthening relationship between health and safety service providers and insurers/brokers. Since occupational health and safety services are increasingly related to the insurance brokers, we examine this relation and the consequences for the acquisitions within the market for occupational health and safety service providers.

In this edition, we interview two industry experts about the cooperation between their occupational health and safety service and the insurance sector and the strategic added value it brings. We would like to thank Tammy Koolen, director of S.A.L. Verzuim and Stimulanz and Albert Velten, director of Assist Verzuim for their valuable input.

**Drs. Edwin Bosma**  
Managing Partner, BHB Dullemond



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# Chapter 1

## Majority of all takeovers by insurance related parties

In our analysis of the acquisitions in the occupational health and safety services market, we see more and more movement. It is striking that the majority of acquisitions are done by larger, insurance-related parties.

Additionally, a number of parties that have recently (in the past six months) acquired other companies have been sold themselves. More than fifty percent of the observed transactions in the market for occupational health and safety service providers concerned an insurance agency or a broker on the buying side. The consolidation within the insurance market seems to jump over to the occupational health and safety service providers (Insurance Market Acquisition Monitor H1-2021, 2021).

In the first six months of 2021 we observed a turnover rate of approximately 4% within the occupational health and safety service providers. This is 1 percentage point more compared to H2-2020 (3%). Notable is the relatively large number of deals with a transaction value between EUR 1 million and 5 million. The total deal value of all the transactions sums up to approximately EUR 97 million, compared to almost EUR 120 million in H2-2020. The main driver of this difference are the larger deals. In terms of deal volume, emphasis lies on the EUR 10 million and larger deal category. This is mainly due to the acquisition of Qare by the HCS Groep (a subsidiary of Nationale Nederlanden). In the previous six months, Gilde Healthcare sold its interest in Blijwerk Groep to Mentha Capital and Blijwerk Groep merged with

Dealsize in EUR	Deal value H1-2021	Market mutation H1-2021	Deal value H2-2020	Market mutation H2-2020
0 - 500.000	300.000	0,3%	300.000	0,3%
500.000 - 1.000.000	3.300.000	1,0%	2.700.000	1,0%
1.000.000 - 5.000.000	24.600.000	1,8%	7.860.000	0,8%
5.000.000 - 10.000.000	23.590.000	0,8%	13.500.000	0,5%
> 10.000.000	45.000.000	0,3%	94.920.000	0,5%
<b>Total</b>	<b>96.790.000</b>	<b>4,0%</b>	<b>119.280.000</b>	<b>3,0%</b>

Tabel 1: Dealsize per categorie



Currently, this consolidation mainly concerns the larger occupational health and safety service providers. The lion's share of the deals (both in terms of numbers as well as size) concern acquisitions with a deal value of EUR 1 million and upwards. As a consequence, this trend challenges small players *raison d'être* and increases the pressure on them to take action not to be squeezed out of the market.

Argo Advies and De Arbodienst. Without these major acquisitions, we see a clear development and growth of the acquisition market. The number of acquisitions with a deal value of EUR 1 million to EUR 10 million has increased compared to H2-2020. At the same time, the total deal value with deals up to EUR 10 million has increased significantly compared to the second half of 2020.

## Chapter 2

# Vision on strategic integration of the Occupational Health and Safety Services and the Insurance market

In the near future, the cooperation between occupational health and safety service providers and insurers/insurance brokers will become of increasing strategic importance.

Resulting from the developments in the insurance market, (larger) brokers are looking for other opportunities to expand and strengthen their position. The Occupational health and safety service providers are a related market that provides the opportunity to do so (e.g. by combining occupational health and safety services with absenteeism insurances).



**COMBINING OCCUPATIONAL  
HEALTH AND SAFETY SERVICES**

## Chapter 3

# Interview Tammy Koolen: 'Stronger and more future-proof together'

The occupational health and safety service sector has shown consistent growth over the past years. The tightness of the labour market and the corresponding interest of employers to pay more attention to its employee's wellbeing provide many opportunities to the parties in this market. The social trend with an increased attention for a healthy lifestyle contributes to this development. As indicated in the beginning of this Acquisition monitor, the largest buyers in this market are also active in the insurance market (both insurance agencies as well as brokers). In the light of this trend we spoke with Tammy Koolen. After a career in the health sector she acquired the company S.A.L. Verzuim in 2019 and added the occupational health and safety service provider Stimulanz to her portfolio in 2020. Koolen: "The acquisition of Stimulanz was strategically relevant to S.A.L. Verzuim. The combination resulted in a greater reach and an increased range of services that enabled us to provide more complete and better services to our customers." In 2020 Koolen sold the entire organisation to the Heilbron Group (merged into the Alpina Group in September 2021).

### **The collaboration with Van Birgelen Assurantiën resulted in a win-win situation**

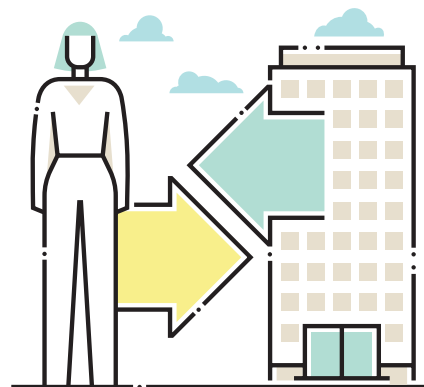
'In order to be able to cope with the larger players in our market as a smaller occupational health service provider and not to fall behind the competition, S.A.L. Verzuim and Stimulanz also entered into a partnership with Van Birgelen Assurantiën (VBA).' Koolen says that for a number of years it has been apparent that the larger occupational health and safety service providers will be working in close cooperation with insurers and insurance advisers. Despite the fact that it is beneficial for companies to contract an occupational health and safety service provider themselves, often the insurance agency or broker acts as a liaison.

'The cooperation with VBA created a larger field of operations for us as a health and safety service provider. As a consequence of the collaboration, VBA was able to reduce the cost of claims, allowing them to keep the insurance premium at a manageable level. This was a win-win situation', according to Koolen.

### **Merging with a larger occupational health and safety service provider will be a strategic necessity in the medium term**

After VBA discussed an acquisition by the Heilbron Group in 2020, things took an unexpected turn for Koolen. 'The synergies that our collaboration brought, resulted in Heilbron's interest in our particular combination of insurance and occupational health and safety service providers. A strategy that Heilbron pursues for some time now with 'De Verzuimeconoom'. Koolen decided to seriously consider this option; moreover since she foresaw that a merger of S.A.L. Verzuim and Stimulanz with a larger player would become a strategic necessity in the medium term. The larger and increasingly stronger companies in the market increase the pressure on the smaller players to act. Koolen adds: 'The continuity of S.A.L. Verzuim and Stimulanz, but above all the ability to better serve our customers, was the deciding factor for me to let both companies merge with De Verzuimeconoom.'

### **MERGING WITH A LARGER OCCUPATIONAL HEALTH AND SAFETY PROVIDER**



## Chapter 3

### **Acquisition process aimed at strategic added value**

Koolen: 'During the negotiations, we were guided by BHB Dullemond, active in the insurance market for many years and with an increasing focus on the occupational health and safety services market. Their network in these markets, focus on strategic added value and their skilled, multidisciplinary team resulted in the strategically right choices and provided a win-win situation for all stakeholders (sellers, buyers and our people).'

De Verzuimeconoom is one of the few parties in the Netherlands that provides full-service provision for the 12-year risk (implementation of the 'Wet verbetering Poortwachter [WvP]', 'Ziektewet' and 'WGA eigenrisicodragerschap'). Within De Verzuimeconoom, Koolen remains ultimately responsible and co-owner of S.A.L. Verzuim and Stimulanz. Resulting from her broad knowledge and experience in healthcare, as well as her commercial and people-oriented personality, she also is the Commercial Director for all occupational health and safety services within the Heilbron Group.

**'The continuity of S.A.L. Verzuim and Stimulanz, but above all the ability to better serve our customers, was the deciding factor for me to let both companies merge with De Verzuimeconoom.'**



Tammy Koolen

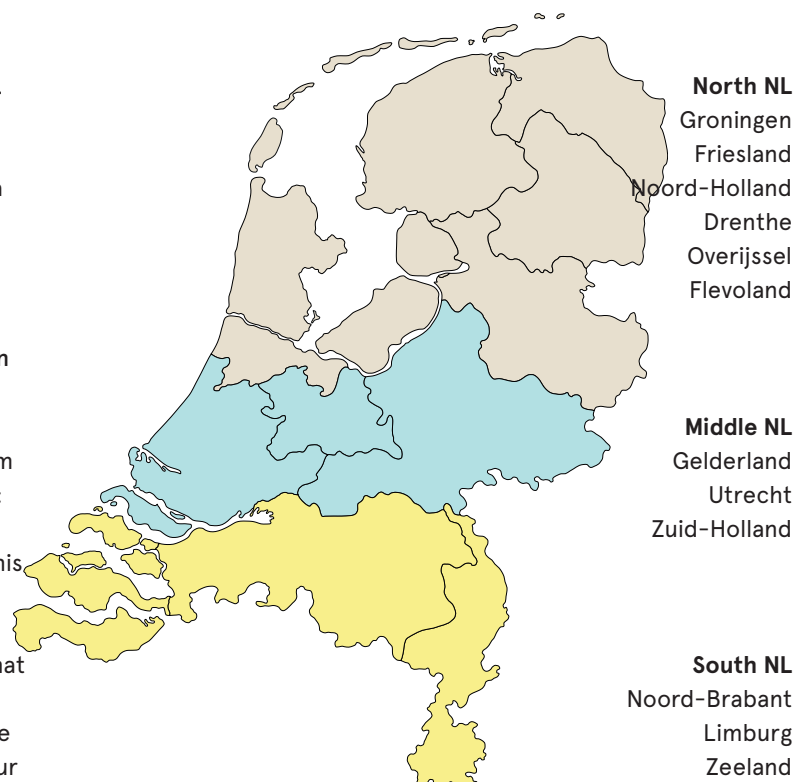


## Chapter 4

### Market information

The occupational health and safety service sector is a relatively young and small market. In the Netherlands, there are little over 400 companies active in occupational health and safety and reintegration services. Of these, approximately 160 are certified by the Stichting Beheer Certificatieregeling Arbodiensten (SCBA).

In addition to the strong market growth numbers from the past years, the nature of the services is changing: the emphasis is shifting slowly from 'limiting the cost of claims' to 'prediction and prevention'. However, this development is not yet fully reflected in acquisitions. Prevention fails to get off the ground in many (small and medium) enterprises. This raises the question what demand exists in the market for prevention services and whether the small, fully committed parties will be able to obtain market share with this strategy in favour of the larger parties.



Deal type	Deal value H1 - 20201	%	Deal value H2 - 2020	%
Acquisitions	91.390.000	94%	355.777.000	76%
Participations	5.400.000	6%	9.603.000	24%

Tabel 2. Allocation portfolio and share transactions

For insurance brokers, the geographical distribution of the occupational health and safety service providers seems particularly important. The importance of regional distribution is also emphasised by Albert Velten (see chapter 5).

Of all transactions, the lion's share is a 100% share transfer (acquisition or merger). Only in a small number of cases it concerns a participating interest.

Region	Mutations H1-2021	Total deal value	Mutations H2-2020	Total deal value
North NL	1,0%	3.900.000	1,0%	32.580.000
Middle NL	2,3%	78.540.000	1,3%	82.500.000
South NL	0,8%	14.350.000	0,8%	4.200.000

Tabel 3: Acquisitions per region

Similar to H2-2020, the region of Middle NL (Dutch provinces of Gelderland, Utrecht and Zuid-Holland) presented the highest number of deals in H1-2021. The high deal value in the Middle NL region is mainly the result of the acquisition of Qare by the HCS Groep. The total deal value for the North region (Dutch provinces of Groningen, Friesland, North Holland, Drenthe, Flevoland and Overijssel) is only EUR 3,900,000. Considering the number of deals, this is remarkably low.

## Chapter 5

### Interview Albert Velten: 'Growth through cross-pollination'

The size of the occupational health and safety and reintegration market is estimated at EUR 1 to 1.2 billion and is clearly a growth market. From 2014 to 2019, this market showed a year-on-year growth in excess of 5%. The market is changing due to increasingly larger and more professional organisations entering the market. In the context of this development, we spoke with Albert Velten of Velten Adviesgroep and Assist Verzuim. Albert has been active in the insurance market for forty years, twenty-two of which as an MGA/proxy company and seventeen in occupational health and safety services. Together with Albert Velten, we look back on matters that contributed to the growth in recent years and look ahead on future developments.

#### Growth of Assist Verzuim

When Velten took over Assist Verzuim in 2005, the health and safety service provider had nine employees and served 300 employers with 3,500 employees. In 2021, 100 employees service a client portfolio of 7,500 employers with almost 100,000 employees. Velten: 'Our company has grown in the past sixteen years because of our decision to combine sick leave insurance and acquisition in the market of large enterprises. The first step was taken in 2006 when we, Assurantielokoor Velten, were the first insurance agency in the Netherlands to obtain authorised agency status for sick leave insurance policies from a.s.r., de Amersfoortse and Delta Lloyd. Fifteen authorised underwriters subsequently joined us and, of course, we provided the accompanying occupational health and safety services for them. The majority of these offices are still our customers'.

#### The importance of an efficient organisation

Velten indicates that an efficient organisation is crucial to be successful in this market. 'In addition to being a certain size, a very efficiently internal organisation is needed' – says Velten. From the start of Assist Verzuim, we have used an in-house automation system that has been further developed over the past seventeen years. It is important that this system can be easily adapted to accompany for changing laws and regulations, own wishes, but also to facilitate changing customer wishes. Velten indicates that the advantage of an in-house developed system is that it can be optimized quickly. It is a system developed 'in practice, by practice and for practice'.



## Chapter 5

### **Certification is essential**

'If you want to be a serious player in this market, you have to be certified,' Velten says. For the smaller health and safety services in the market, it will become increasingly difficult in the years to come to meet the certification requirements. It is a complex business with many laws and regulations, which will increase rather than decrease in the years to come. Look at privacy laws, for example. Lots of obligations, with very little room for action, which puts a lot of pressure on your internal organisation. Liability plays an increasingly important role in this. The insurers are following these risks closely and impose certification requirements on health and safety service providers. In that case, it is wiser for a non-certified and small health and safety service to join a larger party in order to acquire the

necessary knowledge and expertise. I expect that there will be a strong consolidation and that a few larger health and safety services will remain. The small and uncertified health and safety services will disappear'.

### **National coverage through acquisitions**

'Assist Verzuim achieves better national coverage through acquisitions. In recent years, we have acquired (and are in the process of acquiring) a number of smaller health and safety service providers. Since occupational health and safety services are more often combined with insurance offices, it is a valuable addition to the market that BHB Dullemond has also expanded their network and knowledge of occupational health and safety services in the Netherlands', says Velten.



Albert Velten

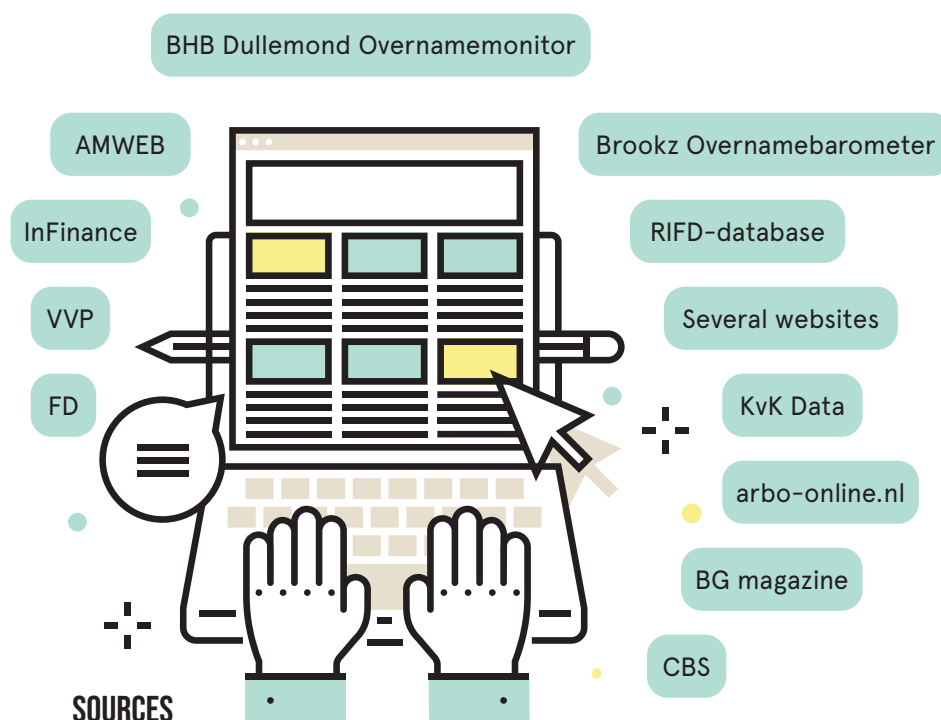
## Chapter 6

### Accountability

An occupational health and safety service is an organisation that is focused on absenteeism, prevention and reintegration. The database is comprised of companies with SBI code 86922: Occupational health and safety guidance and reintegration. The scope of this Acquisition Monitor covers occupational health and safety services that focus on absenteeism, among other things. The organisations that focus solely on prevention and/or reintegration lie outside the scope of this study.

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 performed in publicly available reports (including websites) on whether a takeover indeed took place and per which date.



## Chapter 7



### About BHB Dullemond

We are an independent compass in every acquisition process

For over 23 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 MGAs/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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