



# Insurance Claims Transaction Market Update

Q4:2022 Update

November 2022



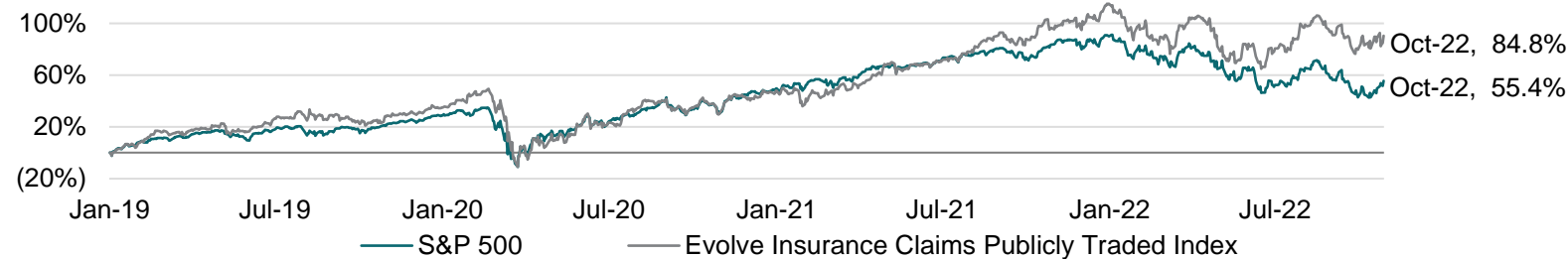
# Executive Summary

*Transaction Activity Accelerates With Numerous Transactions Recently Completing*

## Preface

- Evolve Capital ("Evolve") has prepared a brief transaction activity and market update in the insurance claims sector with a focus on:
  - P&C claims management and adjusting service
  - Specialized adjusters, brokerages with claims capabilities, and forensic / investigation
- This is an area Evolve continues to be very active, as founders and management teams are increasingly considering their strategic options as the landscape shifts.
- Private equity has expanded participation in the space by backing proven, innovative, and technology-driven management teams.
- Valuations have remained relatively resilient in this subsector, as investors and buyers continue expressing interest and closing transactions.
- Since the start of 2019, Evolve's publicly traded index of claims firms has outperformed at 84.8% vs. 55.4% for the S&P 500.

## Stock Performance Since 1/1/2019



- Firms that have embraced digital tools and upgraded their processes receive considerably stronger interest and commend higher valuations than peers in both the public and private markets.

## Select Transactions

- Below is a summary of notable transactions in the space in 2022



*Evolve closed transaction*



***Insurance claims, adjusting and investigation firms are increasingly becoming attractive investment and acquisition targets, as underwriters are consolidating their vendor relationship.***

# Evolve Capital Partners Overview

*We Focus Exclusively On Finance & Technology-Related Firms*

## About Evolve

- Evolve Capital Partners (“Evolve”) is a specialized investment bank focused on the **Insurance**, Capital Markets, and Lending sectors.
- Evolve was established in 2012 and we are based in New York, NY. Our location provides access to numerous strategic and financial partners who participate in and shape the financial services sector.
- Since inception, we have completed dozens of transactions and professionals of the firm have advised on over \$80B of M&A and financing transactions

## Our Clients



Small and  
Medium Size  
Businesses &  
Corporations



Management  
Teams

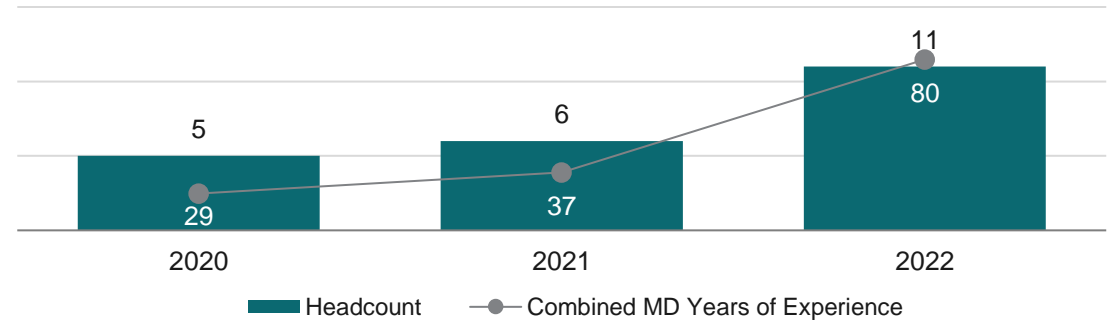


Venture Capital &  
Private  
Equity Funds



Independent  
Directors/  
Boards

## Team Growth Indicative of Growing Mandate Base



## Team Experience from Reputable Banking Institutions



HOULIHAN LOKEY



***Dedicated “high-touch” investment bank focused exclusively on financial services and technology firms with extremely nimble and highly connected team with deep reach into strategic and financial investors globally. Our team is comprised of bankers with deep experience at bulge brackets, private equity funds and strategic companies in the space.***



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## Recent Insurance Claims Management & Adjusting M&A Transactions













# Precedent Transaction Activity

## Tier 1 - P&C Claims Management and Adjusting Services (1/2)

(All figures in millions of USD)











Announce Date	Target	Buyer	Comments / Transaction Rationale
10/24/2022	 <b>SOUTHWEST ADJUSTERS</b> NATIONWIDE INDEPENDENT CLAIMS ADJUSTING	 <b>LONGSHORE CAPITAL</b>	<ul style="list-style-type: none"> <li>The acquisition will expand SWA's presence in the insurance carrier category across the U.S.</li> </ul>
09/08/2022	 <b>JOHNS EASTERN</b> Claim Adjusters & Third Party Administrators	 <b>Davies</b>	<ul style="list-style-type: none"> <li>The acquisition will provide stronger service proposition for insurance clients with trusted partner who invests in technology and delivers outstanding service experiences</li> </ul>
07/05/2022	 <b>LOREGA</b>	 <b>geo/</b>	<ul style="list-style-type: none"> <li>The acquisition will enable Geo Underwriting Services to invest in digital platforms and extend the product distribution more widely to the U.K. market</li> </ul>
02/01/2022	 <b>ALLCAT</b> Claims Service	 <b>TRIVE CAPITAL</b>  <b>VALEDOR PARTNERS</b>	<ul style="list-style-type: none"> <li>The acquisition will provide capital and resources to further enable Allcat Claims Service's growth</li> </ul>
09/15/2021	 <b>WIMBERLY CLAIMS SERVICE</b>	 <b>RYZE CLAIM SOLUTIONS</b>	<ul style="list-style-type: none"> <li>The acquisition will bolster RYZE Claim Solutions' ability to process insurance claims quickly and efficiently to best serve its customers</li> </ul>











Announce Date	Target	Buyer	Comments / Transaction Rationale
09/14/2021	 <b>CJ HESTER</b> Adjusters/Investigators	 <b>claimspro</b>	<ul style="list-style-type: none"> <li>The acquisition will expand ClaimsPro's geographic reach in U.S including Alabama, Florida, Georgia, Louisiana, Mississippi, and Tennessee</li> </ul>
08/03/2021	 <b>MALIK, GIFFEN &amp; BURNETT</b> CLAIMS CONSULTANTS INC.	 <b>McLarens</b>	<ul style="list-style-type: none"> <li>The acquisition will add loss management expertise and technical skills to McLarens' existing aviation and natural resources operations in Canada</li> </ul>
06/16/2021	 <b>ias</b> CLAIM SERVICES A Davies Company	 <b>Davies</b>	<ul style="list-style-type: none"> <li>The acquisition will expand Davies Group's property field adjusting and TPA solutions in North America</li> </ul>
05/25/2021	 <b>barnescraig</b> ASSOCIATES	 <b>dwf</b>	<ul style="list-style-type: none"> <li>The acquisition will complement DWF's existing Toronto based adjusting and claims business enabling it to serve both Canadian and London market clients</li> </ul>
04/13/2021	 <b>Syndicate</b> CLAIMS ADJUSTING	 <b>Charles Taylor</b>	<ul style="list-style-type: none"> <li>The acquisition will expand Charles Taylor footprint throughout the U.S. and will enable the company to better serve its existing and new clients</li> </ul>

# Precedent Transaction Activity

## Tier 1 - P&C Claims Management and Adjusting Services (2/2)

(All figures in millions of USD)






Announce Date	Target	Buyer	Comments / Transaction Rationale
04/01/2021	 Terrier Claims Services		<ul style="list-style-type: none"> <li>The acquisition will enhance Gallagher Bassett Services' field investigative and property adjusting capabilities, particularly with complex construction claims</li> </ul>
03/09/2021	 The Littleton Group <sup>®</sup> A Davies Company		<ul style="list-style-type: none"> <li>The acquisition will increase Davies Group's experience and technical expertise within the U.S. P&amp;C capability</li> </ul>
03/02/2021	 Bridgewater Group <sup>TM</sup> A FIELD PROS DIRECT COMPANY		<ul style="list-style-type: none"> <li>The acquisition will enable both companies to drive further innovation across the Insurance industry through simple technology backed with deep industry expertise</li> </ul>
02/01/2021	 Fourseventy Claim Management		<ul style="list-style-type: none"> <li>The acquisition will position Alacrity as a leading claims management providers and expand its scale and expertise in North America</li> </ul>
01/07/2021	 Hancock Claims Consultants		<ul style="list-style-type: none"> <li>The acquisition will enable Hancock Claims Consultants to increase the size of the field resources to better serve the carrier partners and reduce the cycle time of claims processing</li> </ul>


Announce Date	Target	Buyer	Comments / Transaction Rationale
01/04/2021	 Northshore A Davies Company International Subrogation Management		<ul style="list-style-type: none"> <li>The acquisition will allow Davies Group to better support its 750+ clients around the world by using Northshore's expertise</li> </ul>
11/02/2020	 Johnson Claim Service A Davies Company		<ul style="list-style-type: none"> <li>The acquisition will provide Davies Group access to specialist transportation capabilities that can be offered to its insurance clients across the globe</li> </ul>
10/02/2020	 codeblue	 MADSKY An ACCORDIC Company	<ul style="list-style-type: none"> <li>The acquisition will offer a unique and unified interior and exterior emergency services and direct repair capabilities</li> </ul>
07/21/2020	 U.S. ADJUSTING SERVICES		<ul style="list-style-type: none"> <li>The acquisition will expand services portfolio, expertise in claims technology &amp; virtual claims, and strengthened its footprint within the U.S.</li> </ul>
06/12/2020	 LLOYD WARWICK Insurance		<ul style="list-style-type: none"> <li>The acquisition will strengthen McLarens' technical services and multi-disciplinary consulting capabilities in natural resources verticals</li> </ul>

# Precedent Transaction Activity

*Specialized Adjusters, Brokerages with Claims Capabilities, and Forensic / Investigation (1/2)*

(All figures in millions of USD)

Announce Date	Target	Buyer	Comments / Transaction Rationale
6/23/22	 U.S. Forensic Engineering • Inspection • Failure Analysis	 ATS Applied Technical Services	<ul style="list-style-type: none"> <li>The acquisition will combine ATS's advanced lab capabilities and testing services with U.S. Forensic's licensed fact-finding experience and extensive pool of engineering resources</li> </ul>
6/22/22	 PDA	 Alacrity SOLUTIONS	<ul style="list-style-type: none"> <li>The acquisition will expand Alacrity's end-to-end service line offerings to existing clients</li> </ul>
6/10/22	 NATIONAL FLOOD SERVICES	 UniFi GROUP	<ul style="list-style-type: none"> <li>The acquisition will help UniFi Group enter the flood insurance market along with delivering improved technology and services</li> </ul>
3/24/22	 PREFERRED REPAIR NETWORK A Hancock Company	 Hancock Claims Consultants	<ul style="list-style-type: none"> <li>The acquisition will enable Hancock Claims Consultants to offer a broad range of engineering, mitigation, and restoration services to its carriers and customers</li> </ul>
2/1/22	 IRM INNOVATIVE RISK MANAGEMENT	 ONE80 INTERMEDIARIES	<ul style="list-style-type: none"> <li>The acquisition will enable One80 Intermediaries to offer captive and alternative risk solutions through its One80 platform</li> </ul>









Announce Date	Target	Buyer	Comments / Transaction Rationale
1/5/22	 UNDERWRITERS SAFETY & CLAIMS a Charles Taylor Company	 Charles Taylor	<ul style="list-style-type: none"> <li>The acquisition will expand Charles Taylor's claims management footprint and enhance the managed care solutions offered to clients</li> </ul>
12/20/21	 CCIQ Powering business potential	 DONAN TO BE BUREAU	<ul style="list-style-type: none"> <li>The acquisition will complement Donan's engineering expertise with the addition of CCG IQ suite of brands, including HVACi and StrikeCheck</li> </ul>
11/16/21	 ColoneyBell ENGINEERING	 JS HELD	<ul style="list-style-type: none"> <li>The acquisition will further enhance the strategic growth of J.S. Held's forensic engineering practice throughout the North America</li> </ul>
10/19/21	 Insurance Risk Services	 Davies	<ul style="list-style-type: none"> <li>The acquisition will expand Davies' underwriting support capabilities in North America</li> </ul>
10/4/21	 SPECIALTY GROUP, INC.	 CIA CUSTARD INSURANCE ADJUSTERS	<ul style="list-style-type: none"> <li>The acquisition will enhance CIA's claim service offerings by providing additional expertise in multi-line field services, CAT, Capacity Support, SIU and TPA services</li> </ul>

# Precedent Transaction Activity

*Specialized Adjusters, Brokerages with Claims Capabilities, and Forensic / Investigation (2/2)*

(All figures in millions of USD)

Announce Date	Target	Buyer	Comments / Transaction Rationale
8/26/21			<ul style="list-style-type: none"> <li>The acquisition will enable Global Claims Services to support its insurance carrier partners while expanding its product offering through innovation and acquisitions</li> </ul>
8/2/21			<ul style="list-style-type: none"> <li>The acquisition will help YOUNG &amp; Associates accelerate organic growth and pursuing strategic acquisitions.</li> </ul>
1/19/21			<ul style="list-style-type: none"> <li>The acquisition will scale ATS' comprehensive, nationwide platform of advanced TICC services</li> </ul>
1/7/21			<ul style="list-style-type: none"> <li>The acquisition will expand J.S. Held's forensic services for specialized, complex litigation while also strengthening its geographic resources</li> </ul>
1/6/21			<ul style="list-style-type: none"> <li>The acquisition will enhance GRS' Complex Claims Solutions operations and capabilities in serving clients with large and complex losses</li> </ul>

Announce Date	Target	Buyer	Comments / Transaction Rationale
8/14/20			<ul style="list-style-type: none"> <li>The acquisition will expand Vertex's services in construction, forensics, and quality assurance along with increasing its presence in West Coast of the U.S.</li> </ul>
7/20/20			<ul style="list-style-type: none"> <li>The acquisition will expand Global Risk Solutions' product offerings to loss adjustment services and its market presence throughout the world</li> </ul>
7/17/20			<ul style="list-style-type: none"> <li>The acquisition will further grow Insight Service's investigative services platform and expand the two companies' fraud, medical, and record management solutions for the insurance industry</li> </ul>
2/10/20			<ul style="list-style-type: none"> <li>The acquisition will broaden the scope of Rimkus' technical expertise and deliver more comprehensive solutions to its global customer base</li> </ul>



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## Market Overview

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# Market Overview

## U.S. P&C Third-Party Administration (“TPA”) & Loss Adjusting (1/2)

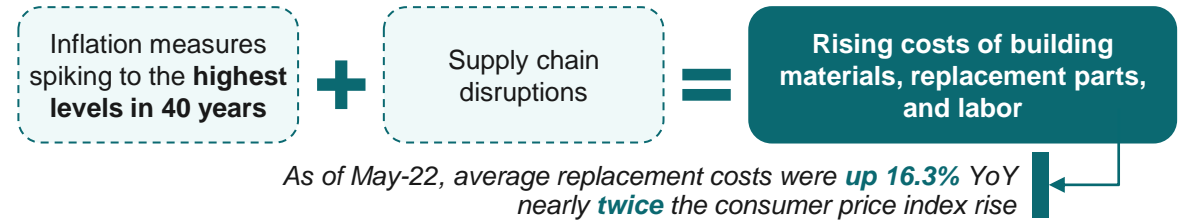
### P&C TPA Market Overview

- The U.S. P&C insurance industry reported an underwriting loss in 2021 after three years of consecutive gains, driven by higher catastrophic loss and underperforming personal auto.
  - Net losses reached a historic \$432 billion in 2021, 13% higher than the 2020 levels.
  - Losses are expected to worsen in 2022 with a projected combined ratio of 100.7 (vs. 2021's 99.5). **Social and economic inflations, supply-chain, and geo-political risks are expected to drive insured losses into 2023.**
- For third-party administrators and adjusters, **rising insured losses represents a market tailwind** as increasing claims volume drives top line growth. This market development favors specialized / specialty service providers with the ability to process complex claims which are difficult or costly for insurers to process in-house.
  - Crawford, the largest publicly traded claims administrator, hired 70 specialist loss adjusters in H1:2022, totaling 180 such new hires since January 2021, to support the rapidly growing demands from large clients
  - The Company also achieved growth in adjusting and handling high-frequency, lower-value claims in North America
- The U.S. TPA and Claims Adjusters is expected to grow 3.3% in 2022, reaching \$274 billion. The number of TPA / adjusting businesses remains stable at 129,000.

**Economic and social inflations continue to worsen insured losses, which drive claims volume and growth of the U.S. TPA & loss adjusting space**

### Key Insurance Claims Volume Drivers

**Economic Inflation:** raising claims volume



**Social Inflation:** raising claims frequency and complexity

*Potential for rising insurance claim costs resulting from increased litigation, broader definitions of liability, more plaintiff-friendly legal decisions, and larger compensatory jury awards.*

### Consolidating Vendors by Carriers ☆

The pressure for efficiency and cost management incentivizes insurance carriers to consolidate vendors, favoring those with diversified capabilities vs. point solutions / services

**With too many vendors:**

Difficult to align key business goals

Significant efforts to integrate with in-house processes

Compatibility issues among point solutions

**Consolidating vendors:**

Unified data and operations

Lower integration efforts & lower switching costs

Simplifying & aligning business expectations

# Market Overview

U.S. P&C Third-Party Administration (“TPA”) & Loss Adjusting (2/2)

## Insurance Post-Loss Services Market Map

TPA



Subrogation / Recovery



Adjusters



Risk Management



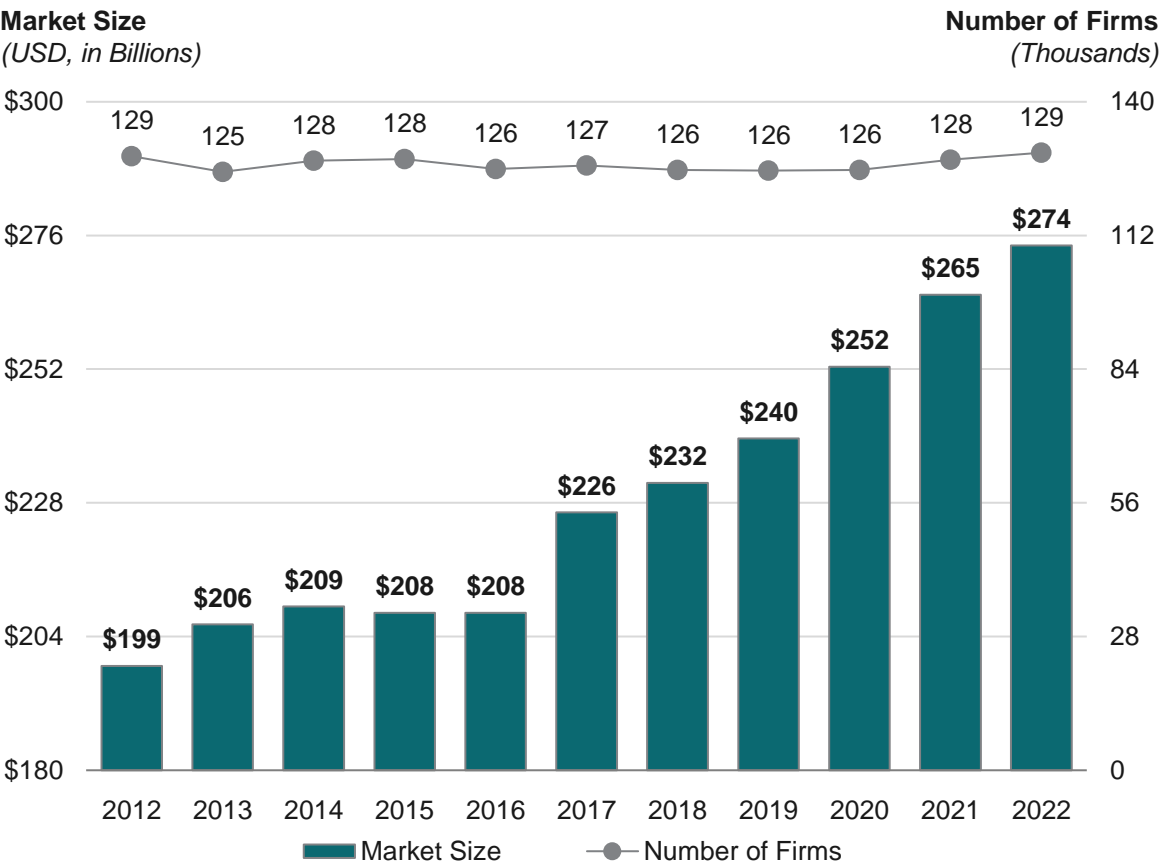
Claims Processing



Loss Prevention



## Key U.S. TPA & Loss Adjusting Market Statistics



# Market Overview

## U.S. Catastrophe Claims / Loss Adjusting

### Catastrophe Loss Adjusting & TPA Market Overview

- Due to the impact of accelerating climate change, there is an upward trend in the number of weather / atmospheric events over the recent years.
  - From January 2021 through September 2022, there were 35 major weather disaster events in the U.S. (causing \$1 billion+ loss), costing \$180 billion+ in total losses.
- Amid rising frequency and complexity of catastrophe insurance claims, carriers are outsourcing to loss adjusting providers.
  - Most large insurers have in-house adjusters, accounting for ~70% of the population of adjusters, while independent adjusters (“IAs”) accounted for 23% and regional adjusting firms, 7%. However, claim outsourcing by these insurance carriers is trending for the following benefits:

### Benefits from Contracting with Independent Adjusters

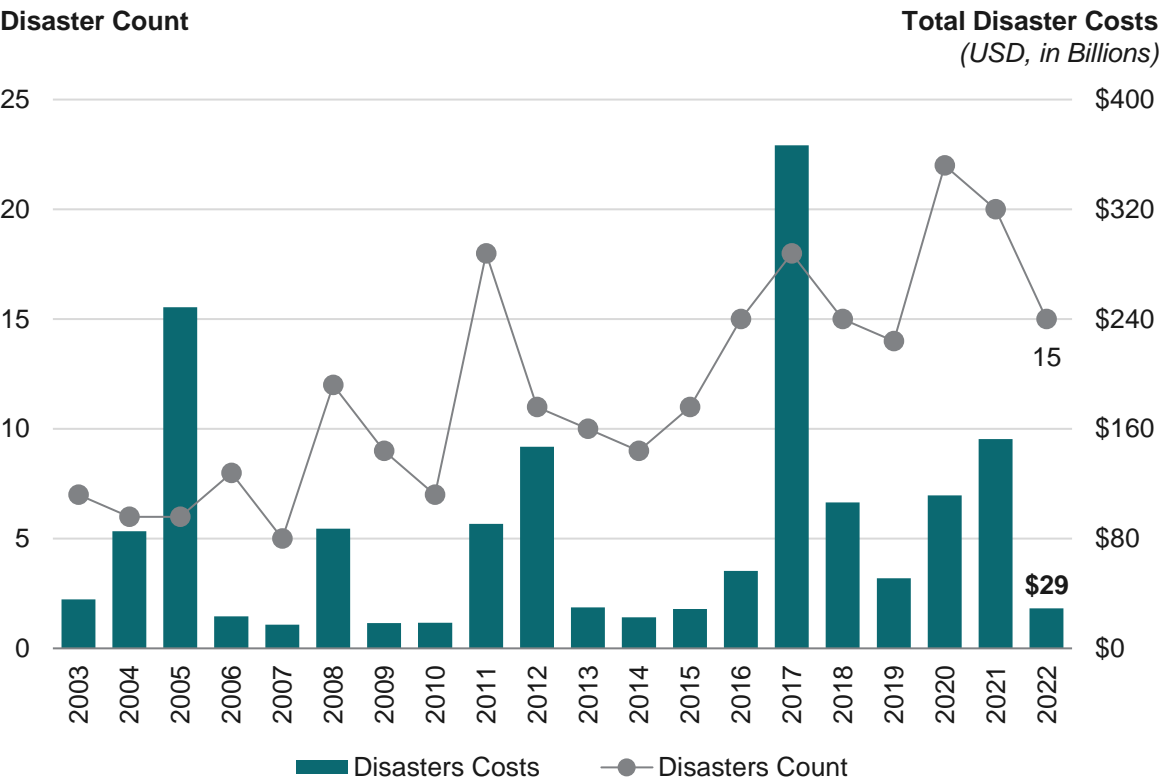
**Cost Saving** | *it is more expensive to pay a full-time employee's salary, PTO, and benefits, than to outsource*

**Productivity** | *IAs eliminate the need to train new employees and handle rookie mistakes*

**Experience** | *IAs have much greater exposure to different types of claims across various industries and fields*

**Locality** | *Deeper and wider network of professionals with superior understanding of local legislation and procedures*

### Losses from Catastrophic Weather Events in the U.S



Increasing frequency and complexity of catastrophe claims drive strong outsourcing demands by carriers for claims adjusting and administration



# 3

## Transaction Case Studies

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# Select Recent M&A Transactions (1/2)

## P&C Claims Management and Adjusting Services

Target	 <b>SOUTHWEST ADJUSTERS</b> NATIONWIDE INDEPENDENT CLAIMS ADJUSTING	 <b>JOHNS EASTERN</b> Claim Adjusters & Third Party Administrators	 <b>ALLCAT</b> Claims Service
Buyer	 <b>LONGSHORE CAPITAL</b>	 <b>Davies</b>	 <b>TRIVE CAPITAL</b>
Date	10/24/22	9/8/22	2/1/22
Target Business Overview	Provides multi-line independent adjustment services for both catastrophe and daily claim handling	Offers claims handling and TPA services to carriers and self-insured entities	Offers TPA and claims services in the areas of residential, commercial, flood, catastrophe, and auto
Headquarters	Dallas, TX	Lakewood Ranch, FL	Boerne, TX
Employees	30+	220+	320+
Transaction Financials	Undisclosed	Undisclosed	Undisclosed
Rationale	<ul style="list-style-type: none"> <li>The acquisition will expand SWA's presence in the insurance carrier category across the U.S.</li> <li>SWA will be able to accelerate its growth by leveraging Longshore's experience in the insurance space</li> <li>Additionally, Longshore will support SWA's future organic expansion activities and add-on acquisitions</li> </ul>	<ul style="list-style-type: none"> <li>The acquisition will strengthen Davies' end-to-end claims administration, independent adjusting &amp; catastrophe response capabilities in North America</li> <li>Following the acquisition, Johns Eastern will have a stronger service proposition for its insurance clients</li> <li>Additionally, Davies' team will bring development opportunities for Johns Eastern's employees &amp; clients and will assist the company in developing and strengthening its claims business in the U.S.</li> </ul>	<ul style="list-style-type: none"> <li>The investment will lead to strengthening Allcat's position in the insurance market</li> <li>Trive Capital will provide Allcat with capital and resources to further enable the company's growth</li> <li>Additionally, the investment marks Trive Capital's entry into the insurance industry</li> </ul>

# Select Recent M&A Transactions (2/2)

## P&C Claims Management and Adjusting Services

Target		
Buyer		
Date	6/16/21	1/7/21
Target Business Overview	Offers property and casualty insurance claims adjusting services for insurance carriers	Provides inspection claim services in the residential and property market
Headquarters	San Antonio, TX	Alpharetta, GA
Employees	200	220+
Transaction Financials	Undisclosed	Undisclosed
Rationale	<ul style="list-style-type: none"> <li>IAS Claims Services will add significant scale and expertise to Davies' property claim operations in the U.S.</li> <li>Additionally, the transaction will enable Davies to leverage IAS Claims Services' investment in developing proprietary technology</li> <li>Following the acquisition, IAS Claims Services will have a stronger service proposition for its insurance clients</li> </ul> <ul style="list-style-type: none"> <li>Hancock Claims Consultants will use the proceeds for additional acquisitions and enhance their services</li> <li>The acquisition will enable Century Equity Partners to leverage Hancock's network to facilitate improved client introductions and build strategic partnerships</li> <li>Additionally, Century Equity Partners will collaborate with Hancock Claims Consultants to streamline integration and support various IT initiatives</li> </ul>	

# Southwest Adjusters

M&A Case Study – October 2022

## Target Company Overview



- Southwest Adjusters (SWA) provides multi-line independent adjustment services for both catastrophe and daily claim handling
- Additionally, the company has partnered with ATLaS to offer classroom training in field adjusting principles, including property adjusting estimating software
- The company was founded in 2003 and is located in Dallas, Texas
- The company currently has 30+ employees

## Service Offerings

- Southwest Adjusters provides the following claims adjustment services:
  - **Property Losses** – Residential, Commercial, Daily Claims, Catastrophe Claims, Mobile Home, Inventory & Contents, and Heavy Equipment
  - **Specialty Losses** – Excess & Surplus Lines, Product Liability, General Liability, and Construction Defect
  - **Daily & Catastrophe Claim Service** – Full and Partial Adjustments and Investigations, and Property Damage Appraisals

## Acquisition Details



- Longshore Capital Partners is a private equity firm focused on control buyouts of growing services companies
- Targets service businesses in North America with \$5 million to \$15 million of EBITDA
- Focuses on various industries, including revenue cycle, tech-enabled BPO, payments, managed services, and human capital services
- On October 24, 2022, Longshore Capital Partners acquired SWA for an undisclosed consideration

## Transaction Rationale

- The acquisition will expand SWA's presence in the insurance carrier category across the U.S.
  - SWA will be able to accelerate its growth by leveraging Longshore's experience in the insurance space
  - Additionally, Longshore will support SWA's future organic expansion activities and add-on acquisitions



# Johns Eastern Claims Adjuster

M&A Case Study – September 2022

## Target Company Overview



- Johns Eastern is an independent adjusting firm offering claims handling services to carriers and self-insured entities
- Serves insurance companies, self-insured organizations such as large corporations and government entities, program managers, and Managing General Agents, as well as the London market
- The company was founded in 1946 and is located in Lakewood Ranch, Florida
- The company currently has 220+ employees

## Service Offerings

- Johns Eastern provides the following claim adjusting and administration services:
  - Independent Adjusting Services
  - E&S TPA Services
  - TPA Services Workers' Compensation
  - Catastrophe Services
  - Medical Management Services
  - All Lines Aggregate Services
  - Risk Management Information Services

## Acquisition Details



- Davies is a leading specialist professional service and technology business, serving insurance and highly regulated markets
- Its offering in the U.S. includes a full range of TPA and loss-adjusting solutions, as well as captive management, auditing, and actuarial solutions
- On September 8, 2022, Davies acquired Johns Eastern for an undisclosed consideration

## Transaction Rationale

- The acquisition will strengthen Davies' end-to-end claims administration, independent adjusting & catastrophe response capabilities in North America
- Following the acquisition, Johns Eastern will have a stronger service proposition for its insurance clients
  - Additionally, Davies' team will bring development opportunities for Johns Eastern's employees & clients and will assist the company in developing and strengthening its claims business in the U.S.

# Allcat Claims Service

M&A Case Study – February 2022

## Target Company Overview



- Allcat Claims Service offers tech-enabled TPA and claims services in the areas of residential, commercial, flood, catastrophe, and auto
- Additionally, the company also provides underwriting and inspection services for commercial and residential properties, as well as hazard checks
- The company was founded in 2000 and is located in Boerne, Texas
- The company currently has 320+ employees

## Service Offerings

- Allcat Claims Services provides claims services in the following lines of businesses:
  - Residential & Commercial
  - Flood
  - Catastrophe
  - Auto
  - Third-Party Administration
  - Estimate Audit Services
  - Supplemental Staffing

## Acquisition Details

TRIVE CAPITAL

- Trive Capital is a private equity firm with more than \$4 billion of regulatory assets under management
- Focuses on investing equity and debt in viable middle-market companies
- On February 1, 2022, Trive Capital announced its investment in Allcat Claims Service for an undisclosed consideration
- Valedor Partners, a private investment firm, also partnered alongside Trive Capital in the transaction

## Transaction Rationale

- The investment will lead to strengthening Allcat's position in the insurance market
  - Trive Capital will provide Allcat with capital and resources to further enable the company's growth
- Additionally, the investment marks Trive Capital's entry into the insurance industry

# IAS Claims Services

M&A Case Study – June 2021

## Target Company Overview



- IAS Claims Services offers property and casualty insurance claims adjusting services for insurance carriers
- The company specializes in daily property, commercial, catastrophe & large loss claims and has a nationwide network of independent adjusters serving all 50 states
- The company was founded in 1984 and is located in San Antonio, Texas
- The company currently has 200 employees

## Service Offerings

- IAS Claims Services provides a range of tech-enabled claims solutions to the insurance market including:
  - Desk Adjusting
  - Field Adjusting
  - Third-Party Administration
  - Staffing Solutions

## Acquisition Details



- Davies is a leading specialist professional service and technology business, serving insurance and highly regulated markets
- Its offering in the U.S. includes a full range of TPA and loss-adjusting solutions, as well as captive management, auditing, and actuarial solutions
- On June 16, 2021, Davies announced its acquisition of IAS Claims Services for an undisclosed consideration

## Transaction Rationale

- Through the acquisition, Davies will expand its property field adjusting and TPA solutions in North America
  - IAS Claims Services will add significant scale and expertise to Davies' property claim operations in the U.S.
  - Additionally, the transaction will enable Davies to leverage IAS Claims Services' investment in developing proprietary technology
- Following the acquisition, IAS Claims Services will have a stronger service proposition for its insurance clients

# Hancock Claims Consultants

M&A Case Study – January 2021

## Target Company Overview



- Hancock Claims Consultants is a provider of inspection claim services in the residential and property market
- The company provides services for local and catastrophe property claims and for residential and commercial property
- Inspection claim service offerings range from roof inspections to emergency tarping services. The company also provides underwriting solutions to help clients assess properties for insurance policies
- The company was founded in 2003 and is based in Alpharetta, Georgia
- The company employs 220+ people

## Service Offerings

- Hancock Claims Consultants offers the following solutions:

### Inspection Claim Services

- High Roof Inspections
- Direct Inspections
- Emergency Tarping & Board-ups

### Wide Network and Coverage

- Partnership with over 100 carriers nationally
- Coverage in over 36 states nationwide
- Automated scheduling software
- Rapid response to major catastrophes

### Underwriting Solutions

- Assessment of Properties for Policy Determination

## Acquisition Details



- Century Equity Partners is a private equity firm that focuses on making private equity buyout and growth investments in companies that specialize in insurance and financial services
- The company was founded in 2001 and headquartered in Massachusetts
- On January 7, 2021, Century Equity Partners announced its acquisition of controlling stake in Hancock Claims Consultants for an undisclosed consideration

## Transaction Rationale

- Hancock Claims Consultants will use the proceeds for additional acquisitions and enhance their services
  - Century Equity Partners is also well-positioned to assist Hancock Claims Consultants' business growth with its expertise and experience in the financial services and insurance sectors
- The acquisition will enable Century Equity Partners to leverage Hancock's network to facilitate improved client introductions and build strategic partnerships
  - Additionally, Century Equity Partners will collaborate with Hancock Claims Consultants to streamline integration and support various IT initiatives



# Public Company Comparables

## P&C Claims Management Services

### Claims Processing & BPO

(All figures in millions of USD, except per share data. Data as of October 31, 2022)

Company Information	Market Data				Operating Performance							Valuation Multiples					
	Stock Price	% of 52-Wk. High	Market Value	Enterprise Value	LTM		Growth Rates:			LTM Margins:		EV / Revenue			EV / EBITDA		
					Revenue	EBITDA	Revenue: CY 2022	CY 2023	Earnings Long-Term	Gross	EBITDA	LTM	CY 2022	CY 2023	LTM	CY 2022	CY 2023
Brown & Brown, Inc.	\$58.79	79.4%	\$16,649	\$20,358	\$3,408	\$1,089	5%	12%	8%	48%	32%	6.0x	5.7x	5.1x	18.7x	17.6x	15.3x
Genpact Limited	\$48.50	89.8%	\$8,899	\$10,396	\$4,246	\$671	3%	9%	12%	35%	16%	2.4x	2.4x	2.2x	15.5x	12.8x	11.5x
ExlService Holdings, Inc.	\$181.85	99.1%	\$6,013	\$6,093	\$1,333	\$226	5%	12%	15%	37%	17%	4.6x	4.4x	3.9x	26.9x	20.5x	18.3x
CorVel Corporation	\$164.21	77.0%	\$2,858	\$2,858	\$670	\$109	NA	NA	NA	23%	16%	4.3x	NA	NA	26.1x	NA	NA
Conduent Incorporated	\$4.12	57.1%	\$889	\$2,052	\$3,981	\$349	(2%)	0%	NA	23%	9%	0.5x	0.5x	0.5x	5.9x	5.1x	4.9x
Crawford & Company	\$5.39	61.3%	\$278	\$599	\$1,154	\$64	2%	6%	12%	26%	6%	0.5x	0.5x	0.5x	9.3x	6.3x	5.4x
MEAN							3%	8%	12%	32%	16%	3.0x	2.7x	2.4x	17.1x	12.4x	11.1x
MEDIAN							3%	9%	12%	31%	16%	3.4x	2.4x	2.2x	17.1x	12.8x	11.5x

LTM = Latest Twelve Months

Enterprise Value = (Market Value) + (Debt + Preferred Stock + Minority Interest) - (Cash & Equivalents)

EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization

NMF = Not meaningful

Source: Capital IQ, SEC filings

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