

Commercial Lines Insurance Premium Finance

FALL 2026

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Mergers & Acquisitions
Capital Raising
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INTRODUCTION

Since our last report in Fall 2025, we now estimate the U.S. commercial insurance premium finance segment has grown to $65 billion in annual originations, up another 10% over the prior year, despite softening growth in the underlying Excess & Surplus (E&S) market and broader Property & Casualty (P&C) industry.

Insurance premium finance is a well-established pillar of commercial lending, extending credit at relatively high yields to small and medium-sized businesses to finance mission-critical insurance products. Each loan is short in duration (9–10 months average maturity), fixed-rate, and generally priced at a spread over Prime. Loans are collateralized by the unearned premium of commercial policies held by highly-rated carriers. Down payments and other structured loan terms add security. The result is high-margin, high-growth portfolios with low credit quality costs, a safe avenue for lenders to deploy capital at attractive risk-adjusted returns.

The insurance premium finance market's trajectory has historically mirrored broader P&C premium trends, with the strongest relationship to the E&S market. However, in 2025, growth in the premium finance market remained strong despite softening in both the P&C and E&S markets. E&S premiums reached an estimated $105 billion, as growth slowed to 7.8%, the first single-digit rate increase since 2017. E&S growth came largely from personal lines, while commercial property premiums declined 2.8% amid softening rates.

COMPETITIVE LANDSCAPE

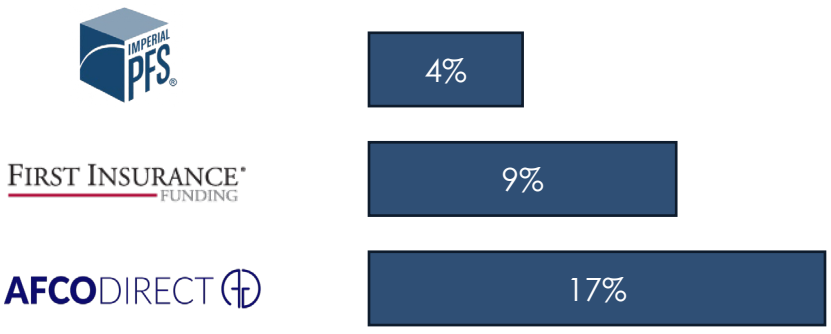
Over the past two decades, industry consolidation has reshaped the competitive landscape. We view the U.S. market in three distinct segments:

- The **Big Three**, which command roughly 75% of industry originations;
- The **Next Ten players**, a mix of bank and non-bank participants, that account for an additional 10% of loan volume; and
- **Everybody Else**. Over 1,000 premium finance companies compete in the U.S.; many smaller firms are affiliates of insurance agents/brokers and/or regional players. None generates significant volume as compared to the leaders, yet most generate strong risk adjusted returns for their owners in a deep market.

The Big Three have amassed significant market share compared to the fragmented universe of smaller firms.

- Privately-held ***Imperial PFS*** (IPFS) maintains its leadership position in the U.S., with a growing presence in Canada;
- ***FIRST Insurance Funding*** (Wintrust), with a leading position in Canada, is a close second to IPFS in the U.S.; and
- ***AFCO Direct*** (Truist) is a strong third in the U.S. market and has long been a leading player in Canada. AFCO Direct is 50% larger than the Next Ten Players combined in terms of loan volume.

2025 LOAN VOLUME GROWTH



Global insurance premium finance markets total an estimated $100 billion of annual loan volume



- Global insurance premium finance market generates an estimated U.S.$100 billion of annual obligations
- U.S. market is by far the largest and is dominated by three leading players that command nearly 75% market share
- Three largest U.S. players also dominate the Canadian landscape, estimated at ~10% of the U.S. market, and control a combined 50% of global volume

U.S. INDUSTRY – AT A GLANCE

$65B+ Annual Originations 2025 estimated	**$500MM+** Pretax Income 2025 estimated	**2MM+** Loans Originated Commercial lines, annually
~25 bps Avg. Net Charge-off Rate (on average portfolio)	**10% CAGR** Market Growth	**~2.5%** Pretax ROAA

RECENT FINANCING TRANSACTIONS

Bank Debt & Capital Markets

Banks control half the U.S. market, which pressures industry-wide pricing and yields. Access to senior debt capital remains plentiful for non-bank participants, as well.

Imperial PFS has paved the way for a deep securitization market as a serial issuer over decades. IPFS issued four ABS transactions in 2026 so far, totaling $900 million of ABS notes.

Honor Capital completed its inaugural ABS issuance in July 2026, offering $250 million of notes secured by insurance premium finance loans, with the Class A tranche rated Aaa/AA.

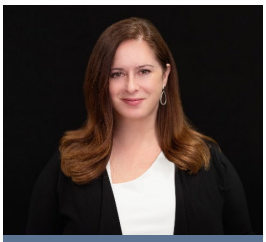
CONCLUSION

The commercial lines insurance premium finance industry remains one of the most consistent and profitable segments of commercial lending. With its combination of strong collateral, low losses, short duration, and scalable origination opportunities, premium finance still attracts new institutional interest despite heightened consolidation and competition. The asset class has a track record of delivering strong risk-adjusted returns with low credit losses. In a challenging macroeconomic environment, borrowers are likely to increasingly leverage premium financing to better manage cash flow and liquidity, accelerating growth for premium finance lenders.

COLONNADE IS THE LEADING ADVISOR TO THE INSURANCE PREMIUM FINANCE INDUSTRY

pathward® has sold its premium finance division to HONOR CAPITAL — COLONNADE	STONEMARK was sold to IMPERIAL PFS — COLONNADE	AGILE PREMIUM FINANCE A Division of Valley National Bank® was sold to FIRST first financial bank — COLONNADE	SECURITY PREMIUM FINANCE, INC. was sold to NATIONAL PARTNERS — COLONNADE	CAPITAL PREMIUM FINANCING raised capital from COPLEY | EQUITY | PARTNERS — COLONNADE
gotoPremiumFinance Solutions for the Insurance Industry raised capital from BMO Harris Bank — COLONNADE	TRIUMPH PREMIUM FINANCE was sold to Peoples BANK — COLONNADE	CAPITAL PREMIUM FINANCING raised capital from Ameris Bancorp — COLONNADE	NATIONAL PARTNERS was sold to WebBank A STEEL PARTNERS COMPANY — COLONNADE	STONEMARK Premium Finance Group was sold to Kaufman — COLONNADE
PREMIUM ASSIGNMENT CORPORATION was sold to IMPERIAL PFS — COLONNADE	MEPCO was sold to SEABURY CAPITAL GROUP — COLONNADE	US PremiumFinance "Beyond Great Rates & Superb Service" was sold to Ameris Bancorp — COLONNADE	AFS IBEX Financial Services, Inc. was sold to MetaBank — COLONNADE	CAPITAL PREMIUM FINANCING raised capital from Texas Capital Bank — COLONNADE
Premium Payment Plan was sold to WELLS FARGO — COLONNADE	upac was sold to IMPERIAL PFS — COLONNADE	CANANWILL PREMIUM FUNDING was sold to BB&T — COLONNADE	CANANWILL PREMIUM FUNDING was sold to MACQUARIE — COLONNADE	CANANWILL PREMIUM FUNDING was sold to MACQUARIE — COLONNADE
CANANWILL PREMIUM FUNDING was sold to Allianz — COLONNADE	FLAT IRON CAPITAL CORP was sold to WELLS FARGO — COLONNADE	IMPERIAL PFS acquired the premium finance assets of MEPCO — COLONNADE	CAPITOL PAYMENT PLAN was sold to IMPERIAL PFS — COLONNADE	MEPCO insurance premium financing was sold to INDEPENDENT BANK — COLONNADE

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Sources: Insurance Information Institute, S&P Capital IQ, Insurance Insider US, company presentations, public disclosure, regulatory filings, and Colonnade research and estimates.

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