



Insurance Premium Finance Quarterly Update: 2025 First Quarter



Mergers & Acquisitions
Capital Raising
coladv.com

Welcome to the quarterly update for the Insurance Premium Finance industry. Insurance Premium Finance is a lucrative \$50+ billion industry, in which Colonnade is the leading financial advisor to both buy-side and sell-side clients.

Colonnade has successfully advised on and executed over two dozen transactions within the insurance premium finance space throughout a wide range of macroeconomic environments. Colonnade's wealth of industry expertise enables our team to navigate transactional nuance and maximize value, delivering optimal outcomes for our clients. This report analyzes data from the first quarter of 2025.

The insurance premium finance industry is broadly composed of commercial lines property & casualty, personal lines property & casualty, and life insurance premium finance. Our quarterly updates focus on the commercial lines segment, with occasional coverage of adjacent sectors. We report on developments across both U.S. and Canadian markets.

The Colonnade team maintains close relationships with a vast network of industry operators and provides this report to our readers to keep them up to date on relevant industry news, sourced primarily from those banks that report segment results for their insurance premium finance verticals.





OUR QUARTERLY UPDATE COVERS:

- 1 Financial Results For Select Industry Players
- 2 Recent M&A Transactions
- 3 Industry Outlook and Other News

1 FINANCIAL RESULTS FOR SELECT INDUSTRY PLAYERS

Of the largest firms, few are owned by public banks that report segment data for their premium finance groups. On an aggregate basis, these companies reported a modest reduction in outstandings quarter-over-quarter, but a substantial increase year-over-year.

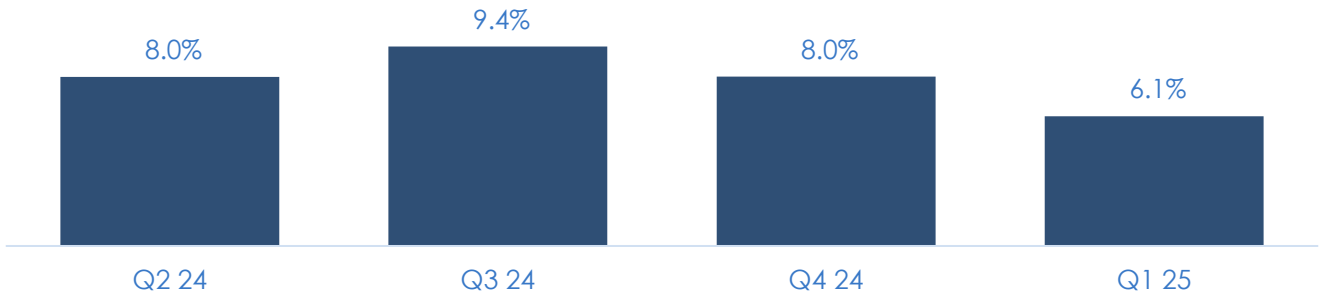
This quarter, Colonnade has added Agile Premium Finance, a subsidiary of First Financial Bank, to the list of tracked public companies. Colonnade served as the sell-side advisor to Agile Premium Finance and its then-parent, Valley National Bank, during its sale to First Financial Bank in Q1 2024.

	P&C OUTSTANDINGS ¹	Q/Q CHANGE	Y/Y CHANGE
	\$7,239	(0.5%)	4.3%
	\$1,176	1.8%	17.8%
	\$264	(2.0%)	10.5%
	\$206	2.0%	73.1%
AGGREGATE REPORTED	\$8,885	(0.2%)	7.0%

¹\$ in millions

ANNUAL GROWTH RATE OF COMPOSITE INDEX (Y/Y change)

Excludes Agile Premium Finance



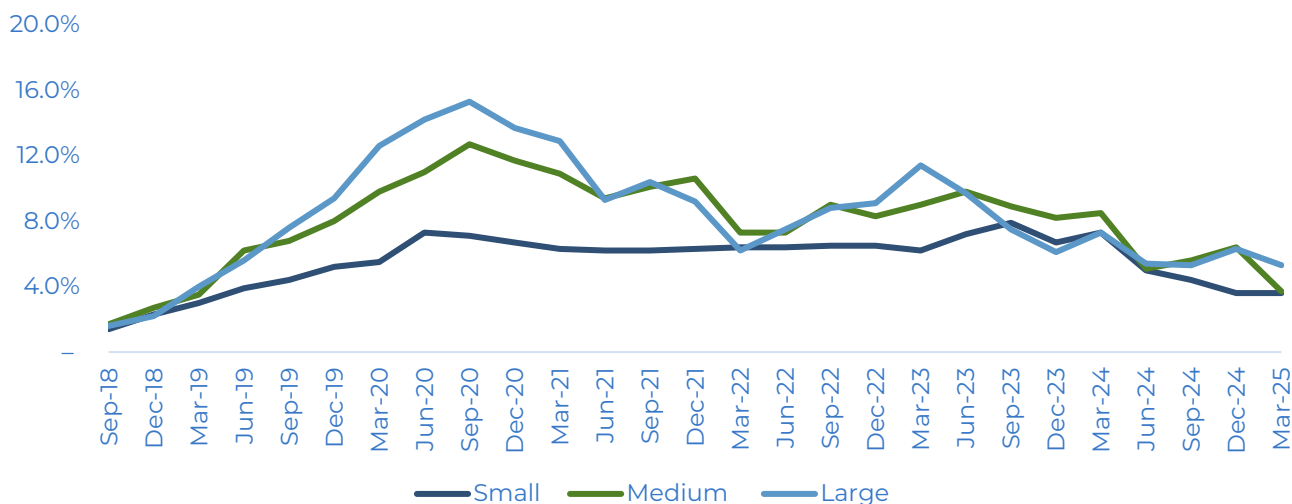
COMMENTARY

The premium finance sector continued to face headwinds in Q1 2025 amid a cooling commercial property and casualty (P&C) insurance market. While elevated interest rates and resilient demand for financing continue to support overall industry growth, the pace has slowed compared to prior quarters as decelerating premium growth has limited premium finance performance.

Public companies reported mixed quarter-over-quarter performance, with US Premium Finance and Agile Premium finance increasing outstandings by 1.8% and 2.0% q-o-q, respectively, while First Insurance Funding and Peoples Premium Finance saw declines of 0.5% and 2.0%. All tracked companies reported year-over-year increases in outstandings, reflecting longer-term growth despite a moderating insurance premium environment.

INSURANCE PREMIUM PERFORMANCE – PROPERTY & CASUALTY¹

Commercial P&C insurance premiums rose 4.2% year-over-year on average in Q1 2025, reflecting a continued softening in the market following a 5.4% increase in Q4 2024. Competitive dynamics—characterized by increased underwriting capacity, renewed carrier engagement, and flexible pricing for favorable risks—continued to moderate overall premium growth.



SMALL ACCOUNTS

Small accounts are defined as insureds that pay less than \$25k in commissions and fees to insurance agents and brokers. Premium increases in this segment held steady at 3.6%, matching the Q4 2024 rate. This segment continues to show the most muted expansion, reflecting pressure from commoditized pricing.

MEDIUM ACCOUNTS

Medium accounts, defined as insureds that pay between \$25k and \$100k in commissions and fees, experienced the most significant deceleration in Q1 2025. Average premium increases fell to 3.7%, down from 6.4% in Q4 2024, a 42% drop. According to respondents in the CIAB's P&C Market Survey, a "major push" by carriers to regain middle-market share increased competition, softening rates in this segment.

LARGE ACCOUNTS

Large accounts, defined as insureds that pay more than \$100k in commissions and fees to insurance brokers and agents, recorded average premium increases of 5.3%, down from 6.3% in Q4 2024. Although still the fastest-growing segment, the pace of increases has slowed significantly compared to earlier years.

¹CIAB

COMMENTARY

A blend of stabilizing macroeconomic policy and persistent market softening continues to temper top-line expansion across the premium finance landscape. For the past three years, year-over-year growth in Q1 has averaged 19.6%, but in Q1 2025, industry-wide outstandings growth moderated to 6.1%.¹

STABLE RATE ENVIRONMENT:

The Federal Reserve held the Federal Funds Rate steady in Q1 2025, maintaining its target range at 4.25%–4.50%. While the prior rate reductions had initially made premium financing more attractive by lowering borrowing costs, the Fed's decision to pause further cuts reflects persistent caution amid uncertain inflation dynamics.

PERSISTENT MARKET SOFTENING:

Premium growth—a key driver of premium finance loan volumes—continued to decelerate due to carrier competition, greater underwriting flexibility, and a strategic push to retain and grow share, especially among medium accounts. As premium levels flatten, corresponding loan sizes in premium finance are growing more slowly, putting pressure on lenders' revenue momentum despite sustained borrower demand.

In their Q1 2025 earnings call, Wintrust's management expressed optimism about upcoming performance, highlighting anticipated strength in loan growth driven in large part by seasonal momentum in its premium finance business:

WINTRUST

"We believe that loan growth for the second quarter of 2025 will continue to be strong and at the high end of our previous guidance of mid to high single digits for a number of reasons. We have traditionally seen our highest funding volumes for our First Insurance Funding premium finance business in the second quarter of each year."

- Richard Murphy, Vice Chairman and CLO
Wintrust

¹Excluding Agile Premium Finance

2 RECENT TRANSACTIONS

FINANCING TRANSACTIONS



SEARCHLIGHT



- In February 2025, Gracie Point Holdings closed a capital raise led by Searchlight Capital Partners and Hudson Structured Capital Management
- The capital infusion is aimed at strengthening Gracie Point's balance sheet and supporting its growth initiatives
- Since its founding in 2010, Gracie Point has successfully completed five funding rounds

COLONNADE CLOSED THREE PREMIUM FINANCE TRANSACTIONS IN 2024



3 OUTLOOK AND CONCLUSION

OUTLOOK

Insurance premium finance is an attractive asset class for banks and independent operators alike. The asset class has a track record of consistently delivering attractive risk-adjusted returns with low credit losses. The short average term of the underlying asset allows lenders to efficiently reposition and reprice their portfolios. In an uncertain macroeconomic environment with rising commercial lines P&C premiums, borrowers are likely to leverage premium financing to better manage cash flow and liquidity, accelerating growth for premium finance lenders.

CONCLUSION

Colonnade has been either the sell-side or buy-side M&A advisor for most transactions within the insurance premium finance space over the past 20 years. These complex transactions require an investment banking team with a wealth of industry experience, insider-level mastery, competitive positioning, and a vast network of buyer relationships. If you own a premium finance company or you are contemplating an acquisition in the space, please contact us. The Colonnade team is an expert industry resource for you to leverage as you consider your next steps.

Our podcast and White Paper on the Insurance Premium Finance industry may also be of interest. In these industry overviews, we answer the following questions:

- What is the Insurance Premium Finance Industry?
- How are insurance premium finance companies valued?
- Why are Insurance Premium Finance companies attractive to buyers?
- How has the Insurance Premium Finance industry changed over time?
- What are the key drivers of valuation for Insurance Premium Finance companies?
- How can Insurance Premium Finance companies differentiate themselves in the market?
- Is there a sweet spot in terms of loan size and yields for high-value Insurance Premium Finance businesses?
- What advice would you give to owners of insurance premium finance companies to get them ready to go to market?



COLONNADE IS THE LEADING ADVISOR TO THE INSURANCE PREMIUM FINANCE INDUSTRY

 has sold its premium finance division to  The undersigned acted as exclusive financial advisor to Pathward COLONNADE	 was sold to  COLONNADE	 was sold to  COLONNADE	 was sold to  COLONNADE	 raised capital from COPLEY EQUITY PARTNERS COLONNADE	 was sold to  COLONNADE
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For more information on the Insurance Premium Finance industry, please contact:



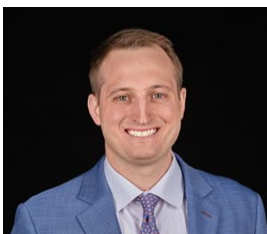
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This advertisement was prepared May 2025. It is not investment advice, and Colonnade undertakes no obligation to update the information contained herein.

Sources: SEC filings, CIAB, Company Earnings Calls

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