



Insurance Premium
Finance
Quarterly Update:
2022 First Quarter



MERGERS & ACQUISITIONS
CAPITAL RAISING
COLADV.COM

Welcome to the quarterly update for the Insurance Premium Finance industry. Insurance Premium Finance is an exciting \$40 billion industry where Colonnade has dominated in the role of advisor to both buy-side and sell-side clients.

With over two dozen successful transactions under our belt, our industry focus allows us to deeply know the industry players and provide exceptional service to clients who hire us to assist them in a transaction. This Quarter Report analyzes data from the first quarter of 2022.

Insurance premium finance broadly captures commercial lines P&C, personal lines P&C, and life insurance premium finance. Our quarterly updates focus on the commercial lines segment, although we periodically touch on news in adjacent segments, like life insurance premium finance, another growing segment. We cover both the U.S. and Canadian markets. We maintain relationships with the major industry players and provide this commentary to our readers to track relevant industry news, based primarily on those public banks that report segment results for their insurance premium finance groups.

On an aggregate basis, this group reported a 2.1% quarterly increase in outstanding and a strong 23.2% year-over-year uptick.





Our Quarterly Update covers:

- 1 Financial results for selected companies
- 2 Recent transactions - both M&A and financing
- 3 Outlook and other news

Check in next quarter for our annual report covering the broader universe of premium finance companies, as reported by annual regulatory filings.

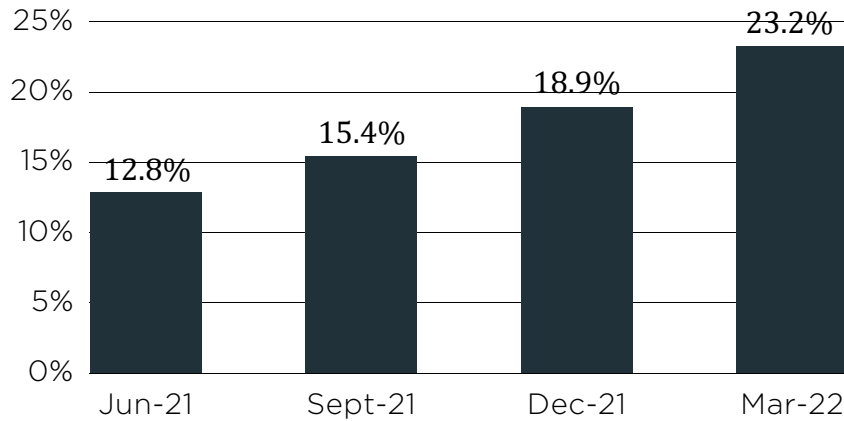
1 FINANCIAL RESULTS FROM SELECTED PUBLIC COMPANIES

Of the top 10 largest firms, only four are owned by public banks that report segment data for their premium finance groups. On an aggregate basis, this group reported a 2.1% quarterly increase in outstandings and a strong 23.2% year-over-year uptick.

	Outstandings (\$mm)	Q / Q change	Y / Y change
 FIRST INSURANCE FUNDING	\$4,937	1.7%	24.7%
 US PREMIUM FINANCE A DIVISION OF AMERIS BANK	\$819	2.6%	16.0%
 AFS IBEX A division of MetaBank®	\$404	4.7%	17.1%
 Peoples PREMIUM FINANCE	\$146	7.1%	31.9%
Aggregate Reported		2.1%	23.2%



Annual Growth Rate of Composite Index (Y / Y Change)



The annual growth rate for the industry continues to rise.

Commentary

A hard P&C market combined with a faster than expected U.S. economic recovery has resulted in strong growth in outstandings over the past 12 months. Inflation and a potential economic slowdown can also position premium finance companies for continued growth, as more insureds seek to finance their premiums to manage cash flows.

- Wintrust reported that premium financing originations were \$3.4 billion during the first quarter of 2022, and average balances increased by \$551.4 million as compared to the fourth quarter of 2021.
- The Life Premium Finance Division of Primis, launched in the fourth quarter of 2021, ended the first quarter with outstanding balances of \$22.8 million, compared to \$13.0 million at the end of the fourth quarter of 2021. To date, the division's loan balances have increased to \$38 million and the pipeline currently totals approximately \$60 million. Total approved credit in the division finished the first quarter of 2022 at \$127 million for future funding of premiums over the next three to five years. CEO Dennis Zember commented, "Panacea and Life Premium Finance have substantial pipelines and a record level of engagement from referral sources... Panacea and Life Premium Finance started the year strong and should begin adding to profitability this year".

2 RECENT TRANSACTIONS

M&A Activity

- In May 2022, TowerBrook Capital Partners agreed to acquire Premium Credit Limited (“PCL”) from Cinven for an undisclosed sum. Cinven acquired PCL in 2015. UK-based PCL is a leading provider of premium finance for commercial and retail insurance products. The transaction is expected to close in the second half of 2022.
- Biz Premium Finance, formed in 2019 and specializing in premium financing for vehicles, was acquired by investment funds associated with Athena Capital, Foreign Investments, Franrika Foundation, and XS-Latam Thor.

Financing Transactions

IPFS completed two securitization transactions in the first quarter, totaling \$650 million. The AAA tranches were priced in the range of SOFR + 50-60 bps.

Gracie Point raised \$300mm in a securitization transaction in Q1/2022, with the AAA tranche priced at SOFR+225 bps.

Standard Premium Finance completed its listing on the OTCQX market in March 2022 under the ticker SPFX. Standard, based in Miami, had roughly \$47 million of outstandings at the end of Q1/2022, up 12% year over year. Standard focuses on small ticket originations, averaging \$3,000-\$15,000.

3 OUTLOOK AND OTHER NEWS

Fraud

Fraud perpetrated by an insurance agency is probably the biggest risk to operators and owners of insurance premium finance companies. As in any third-party origination business, monitoring for and detecting fraud is a top priority. Established firms have systems and controls in place to mitigate the incidence of fraud.

This recent case highlights the challenge of fraud being perpetrated with collaboration from an insider. In this situation, an employee of US Premium Finance colluded with an agency to steal more than \$21 million from Ameris Bank.

Outlook

Insurance premium finance remains a great asset class for banks and independent operators. Market tailwinds are generating significant growth in assets and earnings. Incumbents are growing organically with the hard P&C market and are actively seeking acquisitions. Consolidation over the past two decades has significantly reduced the inventory of properties available, which creates a favorable dynamic for sellers.

Conclusion

Colonnade has either been the sell-side or buy-side M&A advisor on most of the insurance premium finance transactions that have taken place over the last two decades. These complex transactions require an investment banking team with deep industry knowledge, insider level mastery, competitive positioning, and buyer relationships. If you own an insurance premium finance company or you are a potential buyer, please contact us, and we can help you think through your next steps.

Our podcast on the Insurance Premium Finance industry may also be of interest. In this episode, we answer the following questions:

- What is the Insurance Premium Finance industry?
- Why are Insurance Premium Finance companies attractive to buyers?
- How has the Insurance Premium Finance industry changed over time?
- What are some of 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 premium insurance finance companies to get them ready to go to market?
- How are insurance premium finance companies valued?



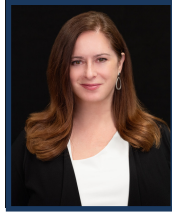
Colonnade is a leading advisor to the insurance premium finance industry

<p>SELLSIDE</p> <p>was sold to</p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p>a subsidiary of</p> <p>was sold to</p> <p>COLONNADE</p>	<p>BUYSIDE</p> <p>acquired</p> <p>the Premium Finance subsidiary of</p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p>was sold to</p> <p>COLONNADE</p>	<p>CAPITAL RAISE</p> <p>raised capital from</p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p>was sold to</p> <p>COLONNADE</p>
<p>SELLSIDE</p> <p>a division of</p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p>a subsidiary of</p> <p>was sold to</p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p>was sold to</p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p>a subsidiary of</p> <p>was sold to</p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p>a division of</p> <p>was sold to</p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p>a subsidiary of</p> <p>was sold to</p> <p>COLONNADE</p>
<p>SELLSIDE</p> <p>a division of</p> <p>was sold to</p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p>a subsidiary of</p> <p>was sold to</p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p>was sold to</p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p>a subsidiary of</p> <p>was sold to</p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p>a subsidiary of</p> <p>was sold to</p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p>a subsidiary of</p> <p>was sold to</p> <p>COLONNADE</p>
<p>SELLSIDE</p> <p>a subsidiary of</p> <p>was sold to</p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p>BROADWAY PREMIUM FUNDING CORP</p> <p>a portfolio company of</p> <p>was sold to</p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p>was sold to</p> <p>COLONNADE</p>	<p>CAPITAL RAISE</p> <p>raised capital from</p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p>was sold to</p> <p>COLONNADE</p>	<p>CAPITAL RAISE</p> <p>a subsidiary of</p> <p>raised capital from</p> <p>COLONNADE</p>

For more information on the Insurance Premium Finance industry, please contact:



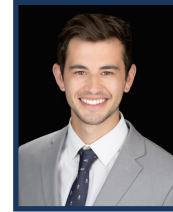
Jeff Guylay
 Managing Director
 208.726.0788
 jguylay@coladv.com



Gina Cocking
 Managing Director
 312.425.8145
 gcocking@coladv.com



Jack Collins
 Associate
 312.544.8543
 jcollins@coladv.com



Brandon Eckhardt
 Analyst
 563.468.9110
 beckhardt@coladv.com



Matt Magee
 Senior Account Executive
 312.870.6204
 mmagee@coladv.com

Colonnade Advisors LLC • 600 Cleveland Street • Suite 272 • Clearwater, FL • 33755
 Investment banking services provided through Colonnade Securities LLC, member FINRA

Colonnade is an independent investment bank focused on the financial services and business services sectors. Colonnade provides expert, objective advice on mergers and acquisitions, private placements, fairness opinions, valuation opinions and corporate finance issues for privately held businesses, publicly traded companies and financial sponsors. Our senior bankers bring extensive transaction experience, industry expertise, a process orientation and a sense of urgency to each engagement.

This advertisement was prepared May 2022. It is not investment advice, and Colonnade undertakes no obligation to update the information contained herein.

Sources: SEC filings, investor presentations, The Motley Fool, Seeking Alpha, Finsight, Colonnade research.

©2021 Colonnade Advisors LLC.

Copyright and Other Important Information

This document, including text, graphics, logos, icons, images and the selection and arrangement thereof, is the exclusive property of Colonnade Advisors LLC and is protected by U.S. and international copyright laws. Colonnade hereby permits you, unless you are an investment bank or other financial advisor, to download, copy, distribute, publish, reproduce, cite, link or post this document or its contents subject to the following conditions: 1) you retain on any material all copyright and other proprietary notices and 2) you do not modify this document or its contents in any way. Colonnade reserves all rights not expressly granted. This document and the information that it contains are produced by Colonnade Advisors LLC solely for general background information on the matters described. This document or any of its information may not be used for investment, valuation or accounting purposes. None of Colonnade or its representatives or affiliates has agreed to or has assumed any responsibility to provide you with investment advice, whether in a fiduciary capacity or otherwise.

