



Insurance Premium  
Finance  
Quarterly Update:  
2022 Second 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.

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Having successfully advised on over two dozen transactions in the insurance premium finance space, Colonnade's focused approach, coupled with proven expertise in premium finance, allows our team to deeply understand industry players and dynamics and deliver optimal outcomes to our clients. This Quarter Report analyzes data from the second quarter of 2022.

Insurance premium finance broadly encompasses commercial lines property & casualty, personal lines property & casualty, and life insurance premium finance. Our quarterly updates focus on the commercial lines segment, although we periodically touch on news in adjacent segments, including life insurance premium finance. Our quarterly updates cover both U.S. and Canadian markets. The Colonnade Team maintains close relationships with major industry players and provides this report to our readers to track relevant industry news, sourced primarily from those public banks that report segment results for their insurance premium finance groups.

On an aggregate basis, this group reported a 12.9% quarterly increase in outstandings and an impressive 21.9% year-over-year uptick.

Our Quarterly Update covers:






- 1 Financial Results for select industry players
- 2 Recent transactions – both M&A and financing
- 3 Industry Outlook and other news



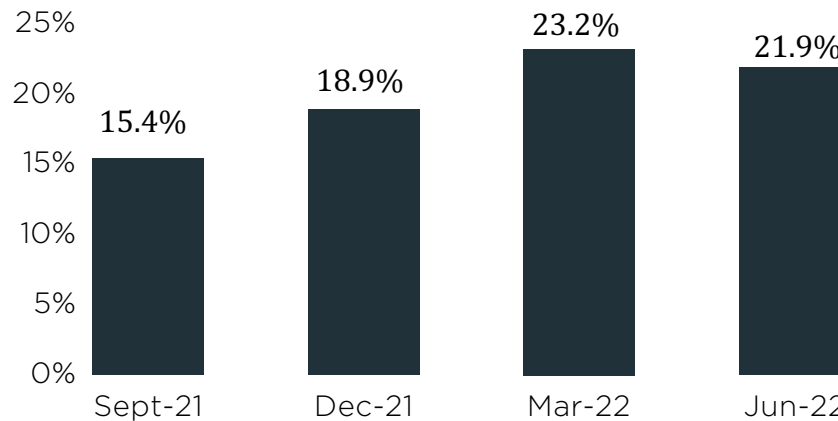


## 1 FINANCIAL RESULTS FROM SELECTED PUBLIC COMPANIES

Of the top 10 largest firms, only four are owned by public banks that report segment data for their premium finance group. On an aggregate basis, this group reported a 12.9% quarterly increase in outstandings and a 21.9% year-over-year uptick.

	Outstandings (\$mm)	Q / Q change	Y / Y change
 <b>FIRST INSURANCE</b> FUNDING	\$5541	12.2%	22.5%
 <b>US PREMIUM</b> FINANCE <sup>®</sup> A DIVISION OF AMERIS BANK	\$942	15.0%	20.8%
 <b>AFS</b>  <b>IBEX</b> A division of MetaBank <sup>®</sup>	\$481	19.2%	15.2%
 <b>Peoples</b> PREMIUM FINANCE	\$152	4.4%	30.1%
Aggregate Reported	\$7,117	12.9%	21.9%

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



The insurance premium financing industry exhibited a healthy 21.9% annual growth rate, despite inflationary and interest rate-related headwinds

#### Commentary

Despite increasing inflationary pressures and expected interest rate hikes, the premium finance industry has exhibited exceptional annual growth. The industry benefits from its inherently defensive positioning. Market slowdowns prompt insureds to seek premium financing as cash flow management becomes a greater priority in a tight economic environment.

- WinTrust reported that premium financing originations were \$3.9 billion during the second quarter of 2022, and average balances increased by \$531.9 million as compared to the first quarter of 2022

Robust loan growth in the face of broader macroeconomic headwinds echoes the defensive nature of the industry, with major industry incumbent, WinTrust, acknowledging the critical importance of their premium financing division in driving loan growth during their recent Q2 2022 earnings call:

*“Loan growth for the quarter, net of PPP, was \$1.9 billion or 22% annualized and just an outstanding result. Equally as important and similar to the past few quarters, we continue to see loan growth across the portfolio. I'd like to highlight a few key elements of this growth. The second quarter is typically very strong for commercial premium finance and this quarter was no exception with loans up \$604 million, up slightly from the \$563 million in the second quarter of 2021. Life insurance premium finance continued to grow nicely with loans of \$254 million.”*

*-Richard Murphy, Vice Chairman and Chief Lending Officer,  
WinTrust Financial Corporation*



## 2 RECENT TRANSACTIONS

### M&A Activity

- In September 2022, Truist Insurance Holdings, Inc, announced that it had agreed to acquire Bankdirect Capital Finance, a national premium finance Company from Texas Capital Bankshares, Inc. The contemplated transaction would add over \$3 billion in loans to Truist’s premium finance business and broaden the Company’s platform within the life insurance sector. Post-close, BankDirect will operate as a division of AFCO Credit Corporation, Truist’s existing domestic premium finance operation. The transaction is expected to close in Q4 2022
- Motivated by the prospects of geographic expansion, National Partners PfcO, LLC (a WebBank subsidiary) acquired Security Premium Finance Company, a privately held, Florida-based premium finance company in early August 2022

### Financing Transactions

- In Q2 2022, PFS Financing Corp raised an aggregate \$475 million of asset-backed, fixed-rate notes secured by insurance premium loans. The two-tranche Series C issue offered Class A and B notes, benchmarked to I-curve.
  - Class A notes have an S&P rating of AAA, written at a spread of 115 basis points, with a current yield of 3.9%
  - Class B notes have an S&P rating of A, written at a spread of 165 basis points, with a current yield of 4.4%



## 3 OUTLOOK AND OTHER NEWS

### Outlook

Insurance premium finance remains an attractive asset class for banks and independent operators alike. Despite broader macroeconomic headwinds, industry loans outstanding have exhibited substantial growth. Incumbent players are growing organically with the hard P&C market and are actively seeking acquisitions. Consolidation over the past two decades has materially reduced the inventory of properties available, resulting in favorable market dynamics for sellers.

### 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 depth of industry experience, insider-level mastery, competitive positioning, and a robust 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 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?



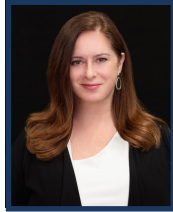
Colonnade is a leading advisor to the insurance premium finance industry

<p>SELLSIDE</p> <p><b>SECURITY</b> PREMIUM FINANCE, INC. has been acquired by</p> <p>NATIONAL PARTNERS a subsidiary of</p> <p><b>WebBank</b></p> <p>COLONNADE</p>	<p>CAPITAL RAISE</p> <p><b>CAPITAL</b> PREMIUM FINANCING<sup>SM</sup> raised capital from</p> <p>COPLEY   EQUITY   PARTNERS</p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p><b>MEPCO</b> Insurance premium financing was sold to</p> <p><b>INDEPENDENT</b> BANK</p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p><b>MEPCO</b> a subsidiary of</p> <p><b>INDEPENDENT</b> BANK was sold to</p> <p><b>SEABURY</b> CAPITAL GROUP</p> <p>COLONNADE</p>	<p>BUYSIDE</p> <p><b>IMPERIAL PFS</b> acquired</p> <p><b>MEPCO</b> the Premium Finance subsidiary of</p> <p><b>INDEPENDENT</b> BANK</p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p><b>STONEMARK</b> Premium Finance Group was sold to</p> <p><i>Kaufman</i></p> <p>COLONNADE</p>
<p>CAPITAL RAISE</p> <p><b>CAPITAL</b> PREMIUM FINANCING<sup>SM</sup> raised capital from</p> <p><b>Ameris Bancorp.</b></p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p><b>CAPITOL</b> PAYMENT PLAN was sold to</p> <p><b>IMPERIAL PFS</b></p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p><b>First Niagara</b> a division of was sold to</p> <p><b>WELLS FARGO</b></p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p><b>UPAC</b> a subsidiary of</p> <p><b>FIRST BANK</b> was sold to</p> <p><b>IMPERIAL PFS</b></p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p><b>NATIONAL PARTNERS</b> was sold to</p> <p><b>WebBank</b></p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p><b>BIC</b> Budget Installment Corp a subsidiary of</p> <p><b>Webster</b> Financial Corporation was sold to</p> <p><b>TEXAS CAPITAL BANK</b></p> <p>COLONNADE</p>
<p>SELLSIDE</p> <p><b>FLAT IRON</b> CAPITAL CORP. a division of</p> <p><b>TD</b> was sold to</p> <p><b>WELLS FARGO</b></p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p><b>PREMIUM ASSIGNMENT</b> CORPORATION a subsidiary of</p> <p><b>SUNTRUST</b> was sold to</p> <p><b>IMPERIAL PFS</b></p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p><b>TRIUMPH</b> PREMIUM FINANCE a division of</p> <p><b>TRIUMPH</b> was sold to</p> <p><b>Peoples</b> Fidelity Working Together. Building Success.<sup>SM</sup></p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p><b>AMERIS FINANCE GROUP</b> a subsidiary of</p> <p><b>Hanover</b> Insurance Group<sup>SM</sup> was sold to</p> <p><b>IMPERIAL PFS</b></p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p><b>AFS IBEX</b> was sold to</p> <p><b>MetaBank</b></p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p><b>CANANWILL</b> PREMIUM FINANCING a subsidiary of</p> <p><b>AON</b> was sold to</p> <p><b>MACQUARIE</b></p> <p>COLONNADE</p>
<p>SELLSIDE</p> <p><b>CANANWILL</b> PREMIUM FINANCING a subsidiary of</p> <p><b>AON</b> was sold to</p> <p><b>MACQUARIE</b></p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p><b>CANANWILL</b> PREMIUM FINANCING a subsidiary of</p> <p><b>AON</b> was sold to</p> <p><b>Allianz</b></p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p><b>CANANWILL</b> PREMIUM FINANCING a subsidiary of</p> <p><b>AON</b> was sold to</p> <p><b>B&amp;B</b></p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p><b>BROADWAY PREMIUM FUNDING CORP</b> a portfolio company of</p> <p><b>Sumitomo</b> Corporation of America was sold to</p> <p><b>WINTRUST</b></p> <p>COLONNADE</p>	<p>SELLSIDE</p> <p><b>UPAC</b> was sold to</p> <p><b>FIRST BANK</b></p> <p>COLONNADE</p>	<p>CAPITAL RAISE</p> <p><b>CAPITAL</b> PREMIUM FINANCING<sup>SM</sup> raised capital from</p> <p><b>TEXAS CAPITAL BANK</b></p> <p>COLONNADE</p>
<p>SELLSIDE</p> <p><b>US PREMIUM</b> FINANCE<sup>SM</sup> A DIVISION OF AMERIS BANK was sold to</p> <p><b>Ameris Bancorp.</b></p> <p>COLONNADE</p>	<p>CAPITAL RAISE</p> <p><b>gotoPremiumFinance</b> a subsidiary of</p> <p><b>INPUT 1</b> raised capital from</p> <p><b>BMO</b> <b>Harris Bank</b></p> <p>COLONNADE</p>				

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

Sources:

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Outstandings statistics for graphics: Respective company 10-Q's

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