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Insurance Mergers Decline Across US and Canada as Market Stabilizes

July 29, 2025

— Categories: Finance

The number of insurance mergers and acquisitions (M&A) in the United States and Canada dropped by 8% in the first half of 2025, according to recent data from OPTIS Partners, an investment banking and consulting firm focused on the insurance sector. Despite a stronger second quarter, overall deal activity showed signs of cooling compared to the same period in 2024.

Three hundred and nineteen transactions were announced between January and June this year, down from 345 recorded during the first half of 2024. Most of these involved American insurance agencies, which made up 305 of the deals. Canadian firms accounted for just 14.

While the decline marks a slowdown, activity picked up slightly in the second quarter, with 168 transactions, a notable 11% increase over the same quarter last year. The shift may signal a longer-term adjustment rather than a short-term dip.

Private Equity Push

Steve Germundson, a partner at OPTIS Partners, suggested that the industry is entering a more stable phase. “The M&A market is likely at a new normal. We expect about 750 to 800 deals annually going forward,” he said. Germundson added that while fewer buyers may be active in the coming years, larger firms will continue hunting for significant acquisitions to drive their growth strategies.

Private equity (PE) has remained a major player in the insurance brokerage space, continuing to fuel consolidation. According to OPTIS, PE-backed and hybrid brokerages accounted for 73% of all transactions in the first half of 2025, making up 32 of the buyers tracked during the period.

“Private-equity firms continue to invest,” said Timothy Cunningham, managing partner at OPTIS. “Since the start of the pandemic, they’ve done about 70% of the total number of deals in each quarter. They’ve got the money and are willing to spend it for the right acquisition.”

BroadStreet Partners led the list of most active acquirers, closing 39 deals during the period. Hub International followed with 27 transactions, while Inszone Insurance Services recorded 18. Keystone Agency Partners and World Insurance Associates each completed 17.

Notably, 59% of all deals came from the top 11 buyers, most of which are backed by private equity firms. Among the few operating without PE capital were Leavitt Group, Arthur J. Gallagher, and Heffernan Insurance Brokers.

Privately held brokers were responsible for 62 transactions, while publicly traded firms accounted for 19. The rest were attributed to other types of acquirers.

As in previous years, property and casualty (P&C) agencies remained the primary target for buyers. These firms made up 209 of the 319 total transactions, equivalent to 65% of all deals.

Another 27 involved agencies offering both P&C and employee benefits services. Meanwhile, 42 were standalone employee benefits firms. The remaining 43 transactions included life insurance agencies, financial services providers, and consulting businesses related to the insurance field.

The continued interest in P&C distribution highlights buyers' long-term strategies to increase their market presence, expand client bases, and achieve operational scale.

Despite fewer transactions overall, industry experts say demand remains healthy, particularly in P&C, though buyers are becoming more selective in the current economic environment.