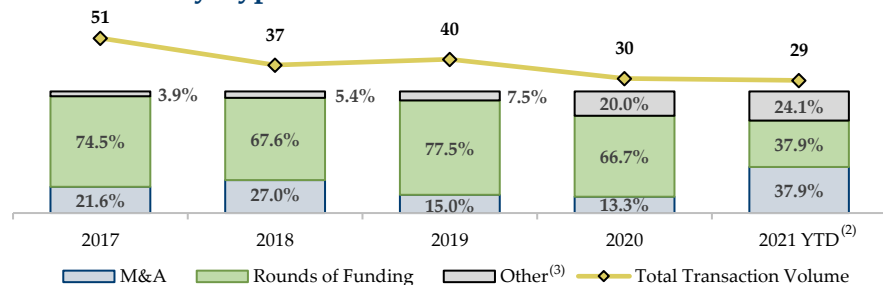


# July 2021 Insurtech in Distribution Market Update

## Insurtech in Distribution Transactions by Type<sup>(1)</sup>

- As the industry leaves its infancy, insurtech players are increasingly shifting their focus from early-stage funding to the M&A and ECM markets.
  - Founders seek early exits as valuations continue to surge and the hype for tech-enabled services rages on.
- While total transaction counts have fallen since the market highs of 2017, volume is returning. M&A markets have been extremely active, totaling 11 transactions through just 1H 2021, alone.
- IPOs are becoming commonplace in the market, both via traditional offerings and SPAC mergers. Policygenius Inc. is in ongoing discussions with PWP Forward Acquisition Corp. I (a blank-check SPAC) to evaluate a potential IPO.



## PUBLICLY-TRADED TECH-ENABLED INSURANCE DISTRIBUTORS<sup>(4)</sup>

\$MM, except per share data	07/22/21	52-Week	07/22/21	07/22/21	EBITDA	Market Cap./	Enterprise Value/		
Company	Ticker	Close Price	High	Market Cap.	Enterprise Value	Net Income	Revenue	EBITDA	
SelectQuote, Inc.	SLQT	\$17.64	\$33.00	\$2,882	\$3,017	26.9%	19.5x	3.4x	12.6x
Goosehead Insurance, Inc	GSHD	126.15	174.80	2,422	2,476	17.0%	267.7x	19.5x	114.5x
eHealth, Inc.	EHTH	58.39	94.41	1,527	1,447	9.7%	37.1x	2.4x	24.4x
GoHealth, Inc.	GOCO	9.59	22.40	959	2,137	4.7%	nm	2.3x	47.6x
Metromile, Inc.	MILE	7.52	20.39	948	727	nm	nm	16.6x	nm
EverQuote, Inc.	EVER	29.52	56.18	849	813	nm	nm	2.2x	nm

## Market Commentary

- The global insurtech market is poised to reach aggregate industry revenues of over \$60 billion by 2028. Analysts expect rapid growth to continue, estimating a CAGR of ~49 percent from 2021 to 2028.<sup>(7)</sup>
- Though currently trading substantially below their 52-week highs and despite erratic profitability, many of the publicly-traded tech-enabled insurance distributors trade at multiples that are in line with the large, global insurance distributors.

## INSURTECH IN DISTRIBUTION NOTABLE RECENT TRANSACTIONS

Announcement Date	Acquirer/Investor	Target	Transaction Type
07/15/21	Undisclosed	Covered by Sage, Inc.	ROF - Venture
06/10/21	United Services Automobile Assn.	Noblr, Inc.	M&A
06/01/21	Scottish American, Inc.	Fastcomp Underwriters, LLC	M&A
04/29/21	Innovation Growth Ventures Co.	Covr Financial Technologies, Inc.	ROF - Mature
04/19/21	Primerica Inc.	e-TeleQuote Insurance, Inc.	M&A
04/14/21	IPTIQ Americas Inc.	Bindable Company	ROF - Venture
04/01/21	Vestar Capital Partners, LLC	Friday Health Plans, Inc.	ROF - Growth
03/31/21	Multiple Investors	Next Insurance, Inc.	ROF - Growth
03/23/21	777 Partners	Ensurem, LLC.	M&A
03/17/21	Multiple Investors	Coalition, Inc.	ROF - Growth
03/03/21	Next Insurance, Inc.	AP Intego Insurance Group, LLC	M&A

Meaningful Median<sup>(6)</sup> **28.3x** | 2.3x | 18.5x

- Unsurprisingly, due to relative earnings volatility, private equity involvement in the space has not been as prevalent as in the traditional brokerage market. Since 2017, strategic acquirers have accounted for more than 71 percent of total M&A activity.
- Sherman & Company maintains relationships with the most active acquirers in the industry. To determine how you can maximize value, please reach out to either of the contacts below.

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Sherman & Company is an investment banking firm dedicated to the convergence of the insurance, healthcare, technology, and asset management industries.



Sources: Sherman & Company, S&P Market Intelligence ("S&P MI"), S&P Capital IQ. (1) Transaction universe: North American, completed/announced transactions in S&P MI that have a transaction industry of "Insurance Technology", subsequently sorted to exclude non-distribution-focused targets. (2) 2021 YTD as of 07/15/2021. (3) Includes all ECM, DCM, and shelf registration transactions. (4) LTM financials as of most recently published quarterly statements. (5) Not meaningful ("nm") threshold: greater than 0.0 percent. (6) Any multiple outside of the following parameters is deemed nm and is excluded from the median calculation: (i) net income - max: 40.0x, min: 5.0x, (ii) revenue - max: 10.0x, min: 0.5x, (iii) EBITDA - max: 40.0x, min: 5.0x. Any multiple deemed nm is **bolded** and *italicized*. (7) Grand View Research - Insurtech Market Analysis Report, January 2021.