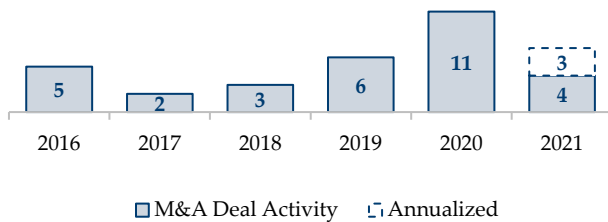


July 2021 Warranty Market Overview

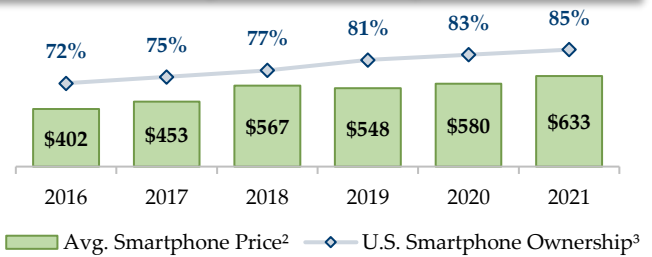
Market Commentary

- COVID-19 forced the vast majority of industries to face never-before-seen challenges, and the warranty space was no exception. The industry saw its biggest changes in the methods used to reach customers and to deliver their products.
 - Companies who were able to successfully move online saw significant cost savings and increased profitability in 2020.
- As a result of this shift to more online-based business, new players have entered the market: fintech-backed ventures with vast data processing and AI capabilities. These firms are mounting pressure on traditional insurers to develop more advanced technical processes.
- While big-name strategics are still the most frequent buyers in the market, recent years have seen private equity enter the space. One transaction involving a PEG was completed in 2018, two in 2019, one in 2020, and one so far in 2021, compared with none in 2015 or 2016.
- Standard protection automobile warranties remain dominant, although there is growing interest in technology-related warranties as the purchase, use, and price of devices like smartphones, laptops, and even smart appliances continues to increase.
- Deal volume has been robust in the warranty space over the last two years, with an average of 8.5 transactions in 2019-2020 versus an average of 3.3 for the three years prior. The market is active and ripe for more deals.

M&A Deal Activity¹



Smartphone Market by Year



Recent Warranty M&A Activity

Announcement Date	Acquirer	Target	Target Focus
07/27/21	Insure Homes	StrucSure Home Warranty	Home
07/12/21	Applied Underwriters	Generali Warranty Services	Consumer devices
06/21/21	Semios	Centricity	Construction, Manufacturing
05/10/21	Cinch Home Services	Fixd	Home
12/17/20	Assurant, Inc. (NYSE: AIZ)	EPG Insurance, Inc.	Industrial equipment
12/01/20	Kingsway (NYSE: KFS)	PWI Holdings, Inc.	Auto
10/28/20	Assurant, Inc. (NYSE: AIZ)	Hyla Mobile	Consumer devices
10/01/20	Spectrum Auto. Holdings Corp.	C.A.R.S. Protection Plus, Inc.	Auto
09/25/20	Protective Life Corp.	Interstate National (d/b/a/ Revolos)	Auto
08/18/20	Assurant, Inc. (NYSE: AIZ)	Fixt	Consumer devices
08/13/20	Lone Wolf Technologies	First American Home Warranty	Home
05/29/20	iA Financial Corp. (NYSE: XTSE)	IAS Parent Holdings Inc.	Auto
05/05/20	Assurant, Inc. (NYSE: AIZ)	American Fin. & Auto. Services	Auto
03/09/20	Portfolio Holding, Inc.	National Auto. Experts, LLC	Auto
01/27/20	Stone Point Capital LLC	Safe-Guard Products Int'l	Auto
12/17/19	Tiptree Warranty Holdings, LLC	Smart AutoCare, Inc.	Auto
10/31/19	Assurant, Inc. (NYSE: AIZ)	MMI-CPR LLC (d/b/a/ CPR)	Consumer devices
10/11/19	Cornell Capital LLC	Spectrum Auto. Holdings Corp.	Auto
09/03/19	The Amynta Group	American Auto Guardian	Auto
08/19/19	ABRY Partners, LLC	Portfolio Holding, Inc.	Auto
03/18/19	Assurant, Inc. (NYSE: AIZ)	All Tech-Neek Electronics, Ltd.	Consumer devices

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Sources: Sherman & Company, S&P MI, Allied Market Research Segment Report "Extended Warranty Market Outlook - 2027", WarrantyWeek Report "Enduring Changes in the Post-Pandemic Warranty Industry" Footnotes: 1. As of 07/27/21 close 2. In the U.S., per Statista 3. Pew Research