



A partnership three years in the making

DEAL FLASH | FINANCIAL SERVICES | FEBRUARY 2021

DEAL SNAPSHOT

The owners and founder of Coastal Insurance Underwriters have partnered with Constellation Affiliated Partners. With this transaction, Constellation expands its product offerings to the Condominium Association and Homeowners' Association marketplace.

Coastal Insurance Underwriters provides insurance products for a variety of community associations, including condominiums, homeowners and golf and country clubs. Headquartered in Ponte Vedra Beach, Florida, it is one of the largest managing general underwriters (MGUs) to focus on this sector, with over 8,000 community associations currently insured. The firm distributes its products online and aims to provide highly specialized and financially sound insurance products through automated and user-friendly solutions.

Constellation Affiliated Partners, backed by RedBird Capital Partners, is a New York-based insurance consolidator. The firm is active in acquiring MGUs, program administrators and wholesalers in the USA and Canada. Constellation seeks partnerships with companies that have demonstrated superior underwriting principles and have earned a solid industry reputation.

“Oaklins’ team in Jacksonville’s expertise and their ability to communicate with both the buyer and the seller were of great assistance to us. Their professional approach, attention to detail and problem-solving skills really impressed me and brought a lot of value to the transaction process.”

CHARLES BUSHONG
OWNER AND CEO
COASTAL INSURANCE
UNDERWRITERS, USA

OAKLINS FOUND THE BEST PARTNER TO DEVELOP THE BUSINESS

Oaklins’ team in Jacksonville acted as the lead advisor to the seller and the management of Coastal Insurance Underwriters in the preparation of the sale process and due diligence, the approach and parallel negotiations with potential buyers, and assisted them until closing.

COASTAL
Insurance Underwriters 

MARKET TRENDS & DEAL DRIVERS

The M&A market for insurance distribution and services has been extremely robust over the last three years, with nearly 700 transactions closed globally, according to S&P Capital IQ. There are a number of highly active consolidators in the industry, such as Constellation Affiliated Partners, Arthur J. Gallagher & Co., HUB Group, and many others that are seeking to roll up various segments to secure and build market share.

Deal drivers include strong, stable management teams, diverse product and service offerings, well-defined and defensible client portfolios, and operating efficiencies (or potential to create them) that will drive margins.

M&A VALUATION ASPECTS

Financial details of this transaction have not been disclosed. However, transactions in this industry typically range from 8–12x adjusted EBITDA depending on size, profitability, acquisition synergies, and various other factors.

Attractive targets in this industry are usually large, highly efficient businesses that have long-standing relationships with their customers and carriers. For MGUs, which act as intermediaries between agents and carriers, historical loss ratios are also an important factor in valuation.

TALK TO OUR ADVISORS



✉ **ALEX KELLISON**
Principal

Jacksonville, USA
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Alex has extensive experience in conducting value analyses in various industries. Recent clients he has worked with include Specialty Freight & Courier, Maner Builders Supply and Yown's Boiler & Furnace Service.



✉ **DANIEL EDELMAN**
Principal

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Dan has advised numerous clients for almost 40 years. This has included both buy-side and sell-side M&A transactions, as well as strategic planning and consulting. Some of his clients include Yown's Boiler & Furnace Service and Cardiothoracic & Vascular Surgical Associates.



✉ **HOWARD C. SERKIN**
Principal

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Howard has many years of experience in the financial services sector. Some recent transactions he has completed include the sale of Chancey Metal Products to Indigo South Capital and the sale of Yown's Boiler & Furnace Service to Thermogenics.

“This transaction was the culmination of a three-year process. Our firm began working with Coastal in early 2018 and almost sold the business in late 2018, when at the last minute the potential buyer attempted to re-trade the deal. We advised Coastal to walk away from the transaction. In late 2019, we assisted Coastal in making a strategic acquisition, while operationally Coastal was experiencing tremendous organic growth. When the decision was made to explore selling the business again, we approached one of the previous potential buyers that was a perfect fit. As a result of the synergies with the buyer and the growth that had been realized, the seller was able to achieve twice the value that they would have in 2018. As a result, the buyer, the seller and the seller's key employees were all very happy with the transaction.”

DANIEL EDELMAN
PRINCIPAL, OAKLINS

OAKLINS HAS CLOSED 202 DEALS IN FINANCIAL SERVICES

Oaklins is the world's most experienced mid-market M&A advisor, with over 850 professionals globally and dedicated industry teams in more than 45 countries. We have closed 1,700 transactions in the past five years.

Oaklins

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