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Insurance Market: 2025 Year in Review and the Outlook for 2026



OVERVIEW

The North American insurance market in 2025 was defined by contrasting M&A dynamics, a softening in overall deal volume alongside a continued stream of high-value strategic transactions, particularly in the specialty intermediary and brokerage sectors.

We have concluded that, while total deal volume declined slightly, private equity-backed buyers and strategic acquirers remained active, building scale and expanding geographic reach through bolt-on acquisitions. We believe this environment continues to offer compelling opportunities — not only for investors seeking stable cash flows and recurring revenues, but also for independent agency owners considering their next chapter.

For sellers, the current market rewards well-run brokerages with strong client relationships, commercial-line focus, and operational discipline. Our experience in the sector enables us to navigate market nuances, uncover off-market deals, and assess the operational quality of firms with precision. Now is the time to act decisively in a sector where timing, structure, and execution make all the difference.

Market Growth and M&A Activity Dynamics

2025 began with a mixed backdrop for insurance M&A. The first quarter proved to be one of the weakest in years, reflecting broader economic uncertainty, rising costs, and strategic caution among buyers. Inflationary pressure, the onset of tariffs, and financing constraints reduced the number of buyers with sufficient capital and risk tolerance to pursue acquisitions, leading to a noticeable decline in overall transaction volumes.¹

However, this slowdown masked an important nuance: while deal count fell, deal quality and value remained¹ resilient. Well-capitalized strategic acquirers and private equity-backed platforms continued to transact where acquisitions aligned clearly with long-term objectives. As noted in [FOCUS Investment Banking's overview of U.S. insurance M&A](#), insurance remains attractive relative to many sectors due to its recurring revenue characteristics and defensive qualities, even during periods of economic volatility.² This dynamic helps explain why capital continued to flow into select transactions, despite broader market hesitation.

¹ MarshBerry, Insurance Brokerage M&A Stays Active in 2025 Amid Market Headwinds; Q3 2025 Specialty M&A Market Report (U.S.). ² FOCUS Investment Banking, U.S. Insurance M&A Overview

Profitability, Underwriting, and Structural Shifts

Profitability trends across the insurance sector further shaped M&A behaviour in 2025. Moderating rate environments in certain commercial lines, combined with elevated claims costs and catastrophe exposure, placed renewed emphasis on underwriting discipline and operational efficiency. Organic growth slowed for many firms, making acquisitions an increasingly important lever for expanding capabilities and maintaining margins.¹

As a result, acquirers prioritized businesses that could enhance earnings quality rather than simply add revenue. This reinforced demand for firms with stable cash flows, diversified client bases, and defensible market positions - particularly within specialty and commercial-focused segments.³

High-Value Transactions Amid Lower Volumes

Despite the overall reduction in transaction volume, 2025 featured a continuation of mega deals, many exceeding \$1 billion in value. These transactions reflected a market where capital was concentrated among fewer buyers, however, this capital was deployed decisively when strategic alignment was strong.

While there was a significant reduction in the number of acquisitions, the value of the acquisitions maintained a high level, as evidenced in the table below.⁴

Date	Acquirer	Target	Value
April 2025	Arthur J. Gallagher & Co.	Woodruff-Sawyer & Co.	\$1.2 billion
July 2025	Athora (via), Apollo Asset Management, Abu Dhabi Investment Auth.	Pension Insurance Company	\$7.74 billion
August 2025	Arthur J. Gallagher & Co.	AssuredPartners	\$13.45 billion
August 2025	Blackrock, Allianz, Hannover Ruck, T&D Holdings, Assicurazioni Generali	Viridium Gruppe	\$4.42 billion
August 2025	Brown & Brown Insurance	Accession Risk Management Group	\$9.82 billion
October 2025	AIG, Onex	Convex Insurance	\$7 billion
December 2025	Willis Tower Watson	Newfront	\$1.3 billion

These deals highlight the growing divide between premium, scalable platforms and smaller firms struggling to attract attention in a more disciplined market.

¹ MarshBerry, Insurance Brokerage M&A Stays Active in 2025 Amid Market Headwinds; Q3 2025 Specialty M&A Market Report (U.S.). ³ FOCUS Investment Banking, [What a Good Insurance Broker Looks Like](#). ⁴ PitchBook, [Insurance M&A Transactions and Buyer Activity, 2025](#)



Buyer Selectivity and What Acquirers Value

As competition for quality assets intensified, buyers sharpened their criteria for acquisition targets. Firms with strong recurring revenue, high client retention, commercial and specialty focus, and clean financial reporting consistently outperformed peers in M&A outcomes.

According to [FOCUS Investment Banking's analysis of what makes an insurance brokerage attractive](#), acquirers place particular value on businesses with predictable revenue streams, strong carrier relationships, and operational readiness for integration.³ These attributes reduce execution risk and support premium valuations, a reality that became even more pronounced as buyers grew more cautious in 2025.

This dynamic further explains why many smaller or less differentiated firms found it more difficult to transact during the year, even as headline deals continued.

Foreign Strategic Buyers and Cross-Border Capital

International insurers and global asset managers remained active participants in the North American market throughout 2025. Several high-profile transactions included foreign strategic buyers seeking exposure to the U.S. insurance market, particularly within specialty and commercial lines.¹

This cross-border activity reflected a broader trend toward geographic diversification and capital deployment into stable, cash-generative insurance assets, reinforcing the U.S. market's continued global appeal.²

Private Capital and Consolidation Dynamics

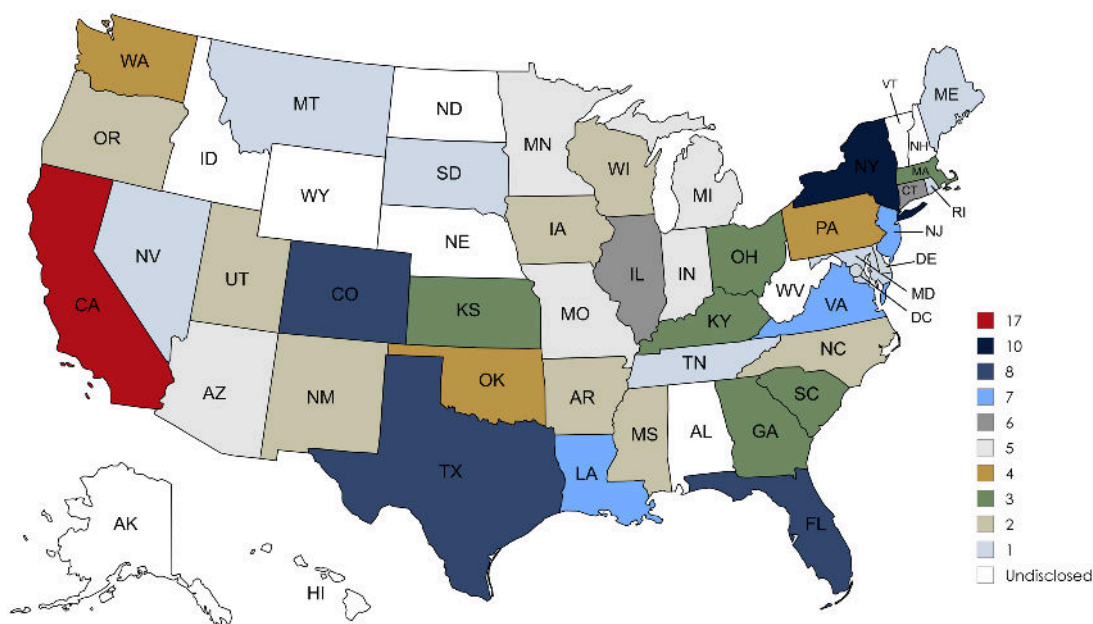
Private equity-backed platforms continued to account for a significant share of total deal activity, particularly at the regional and specialty level. However, buyer behavior evolved over the course of the year. Rather than pursuing rapid expansion, many PE-backed firms focused on disciplined add-on acquisitions that strengthened existing platforms.¹

As shown below, a relatively small group of repeat acquirers accounted for a substantial portion of total deal activity through November 30, reflecting both consolidation and concentration in the market.⁴

¹ MarshBerry, Insurance Brokerage M&A Stays Active in 2025 Amid Market Headwinds; Q3 2025 Specialty M&A Market Report (U.S.). ² FOCUS Investment Banking, U.S. Insurance M&A Overview. ³ [FOCUS Investment Banking, What a Good Insurance Broker Looks Like](#). ⁴ [PitchBook, Insurance M&A Transactions and Buyer Activity, 2025](#)

Buyer	Buyer Type	Deal Count (to Nov 30th)	% of Total Deals
BroadStreet Partners	PE Backed	68	10.50%
World Insurance Associates	PE Backed	32	4.90%
HUB International	PE Backed	31	4.80%
Inszone Insurance Services	PE Backed	29	4.50%
ALKEME	PE Backed	29	4.50%
Keystone Agency Partners	PE Backed	26	4.00%
Highstreet Insurance Partners	PE Backed	24	3.70%
King Risk Partners	PE Backed	22	3.40%
Leavitt Group Enterprises	PE Backed	17	2.60%
Arthur J. Gallagher & Co.	Public	15	2.30%
Subtotal		293	45.10%

From the above list, we have recorded the geographic location of the publicly available acquisitions. Highlighted below are the states with the most, to least, publicly available transactions.



⁵ S&P Capital IQ, Transactions Summary & Detailed M&A History, 2025

Strategic Themes Defining 2025

Several strategic themes consistently shaped the insurance market throughout 2025:

- Scale and distribution power¹
- Specialty and technical capabilities³
- Portfolio optimization¹
- Cross-border dynamics²
- Market caution and selectivity¹

Together, these forces defined a year where clarity of strategy mattered more than speed of execution.

European Brokerages Expand US Operations

A number of major European brokerages have expanded into the US market in 2025, the world's largest insurance market.

- Legal & General Group – 4 US acquisitions
- Assicurazioni Generali – 1 US acquisition
- Munich Re – 1 US acquisition (through their subsidiary - ERGO Group)
- Howden Group – 1 US acquisition
- Willis Tower Watson – 2 US acquisitions

2026 Outlook: Measured Momentum

Looking ahead, the insurance market in 2026 is expected to continue along a path of **selective consolidation** rather than broad-based acceleration. Structural tailwinds, including recurring revenue models, specialty demand, and sustained interest from strategic and private capital, remain firmly in place.¹²³

However, buyers are expected to remain disciplined, favouring acquisitions that demonstrate operational readiness, earnings quality, and strategic fit. In this environment, **quality, not quantity, will continue to define success in insurance M&A.**

FOCUS has advised a number of financial brokers including the sale of Insight Insurance to Arachas, and the sale of OCI to Assured Partners. To discuss this article, and opportunities in the insurance industry, reach out to Eoin O'Keeffe or connect with our expert team to explore what's possible for your business.

ABOUT FOCUS INVESTMENT BANKING

FOCUS Investment Banking has an excellent reputation for its tailored approach to mergers and acquisitions, debt advisory and equity raising, specialising in the middle-market across a wide range of industries. With a team of 100+ professionals in our offices in the U.S. and Europe, we are uniquely positioned to provide clients with strategic advantages in today's dynamic global market

¹ MarshBerry, Insurance Brokerage M&A Stays Active in 2025 Amid Market Headwinds; Q3 2025 Specialty M&A Market Report (U.S.). ² FOCUS Investment Banking, U.S. Insurance M&A Overview. ³ [FOCUS Investment Banking, What a Good Insurance Broker Looks Like.](#)