BRP Group Investor Day 2022

Tuesday, 15th November 2022

Welcome & Opening Remarks

Bonnie Bishop

Executive Director, Investor Relations, BRP Group

Welcome

So, good morning. I'm Bonnie Bishop, Executive Director of Investor Relations for BRP Group. On behalf of the leadership team, welcome to BRP Group's 2022 Investor Day. Thank you to everyone here in the room, as well as those listening on the live webcast for your time, and your interest in BRP. We appreciate the opportunity to meet with you today, and I'm confident by the end of this morning session, you will have a better understanding and appreciation of the exciting and dynamic BRP growth journey.

Safe Harbor Statement

Keep in mind, during today's event, we will be making forward-looking statements. These statements are subject to risks and uncertainties that may cause actual results to differ materially from those expressed in the forward-looking statements, including risks and opportunities discussed in our financial filings with the Securities and Exchange Commission.

In addition, we'll be talking about adjusted financial results. For historical adjusted financial results, GAAP reconciliation tables have been provided in the appendix of the presentation materials, which are available for download at our corporate website in the Investor Relations section at www.ir.baldwinriskpartners.com.

Agenda

Now, allow me to take a moment to review today's speakers and agenda. First, Trevor Baldwin, Co-Founder and Chief Executive Officer, will provide you with an overview of our company and our strategic direction. Following Trevor, Dan Galbraith, Chief Operating Officer, will discuss the evolution of our Middle Market segment and highlight our differentiated value creation strategy. Then, David Smith, President, and Chief Operating Officer of Guided Solutions, will provide an in-depth overview of the exciting growth ahead in our Guided businesses.

We'll then take a short 15-minute break. Moving to the second half of our Investor Day, Jim Roche, Chief Insurance Innovation Officer, will provide an in-depth overview of our MGA segment and our vision for the MGA of the Future.

Finally, Brad Hale, Chief Financial Officer, will tie together all of the presentations from a financial perspective, and discuss how we are driving a clear financial strategy to deliver long-term profitable growth. He will then hand it back to Trevor, who will provide closing remarks and open it up to our Q&A session.

We also have several leaders with us who are not presenting but will be available to join us for lunch. They include Kris Wiebeck, Chief Strategy Officer; John Valentine, Chief Partnership Officer; Kelly Nash, President of Client Experience for Middle Market; and Ryan Shinkle, President of Business Development for Middle Market. We're also pleased to be joined by Lowry Baldwin, Chairman of the Board, and several of our independent Board members.

With that, it is my distinct pleasure to turn it over to Trevor Baldwin.

Company Overview and Strategy

Trevor Baldwin

Co-Founder, Chief Executive Officer, BRP Group

Introduction

Thanks, Bonnie. So, it's an honor and a privilege to be here this morning with you all. We are excited to provide an update on our business, which we believe is extremely well positioned, as a result of all of our colleagues' efforts over the past few years, and the investments that we've been making into our business and since our IPO in October of 2019.

Today's Objectives

Before we dive into it, here's what we would like to accomplish today. First, we're going to provide a comprehensive review of our business segments, the competitive advantages of each, and how we plan to grow them. We'll discuss the go-forward growth trajectory of our business. We'll review our recent strategic investments, capital deployment philosophy, and overall track record. Last, we'll review our historical results, and review the high level 2023 guidance that we provided on our earnings call last week.

Building the Brokerage of the Future

So at our core, we remain focused on our goal of building the transcendent insurance brokerage brand in our industry, one recognized for consistent execution for our stakeholders. Simply put, we are building the insurance brokerage platform of the future. At its core, our mission is simple: to deliver tailored insurance and risk advisory insights and solutions to our clients, with a focus on driving value to all of our stakeholders.

To achieve this, we are investing deeply at the confluence of talent, technology, and innovation to provide differentiated solutions and service. On the talent front, we're doubling down with a focus on building further depth and breadth of specialization around our client solutions. In our Middle Market segment, as an example, we have been building in-client industry sector, risk competency and insurance product centers of excellence.

In our MGA of the Future, we've been standing up tiger teams to develop proprietary new products that we can then distribute through our embedded channels. In technology, we are modernizing the way we do business to elevate the work that our colleagues do. Ultimately, enabling them to spend less time on low-value tasks, and more time in front of our clients, delivering advice, and solutions, and building relationships.

These investments will ultimately enable us to innovate across the insurance value chain, to bring our clients closer to risk capital via the product manufacturing that we're doing inside the MGA. The results of this is outsized, and sustainable organic growth through accelerated new client win rates in a mature margin profile that will be superior to that of our peers from both the efficiencies, and productivity that is enabled by our technology platforms.

Significant Outperformance and Transformation Since our IPO

So, it's been three years since we IPO-ed the business in October of 2019, and we have truly transformed our business over that time period. To provide a little bit of perspective; since 2019, we – during 2019, we delivered 10 percent organic growth, and pro forma revenue and EBITDA of $154 million and $34 million, respectively.

Today, the business is generating pro forma revenue of $966 million, over six times that at our IPO. At $201 million of pro forma EBITDA, the business is generating more EBITDA than it did revenue at the time of our IPO. Moreover, the organic growth of our business has more than doubled, standing at 22 percent over the last 12 months ended this September.

As many of you know, for the past few years, we have been intentional about redeploying some of the structural margin that exists inside our business into making deep investments in both talent and technology that we believe will support our long-term organic growth engine and enable accelerated growth of earnings on a per share basis.

The success of our partnership and organic growth strategies, partnership being our nomenclature for mergers and acquisitions, has allowed us to achieve critical scale. And as we approach one billion of revenue, that enables us to make the type of investments powering the growth and earnings power, that you're seeing in our business.

While we have allocated valuable shareholder capital to partner, with the very best-in-class independent firms in our industry, we anticipate going forward that partnerships will be more episodic as we look to thoughtfully fill in geographic holes and niche expertise around products and in-client industry sectors. Our MGA of the Future continues to meaningfully outperform and expand its product suite.

Since 2019, it has grown at a compound annual growth rate of 90 percent. Renters insurance today represents less than 50 percent of our total written premium in the MGA, down from 100 percent of our written premium in 2019. As we've added products such as umbrella, management liability, homeowners and residential flood that represent over 300 million of premium as of the last 12 months ended this September.

Our product pipeline importantly remains robust, and we are confident in the continued growth prospects for our MGA business.

Lastly, I would be remiss not to mention the much deeper bench. We now have both the Executive and the Board levels. On the Executive Team, we have added four extremely talented leaders to further build out our HR, our data, technology, and marketing functions. We've also welcomed Dave Smith to lead our Guided Solutions businesses, both our Medicare and Mainstreet segments, and you'll hear from him later this morning. Similarly, we've added a diverse set of experienced new independent directors to our Board.

What Hasn't Changed Since Our IPO

So through all of this evolution, and transformation in our business, what hasn't changed? Well, we have, and we plan to continue to generate industry-leading organic growth. Organic growth has accelerated every year since our IPO. Next, we remain committed to a disciplined approach to capital allocation. To-date, our approach has proven effective and has contributed to leading organic growth and earnings on a per share basis.

Through scale and the deep investments we've been making in technology, we have spring-loaded the operating leverage across our platform. We expect the combination of growth in organic revenue, EBITDA, and free cash flow to bring that leverage back within our stated operating parameters of 3.5 to 4.5 times in the short term.

Lastly, we continue to operate in one of the best, if not, the absolute best industries in the world. Insurance products, well, they're often contractually or regulatorily required, which

enables us to perform across varied business, and economic environments, making us particularly resilient during challenging times. Quite simply, insurance distribution is the original subscription business.

To summarize, we believe we are the only emerging mid-cap organic growth story in insurance distribution today with meaningful operating leverage to capture in the coming years.

Four High-Performing Operating Groups

So, let's do a little bit of a deeper dive into the four segments that make up our business. We have four symbiotic businesses with differentiated go-to-market strategies that ultimately power the outsized organic growth that you've been seeing from our organization.

Our Middle Market business today comprises 54 percent of our overall pro forma revenue, and on an LTM basis, grew organically at 14 percent. Many of the highest quality, fastest-growing independent firms across the country have joined this part of our business in the past 24 months, and we believe will be major contributors to its go-forward organic growth.

Our MGA of the Future represents the vast majority of our Specialty segment. Here, we are focused on leveraging our proprietary technology stack, and niche expertise to create products that we can distribute through the embedded channels that we've been building out. This happens today with both our renters and our homeowner's product set.

Specialty comprises 27 percent of our overall business, and on an LTM basis grew 42 percent organically. This business segment is now nearly six times the size that it was in 2019, and continues to perform tremendously from an organic perspective.

Our Mainstreet business, which provides solutions for individuals and businesses via shelter distribution model represents 14 percent of our overall revenue, and today is showing a strong ramp in organic growth. Over the last 12 months, this September, it grew organically at 25 percent. To put a finer point on that, in the year-to-date period of 2022, ending with September, this business grew organically at 23 percent, which compares to 6 percent organic growth in the same time period during 2021. This is a direct result of the significant investments that we've made in 2021, and this year to accelerate our organic growth moving forward via the rollout of our national Mainstreet strategy that you're going to hear more about from Dave Smith later this morning.

We're extremely excited about this segment and its ability to become an even larger contributor to our organic growth moving forward.

And then our Medicare segment, which continues to grow nicely, 19 percent organic growth over the last 12 months this September. Our investments in technology are enabling an optimal blend of in-person consultative sales with the efficiencies afforded from the digital enrollment tools that we've been building.

Building a Business Around a Confluence of Talent and Technology

So, we continue ultimately to be focused on building our business around the confluence of talent and technology. We're in the people business and believe that people will remain a long-term competitive advantage for us. In fact, since our IPO in October of 2019, we have added 3,000 colleagues to our team.

Every BRP colleague receives equity when they join us. And today, colleague ownership represents nearly 50 percent of all shares outstanding, ensuring that we are aligned with our stakeholders and all rowing in the same direction. The success of our partnership strategy is a testament to the culture we've created.

Since our IPO, we've completed 35 partnerships, our nomenclature for a merger and acquisition. Eight of those were among the top 100 brokers in the country at the time that they elected to join us. We're incredibly proud of this. The result of our people-first culture is consistent industry recognition that has resulted in a brand awareness that is ultimately driving our talent flywheel.

Now to technology, which we firmly believe is increasingly critical to preparing our business for the future, empowering our organic growth, and free cash flow generation. We think of technology through the lenses of both modernization and innovation.

Modernization, it drives increased efficiency and productivity. It ultimately enables us to elevate the work that our colleagues do, so that they can remove themselves from the day-to-day manual data entry that is still all too prevalent in today's world in this industry, enabling them to spend more time in front of clients, building relationships and winning business.

Part of the technology investments we've made over the past two years has been directed towards these modernization efforts. Our build-out of Stratus, which is our custom version of Salesforce is just one example of that.

Modernization also means leveraging data and analytics to provide differentiated and predictive insights to our clients. Better data means better decision-making. Our new Chief Digital and Information Officer, Raj Kalahasthi, now has a team of data scientists, engineers, and analysts that are working tirelessly to put us in the best possible position to leverage our data to ultimately better serve our clients and innovate with the products that we're building and launching in the MGA.

Modernization as a result empowers the innovation required to create new proprietary insurance products that can be sold through the embedded channels that we've been building. And we're off to a fantastic start here. Today, with over 200 million of revenue, which is derived from tech-enabled embedded distribution through both Westwood, and our MGA renter's business. This massive ramp in our MGA platform, which has added nearly $600 million of premium since 2019, and launched over 10 new products is proof that this strategy is working, and we are all in here.

Yesterday's Partnerships Drive Tomorrow's Organic Growth…

The partnerships that we've invested valuable shareholder capital in to over the past few years have built the business that is delivering the organic growth you're seeing today. And as a result, we are extremely proud of the success that our partnership strategy has achieved since our IPO in 2019.

Scale is critical, and we knew at the onset of our IPO that the long-term success of our business was contingent upon early success on the partnership front. Since the IPO, we have partnered with 35 firms that have contributed 539 million of acquired revenues. These firms have transformed us into a national business, and have added deep talent, and specialization to our organization, which you'll hear more about from Dan and others later this morning.

We are intentionally building an integrated business because full integration allows us to achieve what we call BRP alchemy, where one plus one ultimately enables something more than two. We have taken a tailored approach to integrating each partnership because we know that an integrated business is the only way that we can successfully continue to scale and execute on our strategic vision.

The results, well, they speak for themselves. If we look at a cohort of new partners who have been with us for more than 12 months, their organic growth on average has been 21 percent compared to 12 percent on average before they joined our platform, which speaks to the acceleration that firms realize in joining BRP because of the access to resources, capabilities, and our go-to-market approach.

Driving that outsized organic growth, it's new business production. As of the year-to-date September this year, average new business production for risk advisors who joined us via partnerships in both 2019 and 2020 was $296,000. This compares to $273,000 for the entire fiscal year of 2021, and $150,000 in the time – in the last 12 months before those firms joined BRP, which speaks to the massive increase in sales productivity that our platform, our tools, our systems ultimately enable.

We believe that these results, well they are a testament to what makes BRP unique and that what has enabled us to attract the very best firms in our industry to join our emerging story.

Westwood Insurance Agency Partnership Off to a Fantastic Start

On our recent partnership, Westwood, exemplifies the success of this partnership strategy. This was a world-class business. And after only five months on the BRP platform, the results of our investments into the business are showing up in a really big way. The business today, it's run rating at nearly $100 million of pro forma revenue, up from $82 million at the time of close.

Revenue growth, it's been even more impressive at 21 percent year-to-date compared to the prior year period. Through Westwood's relationship with 14 of the top 20 homebuilders in the United States, we now have national scale in the highly valuable embedded builder channel. Dave will spend more time on this partnership later this morning. But overall, we could not be more thrilled with the performance of this business today, and the results that Alan and his team are generating for the BRP platform.

Wrap Up

As the prior slides have demonstrated, we have made tremendous strides executing on our vision to truly transform the insurance distribution landscape. We spent the last three years executing on a dual-pronged partnership, and organic growth strategy that has resulted in a business that is six times the size it was at our IPO three years ago. At the same time, we have evolved from a Southeastern-focused business to a national business, with a much deeper bench of talent, broader specialization, and greater capabilities.

With that expansion has come increased brand awareness, more than ever. We are hearing from our risk advisors that the BRP brand is opening more doors to larger client opportunities than they had even 12 months ago.

Looking ahead, we believe our business today is well positioned for continued strong performance for a number of reasons. We have invested deeply in technology that will

transform BRP into a data-centric organization that enables key business risk analysis and risk mitigation.

We are evolving the role of technology from that of support to strategic business enabler. The strategic investments we've been making are now beginning to bear fruit, and we expect their contributions to ramp meaningfully in the coming quarters and years.

For example, earlier this year, we officially launched our National Mainstreet Strategy. Today, we now have over 130 risk advisors in that national strategy, who are selling products in over 35 states. We have developed a training program that takes a brand-new unlicensed advisor, new to the industry from zero to fully licensed, and actively selling in 38 days. Excluding the impact of Westwood, our national Mainstreet team now is generating approximately 50 percent of the new business production across our Mainstreet business. This ramp, well it's showing up in the 20 percent plus organic growth figures that you saw in both the second and third quarters of this year.

Another example is the rollout of our homeowners' product in the MGA, which has exceeded our expectations. Since this endeavor began in the summer of 2021, we've invested approximately $8 million to build a world-class team of 70 people. We sold our first homeowners' policy in February of this year, and inclusive of the program administrator agreement with QBE have since written over $125 million of premium that has generated over $20 million of organic revenue.

We believe that these investments will result in organic growth and significant operating leverage that at maturity will deliver a margin profile that is greater than that of our peers. Despite the enormous progress we've made, we are still only in the second inning of our story, and we are striving to continue our track record of delivering outperformance through both organic growth, and accelerating earnings on a per share basis.

So I want to thank you for your time this morning, and for your continued interest in BRP.

And now it is my distinct pleasure to introduce Dan Galbraith, our Chief Operating Officer, who will spend more time going into detail about the success we're having in our Middle Market business.

Middle Market Evolution

Daniel Galbraith

Chief Operating Officer, BRP Group

Introduction

Thank you, Trevor. Good morning, everyone. So, I'm Dan Galbraith. I joined BRP as our Chief Operating Officer in early 2019. And I also lead our Middle Market segment. I'm really excited today to talk about the tremendous progress we've made in our Middle Market business since our IPO.

Middle Market at a Glance

So what I'd like to do is start by talking about where we are in our Middle Market business, how far we've come in a relatively short period of time, and also to share our current view of our performance.

Like Trevor mentioned, we're in the second inning in this segment. Middle Market is the largest segment of BRP today at 54 percent of total pro forma revenue. And just as a point of comparison, at the IPO, we were at $60 million. So this business has grown nine times just in the last three years. We've also expanded from a regional business to a national business, and we have meaningful density in some of the country's largest and fastest-growing MSAs.

We now have over 440 risk advisors, which is our terminology for sales professionals. And they're supported by more than 2,100 colleagues who are dedicated to providing best in class service to our clients across our entire footprint.

To talk about our business mix: commercial property and casualty lines represents roughly 55 percent of Middle Market revenue; employee benefits is 35 percent, and private risk management is at 10 percent. We've consistently reiterated our commitment to generating outsized profitable organic growth, and we're delivering on that commitment.

So far year-to-date, this business has generated 14 percent organic growth, which is more than two times the industry average.

Why We Win

So let's spend some time now talking about what we feel are some of the key differentiators and how we're building our Middle Market business.

First, as Trevor mentioned, we've been deliberate in building an integrated operating model, which we feel is unique and firmly believe is the best way to create operating leverage, and maximize efficiencies as we scale.

So what do we mean by integrate? First, we work to get all of our partners on the same agency management system, and CRM systems. What this does for us is it provides real-time visibility into KPIs and metrics across the entirety of our Middle Market segment.

Second, we're implementing a unified go-to-market org structure, which supports the execution and implementation of consistent processes. It provides easier access to all of the value-added resources that we're investing in. It also enables career mobility for our colleagues as we're scaling this business.

Third, we're harmonizing all of our go-to-market strategies. So, as Trevor mentioned, we've partnered with some of the best independent agencies across the United States, all who had special things about what they did as they went to market. We're taking the very best from those partnerships and creating one common way of going to market, so that our clients can access the best tools, and capabilities from inside of this business.

Lastly, we're building one set of world-class tools and resources at a national level, such as loss control, claims advocacy, data and analytics capabilities, and population health management, that's just to name a few, which our advisors and service colleagues can leverage to empower and elevate what they do.

This ensures, again, that our clients have access to our very best resources, no matter where they are in our footprint. It also creates operating leverage in our business because once the foundation for these tools is laid, there's only minor incremental investment required to support revenue, which is growing at a much faster pace.

The next differentiator for us in this segment is the execution of our proprietary sales process, which we call SCORE along with the incorporation of our RiskMap process. When we execute this well, this enables us to bring all of BRP's best-in-class resources to bear at the point of sale for our prospective clients, and it leads to outsized win rates.

So, as an example, across our Southeast region, which is where our sales process and our RiskMap process were developed, we have a nearly 90 percent win rate, when we get the client to engage in our risk map process. So, what's unique about our approach, especially for younger and tenured advisors is they focus on positioning and selling the value of going through the RiskMap process. This enables newer advisors to engage with sophisticated clients much more quickly. And once engaged, we can bring all of our technical expertise, and best in class tools and resources to bear to win that business.

Our sales approach differs from our peers because they typically either – they do one of two things. They either rely on advisors engaging and selling with their own technical skills on the front end, which works. It's just incredibly hard to train people very quickly and scale the business at the pace that we're scaling.

The other way they do it, is they simply go in and remarket or sell on price. They'll gather policies and coverages and go and remarket that business. We – that's not the approach that we take because it doesn't give us the opportunity to showcase our tools and resources, which creates a stickier client for us long term. We're currently in the midst of rolling these sales tools out across our entire organization and are excited to see the continued accelerated sales velocity it should drive in this business.

Deep Industry and Product Specialization

The final major differentiator for our Middle Market segment is our focus to elevate and leverage the deep industry and product expertise of the colleagues across our firm. As Trevor mentioned, we are privileged to have partnered with some of the best independent agencies in the US. And each one of those has brought strategic capabilities to the table, and expertise that can be leveraged in our integrated operating model.

Over the last several years, we've been recognizing and elevating the very best talent across our organization to build out world-class industry focused practice groups and product centers of excellence to be leveraged by the firm as a whole. In a sea of generalist insurance agencies from – with whom we frequently compete, this has been a game changer for us.

We've formed 10 of these practices just since the middle of 2021, and we actually have five more that we expect to roll out over the next quarter or two. These practices have enabled our advisors to win larger, and more complex clients that would have been much harder to compete for just a few years ago.

I want to highlight here, and we do, our management liability and private equity practices that we think are just representative of the unique expertise we're cultivating here at BRP, and the impact that elevating these practices brings to our results and the results of our advisors.

You can see that both have doubled in size since their inception. Private equity practice is only 11 months old. And the management liability practice actually came to us with our AHT partnership, where it was launched inside there. But that was a capability that our advisors across our footprint were – had a big desire to have. So, once we partnered with AHT, we

elevated that practice, and set it up as a BRP resource, and our advisors tapped into it, and it's had tremendous success.

The growth of these practices, to be clear, is driven by the entire advisor community across our footprint. It's not just housing that practice. So when we elevate these practices, we leverage the entire base of advisors to drive those results. We are proud and impressed with the impact that these have had on advisor performance across our firm.

Significant Investment in Advisors Contribution to Outsized Organic Growth

So looking ahead, we're confident in the organic growth tailwinds our investments in new advisor hiring have created. On the left-hand side of this page, we lay out advisor counts by tenure. Overall, we've grown our advisor base from 76 in 2019 to over 440 currently in 200 – in 2022.

We've done this through selective partnerships and a robust recruiting and training process. Currently, we have just under 150 advisors that are still in development, which represents about a third of our overall advisor population. This large cohort of developing advisors represents our strong commitment to investing in the long-term organic growth for Middle Market, and even more impressive is the pace at which their productivity is ramping, which you can see on the right side of the page.

So, if you take a look on that right side, you'll see a dotted line. That dotted line represents the industry average new business production for advisors, which is at about $84,000 a year in new business. Now when you compare that to the productivity of our advisor population, our advisors who are in between their first and second year on our platform are already producing just about at the industry average for productivity.

Once they hit between that second and third year, they're 1.7 times more productive than the industry average. And then when you finally get to an apples-to-apples comparison, which is, you know, north of three full years on our platform, our advisors are producing three times the industry average.

So that happens because there – it's the combination of all of the factors that I discussed before: a disciplined sales process, our risk mapping process, their access to specialization, their access to tools and resources. And as Trevor mentioned, we do have the privilege of having an amazing culture, which attracts the top talent from inside and outside this industry. When you combine all those factors, that's why you see three times the result of the industry average.

So we're incredibly proud of the progress we've made in our Middle Market segment since our IPO. We remain committed to investing in a very targeted way into our sales engine and into specialization as we scale.

We're also committed to growing Middle Market at a pace that far exceeds the industry as we're doing today. There's truly never been a better time to be part of BRP, and I feel privileged to be part of it every day, and be part of our story. And I really appreciate your time and interest.

And at this point, I'm going to turn it over to Dave Smith, who's going to spend some time covering our Guided Solutions business. Thank you.

Guided Solutions (Mainstreet + Medicare)

David Smith

President & Executive Operating Officer of Guided Solutions, BRP Group

Introduction

Good morning. My name is David Smith. I joined BRP in March of 2021, after spending the better part of 30 years in the mortgage industry. Before I joined BRP, as I said, I was with a company called Cardinal Financial Company. I was a Chief Operating Officer there for the better part of eight years. It's a company that when we initially started, had four states that we were operating in and doing about $30 million a month in production. Eight years later, we're operating in 50 states, generating $30 billion a year in annual mortgage production.

I'm excited to join BRP. I'm excited to be here. I had the pleasure of knowing several of the executive team members for years prior to my joining. And the combination of what BRP's trajectory is, the vision that the team has, and the opportunity to combine and take what we feel is a unique opportunity to collaborate between insurance and mortgage was, again, tremendously exciting for me, and we look forward to walking you through some of the things that we're going to be doing as it relates to those items.

Guided Solutions at a Glance

So I'll start with where we are with Guided today. Guided – as a reminder, our Guided business is made up of our Mainstreet and Medicare segments. It's an increasingly fast-growing sector of our business. Currently, 75 percent of our Mainstreet business – I'm sorry, 75 percent of our Guided business is made up of our Mainstreet segment. And that business operates with north now of 250 sales advisors, providing insurance solutions directly to clients throughout the United States now.

Our Medicare segment is comprised of a network of over 4,000 agents delivering mostly in-home or direct contact client services to the Medicare and vastly expanding Medicare industry or Medicare constituents.

So Guided accounted for approximately 22 percent of organic growth over the prior 12 months. Specifically, the Mainstreet business year-to-date, as Trevor mentioned earlier, represents 23 percent organic growth compared to 6 percent in the same period last year.

Our Mainstreet business has also grown considerably with the addition of Westwood, which Trevor stated is performing well, adds a large homeowners' opportunity set. I think the more important piece of that business segment is what it brings to our embedded aspirations as we move forward. They are there. They have been there. They have operated in it, and it's complete – it accelerates our desire, and our capabilities to get into that market.

Organic growth and persistency has also been very strong in the Medicare business, as Trevor mentioned, 19 percent. And we see that in-person sales will continue to be a large part of that market, and we enjoy the macro backdrop of that business.

Winning Personal Lines Embedded Distribution

All right. Let's talk a little bit about embedded. So we believe embedded is – represents the future of the personal lines of business. We intend to be a winner in this space, and we are uniquely positioned to do so. The keys to this embedded, in our opinion, the keys to this model

are really the agency model, right? So providing optionality, providing choice to consumers as opposed to having one option, or one product being able to represent and offer multiple products and multiple optionality coverages, etc., to the consumer is really, really important.

Ability to obtain and place coverage on 100 percent of the opportunities. Again, I'll use mortgage as an example. If we embed within a mortgage platform, you have to be able to say yes to those consumers. You have to be able to give that mortgage partner the ability to fulfill the needs that they would have to place insurance with their clients in order for that mortgage transaction to be completed.

And obviously, live consultation with advisors. I'll show you in a moment, the nationals, Trevor again mentioned, our national distribution channel innovation hub that we have out of Charlotte is really the laying the foundation, and the groundwork to be able to provide that live consultation with advisors. And I'll go into more detail on that here in a moment.

All right. So technology capabilities. Obviously, we wouldn't be able to truly integrate with partners. And when I say integrate, I want to be clear on what our vision of embedded is. It's not an affinity relationship. It's not a referral relationship. It is truly embedding our solution within the mortgage ecosystem, within their technology to be able to present opportunities to clients, have them accept that opportunity, and then digitally transfer information into their loan origination platform. All right. And beyond that, we've – I mean, to do the things that we've been doing up until now, it's been a significant investment just in getting CRMs, and technology, and various things that we've had to.

But we – and I talked about mortgage, but I mean there are – as we've mentioned with Westwood, there are lenders – I'm sorry, there are builders, but there are lenders, the brokers, real estate agents, again, creating this solution that we can embed within multiple ecosystems.

National capabilities is really important, right? If we want to play with the big lenders out there, you have to be able to lend in all states. Our platform, as we've discussed already today gives us, and affords us the ability to operate in all 50 states. So, again – and we're today partnered with a large number of the national carriers. There's a subset of more regional carriers that we also operate with that we are working with to create these solutions.

And then finally, what we have with millennial or MSI, the ability to have proprietary products, or have products that are being created that we can assist in delivering to the general public is really, really critical. And it's a great advantage and my sense that we have the ability to partner with them, and be able to offer their products.

Westwood Brings Instant National Scale in Embedded Building Channel

Okay. As Trevor talked about earlier, Westwood has been a phenomenal addition to Mainstreet, and they are executing extremely well, even in a challenging homebuyer environment. Westwood sets the standard for a truly embedded national distribution channel.

And as, again, discussed earlier, embedded with 14 of the top 20 national homebuilders in the United States. They have, in my opinion, one of the longest tenured and most successful embedded strategy. So I just referenced, that strategy accelerates our timeline for truly getting into embedded solutions. Taking the solutions that they have today, the technology, and the capabilities that they've already developed and expanding on those and leveraging those to go deeper and wider within the various referral partners that exist.

As we continue to build out the Westwood platform, we will look for ways to continue to embed within their solutions as well as ours.

Early Success in Organic National Expansion Strategy

Okay, so early success in the national expansion strategy. So we opened a National Sales and Innovation Hub in Charlotte, North Carolina at the beginning of the year. That group has grown from effectively zero sales advisors to now over 130 sales advisors. That group has expanded what we were doing before, which is effectively selling in one state to now we're selling in over 35 states.

And as you can see by the net advisor count, our traditional business or what I would refer to as our legacy businesses that have existed in the state of Florida, have been fairly static in terms of advisor headcount, right? Ninety-six in January to 106, not a significant amount of growth there, versus the middle section of that, light blue section, which represents the National Sales Center, growing again from a very small number in January to, at this point, it's now over 130.

Correspondingly, if you look at the new policy sold, you'll see, again, some growth, but relatively flat in the legacy business in terms of policy count, not necessarily premium but policy count, versus then that little blue line as it relates to what Charlotte is. And as Trevor mentioned previously, in nine months, that group is now representing 50 percent of the Guided Mainstreet policies being generated on a monthly basis.

But I think more importantly, going back to embedded, because it all goes back to embedded for us. If you look at the addition of Westwood, which represents that 55, and then you take that and lay that across the second graph, the new policy sold, right, you can see the power of an embedded solution. You can see what 55 people are doing relative to, what, 230-some people – 250-some people are doing, right? To me, that's powerful. That's the focus. That's where we're spending the majority of our time.

And as you can see, as we mentioned before, that we've invested roughly $16 million through our P&L and almost $400 million in M&A to build out what will become the national personal lines platform supporting multiple embedded channels.

All right. So continued growth as we move forward, the goal would be by the end of 2023, that, that National Sales Hub will – Sales and Innovation Hub will be north of, or in the area of 250 advisors. So we can then – we plan to continue to grow that, to grow that platform, that foundation, so that we have the ability to stack significant embedded production on top of them.

Importantly, on that business, it is important to note that we do not pay renewal commissions on that business. So that, by the end of 2020 – so by 2024, we expect this business to be much larger than it is today and generating significant free cash flow. And over the long term, we expect this to be one of our highest margin businesses.

So, from the start as a Florida-only business, to scaling across the nation, and now adding Westwood, we are excited. A critical key to success here is vetting and developing talent. Trevor mentioned earlier, we've had a very rapid ramp and a very aggressive hiring and training schedule, again, growing from zero to 130 people, being able to put a competent and talented individual on the floor selling in about 38 days.

We're excited about the massive opportunity, we have to take this model and embed ourselves in more distribution channels like mortgage. And on my team, obviously, we have deep relationships in the mortgage space. And given our combined 60-plus years of mortgage experience, we have an informed perspective on what a mortgage company would be looking for in an embedded partner. What can we bring to their business that maybe somebody else couldn't? And we're excited about the opportunities in front of us for both 2023 and beyond.

Wrap Up

To wrap up, I'm very pleased with the progress we've made to-date. I believe that we have the foundation in place, and as well as our embedded strategy now. And with the boost of Westwood and product development ability and experience within BRP, we're well-positioned. We expect Guided to remain a meaningful part, and contributor to the organic growth and earnings going forward.

Thank you for your attention. We're going to take a short 15-minute break, and then you'll hear from Jim Roche from – to speak about the MGA. Thank you.

MGA of the Future

Jim Roche

Chief Insurance Innovation Officer, BRP Group

Introduction

All right. Good morning. I'm Jim Roche. I am the Chief Insurance Innovation Officer for BRP. I'm also a Co-Founder of Millennial Specialty Insurance, MSI, which is BRP's MGA of the Future. Prior to founding MSI in 2015, I worked at several different insurance companies, including QBE, where I led strategy for QBE's North America Personal Lines Group, which included Westwood.

What is the MGA of the Future?

Okay. So what is the MGA of the Future? So we are a tech-enabled managing general agency. And so that means that we're doing most of the carrier – the insurance carrier functions in that model but doing it in a commissions and fee-based approach. So not taking any of the balance sheet risk as part of doing that work.

We also manufacture our own insurance products, and those are typically set up and, you know, tied into a specific distribution channel. So you can see on the left, we distribute through three different distribution channels, our biggest of which is embedded.

We also distribute through internal BRP retail agents, as well as through some strategic external retail agents as well. And we'll talk more about the distribution on a future slide.

So again, a few things to point out. As an MGA, we have our own proprietary technology stack that is all custom built, which supports all types of property and casualty insurance. And as we show, we're doing those carrier functions. So pricing, underwriting, renewals, policy administration, we do all of that work within the MGA on a capital-light basis. We're not taking any of the balance sheet risk. So we're focused on technology, on delivering a strong loss ratio, on a great customer experience.

And you can see on the right, we show some of our select insurance carrier partners as well as some of the reinsurers. We have a number of insurance carrier partners we work with, and then corresponding reinsurers that sit behind those insurance carrier partners. They're the ones that are taking the balance sheet risk.

MGA of the Future At a Glance

Okay. So some facts and stats around MSI. Upper left-hand corner, when we joined BRP in 2019, we had 77 million in net written premium. And you can see up there, we're now at 660 million in net written premium. And that's in less than three years or just – I guess, just over three years since we joined BRP. That makes us one of the largest non-carrier-owned MGAs in the country.

Upper right, we have a comparison there of where MSI was at the end of the third quarter in comparison to BRP at the IPO just under three years ago. And so you can see, on a revenue basis, growth and then pro forma EBITDA, we have well more in terms of overall return and size within the MGA than BRP did as a whole three years ago.

The part we are most proud of on this slide is our less than 50 percent aggregated loss ratio. So to us, the key part about being an MGA is having a sustainable business model. And that means that everyone across the chain wins, right? So we run at a good loss ratio. It means our insurance carrier partners are making money and winning, the reinsurers behind them are winning. So the entire value chain, the agents, the MGA, the insurance carrier, and then the reinsurance partners, they all have to win in order for it to be sustainable. And we've run strong loss ratios since the inception of MSI back in 2015.

I'd like to point out our pro forma EBITDA of 51 million. That number is net of the 23 million of investments we put into the MGA year-to-date in 2022. We'll talk more about those investments on a subsequent slide.

And then finally, just the overall business mix. So you can see on the bottom left, the original business of MSI was renters' insurance. And currently, it's down to just being a quarter of our overall premium across the entire MGA. We've got a good mix of property and casualty business. All of these lines are growing, but we're very, very well diversified at this point in time.

MGA of the Future Evolution

Okay. Looking at the evolution. So, as I said, back when MSI joined BRP in 2019, we were a renters-only MGA. And so you can see each year, we've added additional products. In 2020, we added the Master tenant business. We added more products in 2021, and more in 2022. These are in a combination of inorganic and inorganic means. And you can see, again, how the renter's percentage of the overall premium went from 100 percent to 92 percent to 46 percent and then now to 26 percent today of our overall premium.

And we think this really delivers on the overall strategic rationale for why MSI joined with BRP. Leveraging our technology, our MGA capabilities, focusing on advantaged access to distribution, helping to support, and solve the needs of the BRP retail agents, and then just capturing more of that overall value chain within BRP as a whole. All are remaining a fee and commission-based business, not taking any balance sheet risk.

The inorganic growth has come through several partnerships and the organic growth has come through us building programs internally, and then growing those partnership-based products once they've arrived. Very proud that more than half of our growth going from 77 to 660 is driven organically. So 65 percent was driven organically versus inorganically, in terms of going from the starting point there in 2019 to the 660 at the end.

We're showing there on the far right, five products under development. We put a lot of investment into developing new products, that's going to continue into the future in terms of working to roll out more and more products within the MGA. And on the bottom, we show that new project incubation process. So it's relatively simple. We identify an opportunity. We find the right leadership and talent to come in and run it. We get capacity in place. We build the necessary tech. And then we work to launch.

And all these steps are driven or helped by two things. The fact that we have great technology in place, which allows us to attract talent, and we run a superior loss ratio, which helps us bring in capacity to support those new programs.

Distribution is King

Okay. So the ways that we distribute. So we look for high-quality differentiated distribution. That's where our tech is built around facilitating. That's what our new product team is built around trying to focus on finding new opportunities around. It just generates better overall results. It's a superior loss ratio, and that creates, again, the win for the entire part of the value chain.

So first, on the embedded front, so you can see 65 percent of our business is embedded. MSI was originally an embedded MGA. We didn't talk about that term embedded back in the day, but originally, we were 100 percent embedded. And that's still how we sell the renters business today. It's all sold through integrations with software providers that allows us, in many cases, to offer renters at the point of lease when someone is going through and renting an apartment.

Westwood is a similar type of model. We have the partnerships now with 70 percent of the top 20 homebuilders in the US. We're working to expand that partnership into even more builders and mortgage originators, but that's done also in an embedded fashion to facilitate a very simple ease-of-use process, and to guarantee we'll have insurance in place at the closing table.

We're huge believers in the importance of embedded. It's simpler. It creates a better, more efficient economic model. And it just gives us access to a superior less price-sensitive customer, typically, somebody that's going through a life event.

All right. On the internal, so this is selling through BRP's internal retail distribution. So between Middle Market and Mainstreet BRP places over four billion in retail premium. And that number is growing. So, it's a massive opportunity for us to manufacture custom insurance products and sell those through BRP. That allows us to create a better customer experience for BRP's clients, and ultimately, again, capture more of that value chain. So you go from just being retail to being retail plus MGA on top of it.

We do pick our spots. We're never going to come close to four billion sold through BRP's retail operations, looking to find areas where we have business that runs a good loss ratio, there's capacity, support or interest. And it's a big enough cohort that's worth it to build a product around.

And then finally, we have our strategic external distribution. This is typically niche products or its niche distribution. We do not play in mass market insurance. We're very, very careful about working in non-embedded, non-internal partnerships. Again, it's all about continuing to deliver strong loss ratio results, strong underwriting results, which creates the win for us, and our capacity providers.

Investments to Propel Sustainable Outsized Growth

All right. So talking about the investments. So, Trevor mentioned the 23 million that's been invested in the MGA in 2022 so far. So you can see five – that breaks into three buckets. So you've got the homeowners on the left. Then sort of the non-homeowners, so it's underwriting and new product development in the middle, and then infrastructure and scalability on the right.

So on the homeowner's bucket, we've invested five million so far this year in 2022. That's on top of three million that we invested in 2021. The team for homeowners sits now at about 70 people. We sold our first homeowners' policy in February of this year. And then across the various homeowners' products, which includes the QBE book of business, we're now at 125 million in premium so far this year.

Our ability to enter into that PAA with QBE to absorb that book would have never happened. We could not have done it, if we weren't already working to all our own set of homeowners' products across the country to meet various needs.

On the underwriting and new product development, that eight million is put into various things. So at a high level, it's helping to support additional renters' growth. It's building out more things with our commercial umbrella programs, with our D&O programs, and then we now have a new product development team. So we set that up now as a new division with its own president solely focused on building and rolling out, incubating – finding, incubating, and then rolling out new programs within the MGA and for BRP as a whole.

So again, that team is focused on launching three to five products next year, that will then generate revenue in the second half of next year and then beyond.

On the infra side, again, this is – we're growing so fast. This is around helping to support us as we have a rapid growth. It's building more scalability. Its development tied to those new products, and then it's also building on a world-class data analytics team to help support the current size and scope of the MGA.

Near Term Opportunities

All right. Last slide. So just in terms of where we're at in near-term opportunities. We're very, very excited around the runway in front of us. We think there's a huge payoff on the investment that we showed on the previous slide.

First, within renters, our current clients are still growing at a very, very strong pace. We're also planning to roll out several new clients next year, which will be material to continuing to drive more growth within that renter's channel.

On the home side, we're just getting started. Last week, we had an additional Texas product approved by the Department of Insurance in Texas. That will be our fourth different homeowners' product in Texas, all aimed at different niches in the market in an effort to sort of find smart places to grow in the state. We also have a homeowner's following in with the California Department of Insurance, waiting approval.

We're working on a high-net-worth homeowners program to be national in scope. And then we're also looking at strategic external distribution that's worth it for us, where it makes sense with new retail and embedded partners.

On the flood front, we've had flood in beta for the last year. This past weekend, we actually launched a third different flood program. It's a more tailored product, and we're now going to begin pushing harder on flood from a distribution standpoint to roll that out, again, both internally and externally from a distribution standpoint. We're also going to be launching a commercial flood program in early next year, for which we're happy to share that we've already secured capacity, and that capacity was secured post Ian in the middle of a very challenging market from a capacity standpoint.

And then finally, on the new product incubation area. Again, we view this as a conveyor belt. We talked about the three to five programs that we're building, and then we'll turn that into a momentum-based program. So again, those three to five programs end up launching next year, and we'll find more programs to work on next year, they'll then launch the year after, all tied to working on programs that generate revenue in the next year and then repeating that cycle again and again to help facilitate additional growth in more and more different lines of business across the MGA.

All right. With that, I'm going to turn it over to Brad, our CFO, to talk about our financial performance.

Financial Performance

Brad Hale

Chief Financial Officer, BRP Group

Introduction

Thanks, Jim. I guess, somebody had to follow Jim. So I guess that I drew the short straw this morning. Good morning. My name is Brad Hale. I joined BRP in 2019 as the Chief Accounting Officer. I was promoted to the CFO in 2021. Really appreciate you all being here today. We greatly value shareholder engagement, as I think many of you have seen over the years, and we've been looking forward to this day for months and months. So I really appreciate you being here.

Key Messages

I'm going to focus on three key messages today. One is financial performance and execution. A second is strengthening our balance sheet. And third, we're going to talk a little bit about capital allocation.

In terms of financial execution, quite frankly, our performance has been exceptional in the short time we've been a public company. We have industry-leading organic growth that we expect can continue well into the future.

In terms of strengthening our balance sheet, we have built an organic growth engine that continues to provide earning growth that's meaningful to the business. We continue to focus on profitable organic growth and looking at initiatives that are going to drive earnings, drive EPS, and returns well in excess of our cost to capital.

We believe this growth can naturally deliver the business over time from where we are today without material debt paydowns.

When looking at capital allocation, if you look at it historically in 2020 and 2021, we were heavily focused on partnerships. We brought in some wonderful firms that are contributing to the organic growth you're seeing today, as Trevor discussed earlier.

Now you've seen a shift and a lot of today has been talking about the internal investments we're making with a focus on internal investments that are driving a rate of return in excess of that cost of capital. Some of those are the MGA that Jim just went through, or the Mainstreet initiative that Dave discussed, where some of the investments in technology we're making to make our service professionals more efficient in the Middle Market.

We do expect the level of some of these de novo investments to decline over the next 12 to 24 months, while some of the investments we've made and been talking about today season into the business.

Track Record of Strong Financial Performance

So, a few folks last night said I should just flash this slide and walk off. I think maybe that's my presentation skills coming through. I don't know. But I am going to persist. So, as I said, we're just thrilled by our financial performance to-date.

If you look at the revenue growth, 97 percent CAGR from 2019, driven both by organic and partnerships. I think even more impressive than that is if you look at the sort of circle on the bottom below the revenue table, it's showing our organic performance during those periods. So, as we have scaled the business that organic performance has actually improved.

We are confident in our ability to continue to maintain outsized organic performance. We get asked a lot of times, hey, how are you generating those organic results? And it's a combination of things. One, the right people, the investments we're making, which we've pulled the hood back on this morning quite a bit. The processes, the go-to-market strategy. Dan talked a lot about how that's making our producers more effective in the Middle Market.

And finally, just a culture of growth, where we hire and partner with folks that are focused on growth and that, that really drives their success. Adjusted EBITDA has also grown quite a bit at 94 percent CAGR since 2019 and adjusted EPS growing at a 61 percent CAGR. You'll see margins is the one place where we've stayed pretty flat. But if you consider the investments we've made in the business, we actually consider this a pretty good outcome, and that those investments are yielding the growth you're seeing, both in adjusted EPS, adjusted EBITDA, and organic growth.

Organic growth will continue to be the driver of our success. We believe it is the most important industry metric in our industry, and the most measurable in terms of success. And so, let's discuss a little bit about how we think about organic and allocate capital.

Investing in Organic Growth to Drive Long-Term Value Creation

So, I think we've shown this screen to some of you previously. This is an illustrative view. It's not meant to be BRP itself. But it's showing two companies, and it's effectively showing how sustainable outsized organic growth can create compounding effects that drive long-term value.

So company A is operating at a decent margin, 25 percent, 15 percent organic. Company B operating at a much higher margin, but a much lower organic growth. And the table is showing how that company with the more modest margin, but higher organic growth over time, and really, you see an intersection there at about the three, four-year point. Over time is driving significantly more earnings growth compounding into free cash flow.

We've built the business this way, effectively foregoing margin in the short term based on the investments we're making for this compounding growth in the future. And this differs significantly from what a lot of our peers are doing. Their prioritization is simply different. But this is the way, we think about the long-term growth trajectory of the business.

Sitting in my chair, as I evaluate opportunities that come to us through our leadership team, quite frankly, if 10 years from now in an exaggerated stance, we're still at 20 percent margin, but we're putting forth 20 percent organic growth, like I would take that outcome. Because what it's going to drive is substantial earnings, and free cash flow growth on behalf of our owners and shareholders.

The margin lever is there, and it will contribute more meaningfully in the future. But we still focus on opportunities that will drive real free cash flow and earnings growth to the business.

The executive team you've seen here, and all of our executive team is highly aligned with our shareholders. We still own approximately 50 percent of the business with our partner entities and are highly motivated to see the same outcomes that you'd like to see.

Capital Allocation Evolution

We talked a little bit about our capital allocation strategy. If you look through the second quarter of 2022, we were really focused on growing through partnership. We partnered with some of the top-performing firms in the country, which has given us the scale, and the opportunity to invest internally like we have.

We often get asked what do you look at in evaluating partnerships? And really, there's only one item that's on the list twice, and that's organic growth. So we look at a track record of organic growth, we look at a management team, we look at culture and we look at specialization. And Dan talked about the power of specialization a little bit in his presentation on what that's bringing to the Middle Market.

We look at quality over quantity. We've done much fewer deals than many of our peers, but the deals of today are the organic growth of tomorrow. And I think if you look at the organic growth we're driving today, you can conclude that the deals we've done in the last 12 to 24 months are really bringing that value to shareholders.

We look at returns that make sense at the time of closing, as well as returns that make sense for us at the time that the earn-out is paid. And our typical target is to be in the high single-digit EBITDA multiple at the time the earn-out is paid based on a TTM EBITDA at that period of time.

The percentage of partnerships in terms of driving our overall growth is going to shrink. We are growing in scale. We've talked about it, but partnerships will be a meaningful part of our strategy over time, and you'll continue to see us be successful in that space. The scale and the high quality of leaders we brought in, though, has allowed us to now focus a lot on internal investments.

The returns on those internal investments, particularly over the short-term can be much better than M&A. We look at those returns in relation to our cost of capital, and we allocate capital where we think we can get the best return. We do get many opportunities internally based on our leaders, and we try to deploy that capital as best we see fit, both for our success and yours.

The recent areas of focus we've talked about today we talked about the MGA homeowners' product. We talked about the Mainstreet Guided build-out in the National Center, as well as advisor out hiring and sales infrastructure that we're doing in the Middle Market. Again, the returns on these investments we expect over the near term to even be superior than those that we've seen in large partnerships.

Margin by Business Segment

Here's a look at margin by segment. And there's a few things going on in this slide. One, we're showing LTM adjusted EBITDA and margin for each of our segments. We're also showing the de novo investments that are burdening those margins as well as the organic growth of those businesses, and some commentary around the focus of those investments.

We have been investing heavily in organic growth, which has kept these margins I'll say, below where our peer set is.

But what do we mean by some of these de novo investments? So really, these are new solutions, products, and technology, that at this time are yielding little to no revenue in their first year. Some of those expenses are one-time in nature. There are some start-up type costs, but a lot of them are ongoing payroll, which we expect to be absorbed by revenue in the business over a three-year time period.

We do see that we'll be making meaningfully less de novo investments in 2023 as some of the investments we've made over the last 12 to 24 months season into the business. Our investment in tech and – in technology as well as growth, as Trevor mentioned, we believe, will yield a margin that is superior to our peers over the long term. And I think the short message is we have a long runway towards improved margins over time.

Balance Sheet Review

And looking at the balance sheet. So we did increase our leverage to get the Westwood transaction completed. Hopefully, through Jim's presentation, as well as what that's contributing to today's business in Mainstreet, you see the strategic value of that transaction. But we do remain committed to our long-term target of 3.5 to 4.5 times net leverage. And we believe that's the appropriate target for our business.

We have no major debt maturities as you see until fiscal year 2027. So we do have a lot of flexibility remaining in our capital structure. Rather conservative assumptions, and I'll walk through these on the next slide, can get you to near the high end of our 3.5 to 4.5 times net leverage by the end of next year. That's really driven by organic growth, continued organic growth in the business, EBITDA growth, and the growth in free cash flow.

Note that as of 9/30, we were paying slightly above 6 percent on our floating rate debt. Last week, we did add $1.2 billion notional interest rate caps at a 7 percent LIBOR strike price for a one-time cash payment of a little less than $4 million that will be amortized into the income statement over three years.

We felt like this was a prudent decision, a relatively affordable form of insurance to protect against an extreme interest rate environment. We are currently receiving proceeds on our $300 million notional 1.5 percent interest rate cap, and that expires March of 2024. We purchased the notional of $1.2 billion, really with the forethought of it would cover our full net deck stack even upon the roll-off of our March 2024 cap.

Expect Strong 2023 Despite Challenging Environment

We shared these results or these expectations last week on our earnings call, but I'll take them briefly here as well. We are taking what we believe is a cautious approach to 2023, given overall uncertainty in the economy. But we still expect a strong year. We have guided to the high end of our organic growth long-term range of 10 to 15 percent. Total revenue of 1.14 to 1.17 billion; adjusted EBITDA of 250 to 260 million.

And some of us have asked me, how do you bridge to that 4.5 times net leverage using those metrics? So I'll walk you through a little math if you stay with me here. So if you take – we're at roughly 1.24 billion, 1.25 billion of net debt currently. If you look at even the low end of our 250 million range and $100 million in free cash flow, and that's net of what we've said is 100 to 110 million of cash interest expense next year, you'd be at a net debt of approximately $1.14 billion based on the free cash flow generated.

Taking that versus the low end of the EBITDA range of 250 million, you come to about 4.56, I think, net times net leverage. So using what we believe are the low end of our ranges, you can conservatively get at a model where we're back in the range of our long-term net leverage goal by the end of 2023.

Key Takeaways

Key takeaways. Since our IPO, we have generated significant organic growth and earnings in the business. But we are still in the early innings. I think Trevor said the second inning. But we are still in the early innings of this business and see great opportunity to continue that outperformance in the future.

We are strengthening our balance sheet through continued organic growth and growth in both EBITDA, and earnings ,and free cash flow. Both of these will have a positive effect on our net leverage.

We will remain disciplined on capital deployment and allocating to those ideas and initiatives internally that we believe give us the greatest long-term results for our shareholders and for the business.

And with that, I appreciate your time. And I'll now pass it back to Trevor for his closing remarks.

Closing Remarks

Trevor Baldwin

Co-Founder & Chief Executive Officer, BRP Group

Thank you, Brad. And I just want to say thank you to everyone who invested their time with us this morning. We really appreciate your continued interest in BRP. And now just give us a few minutes, we're going to bring all the speakers back up on stage, and we'll host a Q&A session. So thank you.

Q&A

Trevor Baldwin: All right. Where's Brad? Where did Brad go? Okay. We'll get started, and if you ask any tough questions, we'll hold them for Brad. So we'll start with Greg.

Gregory Peters (Raymond James): Good morning. So I'm going to ask three questions. The first question will be just on the organic in Middle Market and Mainstreet. Maybe you can give us sort of the interplay between what's coming in the form of rate from price increase versus actual unit account or exposure account growth? It's a good starting point just to dissect the organic numbers you've produced.

Trevor Baldwin: Yeah. Greg, great question. So I'll take that at a very high level, which is our organic growth has never been meaningfully propelled by either rate or exposure unit expansion. So, if you look at the 28 percent organic growth, we delivered in the third quarter of this year, only 2.7 percent of that came from a combined tailwind of rate and exposure.

In fact, the vast majority of that organic growth comes from new client wins. And so as we think about the guidance and expectations that we set for 2023, while we expect that rate will continue to be a tailwind, there's puts and takes to that. We think that the impact from exposure is actually going to begin coming the other way, as we see and anticipate a more challenging economic environment.

So despite all of that, because of the unique ways in which we go to market, the success of those strategies, we expect that we'll continue to be able to deliver meaningfully outsized organic growth at the top end of that 10 to 15 percent range.

Specific to Middle Market and Mainstreet, I would say we expect rate to be more pronounced in Mainstreet because of how concentrated that particular business is in the homeowners product line, where we expect pretty healthy rate action next year as a result of all the loss activity from both this year, Hurricane Ian, and just kind of the industry losses that have been absorbed over the past few years, as well as exposure will likely continue to be positive in that line of business because it's not really tied to headcount of revenues, it's tied to replacement cost, and the type of inflationary environment we're in, we expect to continue to pull through increases in replacement costs.

Middle Market, we suspect rate will be a little bit more muted. Now property rate, particularly property cap rate is going to be, I'd say, traumatic is the word I would use to characterize it. But there's real puts and takes to that, because clients, they changed their buying patterns. If rates going up 50 percent, they're going to buy less limit. They're going to take more risk in the form of retentions and deductibles, and they're going to deploy various strategies to mitigate those cost increases.

Gregory Peters: Thanks for the color on that. The second question was just on – Brad, you talked about the debt leverages. I know, Trevor, you've talked about it to the 3.5 to 4.5 times. It just seems with where interest rates are now versus where they were a year ago, that, that target range would have been changed because of the higher cost of debt. And maybe associated with that, I know John is sitting here, but we haven't heard much about the M&A market and maybe you could talk about your perspective of how debt leverage might change and then M&A, too?

Trevor Baldwin: Yeah. Brad, do you want to take the leverage, and then I'll comment on the M&A market?

Brad Hale: Yeah. I'd say when we look at what we communicated as our net leverage target, we're really thinking about the long term of the business, Greg, and that even in volatile interest rate environments, we believe this business based on the free cash flow it generates, the sustainability and retention of clients can operate in that 3.5 to 4.5 times range. We do internally consider when we're going through either internal or partnership investments. The merit of those in relation to our cost of capital at that time, but continue to believe over the long term, our business can sustain that net leverage.

Trevor Baldwin: And Greg, on the M&A front, I mean, partnerships have been an incredible contributor to building the business we have today. The organic growth results that you're seeing are being powered by firms that we partnered with in 2019, 2020, 2021. And so, while we expect a muted M&A environment for ourselves at least over the course of the next 12 to 18 months or so, as the backdrop becomes more favorable, we expect M&A will return to being a meaningful contributor to our overall growth and success.

As we think about allocating capital and M&A, we think about what's the external economic environment, what's happening with cost of capital. And all of that factors into our expectation of the attractiveness of deploying capital into partnerships versus internal deployment versus balance sheet strengthening.

And so as we sit here today, based on what has effectively been a doubling in the cost of debt capital for our peers, what is certainly just a higher cost of capital environment more broadly, we believe that responsible investments internally as well as strengthening our balance sheet, so that we're well positioned to be opportunistic when the environment improves is the prudent approach.

Gregory Peters: And on the investment side, then this is last question. You have a slide here where you talk about de novo investments, and it looks like it's running about 60 million or so. Is that the trailing 12 months? And should we think about that as sort of the ongoing run rate? Or is that going to be going higher every year? Or just – put that number in context for us.

Trevor Baldwin: Brad, do you want to take that?

Brad Hale: Yeah. So the 60 million or so is about the trailing 12 months impact of those de novo investments. And what we've said is we are not expecting that run rate in '23 that we need to see some of these investments season into the business. Now, we do continue to make ongoing investments in the business in normal course, right? We continue to grow sales advisors. We continue to make sure that our – we've got a service level that is exceeding our clients' expectations, right? There's certain infrastructure that we're building each year.

But these we’ll really select de novo investments that, like I said at the time, we're generating a little to no revenue, but that we think have large potential in the future. So we had a pretty substantial reinvestment program last year. Some of that is carried into this year, some of the investments this year carry into next year, right, in terms of impacting the P&L, but we do not expect that same level of de novo investment in the near term.

Trevor Baldwin: Greg, I'd just add on a few points there. One, a meaningful amount of that 60 million is what I would call foundational investments into the necessary infrastructure to

deliver the outsized organic growth you've come to expect of us at scale. And that's not reoccurring in nature. While it may take a few years for that foundational investment to earn in, that you can think of as kind of a one-time in nature type foundational investment.

And then there's some of those de novo investments that are things like launching new products, building out new capabilities. And you can think about those as while they generate little to no revenue in the first 12 months or so, delivering meaningful ramps in organic revenue growth in the consecutive years. And as we've said in the past, we expect, in general, these investments take about three years to fully earn into maturity from a margin and P&L perspective.

All right. We'll take a next question from Elyse.

Elyse Greenspan (Wells Fargo): Hi. Thanks. Elyse Greenspan, Wells Fargo. My first question, you guys mentioned that you guys have a robust pipeline within the MGA business. So, I was just hoping you could expand on what that means? What other opportunities you're looking at? And just over what time frame they could be impactful to your revenue?

Trevor Baldwin: Jim, do you want to take that?

Jim Roche: Yeah, for sure. So for 2023, we kind of mentioned we're going to be launching a commercial flood program. We're also working on launching additional Texas and California admitted home programs. We're working to launch a high-net-worth program being both at BRP distribution through Middle Market as well as external. So those are kind of three of the five we're looking at for next year.

The idea is they launch next year, they generate some degree of revenue over the second half of the year, and then they continue to scale throughout 2024. And then once those three to five are kind of incubated in the process, we'll identify the next segment or cohort of products to launch from there. So it's a bit of a conveyor belt in terms of – as Trevor said, we invest in year one, generate revenue in year two, but we're planning to kind of continue that process. And if we can speed it up over the next several years.

Trevor Baldwin: Elyse, I think you can think of what Jim and the team have built at the MGA platform as an assembly line, right? And so year one, we've identified the product opportunity. We assemble the team. We began building the tech. We source the capacity. All of that comes together, and ultimately usually over about a nine to 18-month time period, we're able to go – get into actually launching the product.

Usually, you've got about six months of beta as you're tweaking that product, making sure it's set up appropriately before that ramp then really escalates from a growth standpoint. But the idea is that this is now going to be a continuous cycle. And so as new products are coming off the conveyor belt and into incubation and then ultimately into its own stand-alone product group, new products are going through the development phase, and then launch incubation roll out into its own product group.

And so the idea being that we're building this conveyor belt of products that will power the continued high levels of organic growth that you've seen from this part of our business well into the future.

Elyse Greenspan: You guys – you also mentioned, Trevor, that partnerships are going to be more episodic. I think you said as you look to fill in geographic holes. So partially, I thought,

right, the reason you guys might be more muted on M&A, right? Deals are more expensive. We've seen the cost of interest rise and multiples haven't necessarily moved that much.

But – so is the return to M&A more a function of just finding deals that fill those geographic holes, seeing movement in either price of deals, or interest rates? Or is it a combination of all?

Trevor Baldwin: It's all of that, Elyse. It's if we return to an environment where capital is nearly free, but there's not high-quality opportunities that appropriately fill in and complement what we already have, you're not going to see us do M&A. Conversely, if we see some great opportunities, but cost of capital is escalated further, there's incredible – tremendous volatility in the economic backdrop, we're going to be more cautious.

However, what I would expect is as the environment and backdrop becomes more constructive, we'll begin to see higher quality assets begin coming to market again. And the reason for that is really high-quality businesses. They get to choose the time they come to market. And they're going to want to come to market at a position of strength where they've got a really solid backdrop to be able to launch a process into. And so we know who most of the really high-quality platforms are remaining out there. We have ongoing dialogue with most of them. We don't anticipate a significant, if any, volume of high-quality platforms coming to market over the near term as a result of the backdrop.

Elyse Greenspan: And then on the organic side, you said you're taking a cautious approach to 2023 and set the high end of that 10 to 15 percent range. So what if the environment is stronger perhaps than that cautious view, right? You've been showing really strong growth in your specialty business. Is there a scenario where you could show organic growth in '23 that approximates the 20 percent you guys are expecting this year?

Trevor Baldwin: Sure, there's a scenario, but we're not going to set expectations to that with being 18 months out from the end of 2023, having a ton of uncertainty in the world. And so we feel confident around delivering at the top end of that 10 to 15 percent range. And as we have in the past, as we get further into next year, gain more clarity around the operating environment, we'll continue to update you all as to the expectations that we see in the business.

Yeah. Next question from Mike with BMO.

Mike Zaremski (BMO): Mike Zaremski at BMO. Trevor, in your prepared remarks, when your slide showed organic growth was 12 percent for acquisitions – prior to the acquisition and then 21 percent thereafter, I was hoping maybe you can unpack the 21 percent. Is it weighted towards certain segments? How – is 21 percent is a big number. It's a great accomplishment. Just curious how sustainable is that? Or is there kind of like a one-time pop you get post acquisition adopting your technologies. I just want to unpack that 21 percent.

Trevor Baldwin: Yeah. It's a great question. The short answer is, yes, we feel like it's sustainable. And the ultimate driver of that is myriad. So the cohort of partnerships making up the statistics range across our segments and would be reflective of kind of the deals we've done across those segments. So a lot of that's in Middle Market, where we've had the most partnership activity, but some of it would certainly be in Medicare, some of it would certainly be in specialty.

So as we think about what drives that acceleration? One, in the Middle Market, as you heard Dan talk about when those platforms joined BRP, they gain access to a broader array of tools,

resources, and expertise. And so, that opens up the universe of prospective client opportunities that the risk advisors joining us through those new partner platforms are able to pursue.

Additionally, they are able to begin integrating into and learning our score training model for sales techniques and capabilities, adopt our risk mapping process for engaging with prospective clients, all of which lead to more productivity through higher win rates on prospective client opportunities. And so you saw the stats that Dan shared on the last slide in his presentation, where just, frankly, the productivity of our risk advisors, our nomenclature for a sales producer is more than three times greater than the industry average.

And what you saw in a stat that I shared was the cohort of risk advisors that have joined us via partnerships because they tend to be even more seasoned because those partners who joined us didn't necessarily have the same ramp in kind of new to industry hiring is their productivity is even greater.

Forget the specific step, but I think it was like new business production for those risk advisors that joined us from the '19 and '20 partnerships was at nearly $300,000 year-to-date this September, which is even greater than the average of our overall risk advisor base on – that have been with us for more than three years because they tend to be more tenured without that same level of ongoing hiring that's occurred before they joined BRP.

On the MSI side, just to close off on that, it's similar type outcomes. We get them on to our tech stack, which enables incredible efficiencies, speed to market. We're able to source capacity more freely for them because of our track record in the reinsurance marketplace, consistently delivering profitable business. So an example would be Arcana. We closed that transaction in December of last year. They came in and had a specialty program for real estate investors, but they were constrained by capacity, and they were constrained by their technology.

And so we've been investing in improving their technology and ultimately migrating them to our tech stack. We sourced meaningful amounts of incremental capacity that have enabled us to accelerate the growth of that business. And it's growing in excess of 100 percent now, right, Jim?

Jim Roche: Yes. All over.

Trevor Baldwin: Next question?

Pankaj Chandak (Granite Investment Partners): Pankaj Chandak from Granite Investment Partners. So you talked about the investment period and three years sort of it takes for it to start paying off. On a longer-term basis, what should we think of as – what's kind of a reasonable EBITDA margin profile when you're growing at, say, mid-single-digit type sort of industry average, right, like your larger peers?

And then that point versus today, 2022, do we feel like gradually, right, we want to kind of march towards it, right, not sort of committed to it but slowly sort of inch up the EBITDA margin profile there.

Trevor Baldwin: Yeah. So a few things. One, I'm not going to get explicit on what the margin profile is other than what I've said in the past, which is we believe who our investments in technology and infrastructure that our margin profile at maturity will be superior to that of our peers. And you can look our peers on average are around 30 percent. We intend to invest in and continue to build a business that doesn't revert to the mean of mid to high single-digit

organic growth, but that continues to deliver double-digit organic growth throughout both market and economic cycles as we continue to scale the business.

And so, while our focus is first on driving profitable organic growth and growth in earnings on a per share basis, naturally, as we scale, as you see some of those foundational investments we've been making in infrastructure, yeah, we'll see margin come out and expand, but we're not going to commit to certain amount of margin improvement on a year-on-year basis because we need to remain optimistic to invest in incredible opportunities.

If I have another opportunity, and Jim has another opportunity to launch a product similar to what we've done with home like then we're going to do that. And we don't want to feel constrained by expectations being to deliver on a finite amount of incremental margin. The margin is there. It structurally exists in the business.

I think you can see that clearly on Brad's slide that outlines where margin sits on a segment level basis today, while fully burdened with de novo investments. And so that margin is there to harvest over time, but our focus is on profitable growth and growth of earnings on a per share basis.

Pankaj Chandak: Okay. And another quick question. I think you mentioned piece of your business, the renewal, you don't have to pay the sales commission. Could you kind of quickly review how large is that book? And what's the typical sales commission that – I mean, that's a very attractive piece, which probably gets you even higher margin than the industry peers.

Trevor Baldwin: Dave, do you want to take that?

David Smith: Sure. For the – certainly, the national sales hub that just started and certainly the majority of our legacy businesses on the Mainstreet side, we do not pay renewal commission. So they get paid in the first year. The salespeople are – the advisors are compensated on a form of base plus commission or a bonus on the first-year sale, that initial sale and then all subsequent renewals, there is no additional bonus or commission paid on those. So it becomes highly accretive over time as those books grow.

The Charlotte book is relatively small, being that it's only nine months old. But that is true even of our Florida-based groups is now they had that same structure.

Trevor Baldwin: That Mainstreet business, we expect to be our highest margin business over time. Next question from Meyer.

Meyer Shields (KBW): Thanks. Meyer Shields, KBW. I know we've talked about this in the past and you've given us the bottom line, but I was hoping to dig a little bit deeper into what economic weakness means for client receptivity, for example, to rate map or to embedded insurance growth prospects?

Trevor Baldwin: Yeah. So let me take that at a high level, Meyer, is we balance what is going to continue to be a challenging rate environment for our clients next year with expectations for economic weakness, that actually sets up a backdrop for us that we believe enables us to accelerate the rate at which we're taking share.

And the reason for that is a few fold. One, it – in the type of market we're headed into, particularly on property – cap property, where we're going to see a hard market, the likes of which we haven't seen in a generation, expertise, breadth of market access and depth of

capability matter more than ever because it gets increasingly difficult to deliver on the types of solutions our clients need.

We're anticipating the conversations we're having with clients around property placements next year to not necessarily even revolve around price but actually revolve around, can we even secure enough limit to fill out their programs. And so that's the type of market we're headed into. That's the type of market where we can accelerate the rate at which we take share from small to medium-sized competitors that don't have the breadth of access, the depth of resources, the amount of capability.

On the embedded side, we believe it actually increases the way in which we can secure clients through that channel because we've got purpose-built products for those channels. I mean you heard Jim talk about the fact that he's got four homeowners' products now in the state of Texas alone. The reason for that is you build very bespoke products that are priced explicitly for a particular customer cohort, client cohort that we're pursuing.

So, as an example, at Westwood, you heard me talk about on our last earnings call, part of the reason we've been able to maintain and accelerate the growth rate of that business despite a very challenging backdrop for home sales is we've increased the attachment rates that we've had to new homes being sold. The reason for that is a few fold. But one of which is our product is becoming more competitive from a pricing standpoint. The reason being that it's purpose-built for new homes, and it doesn't have the same legacy loss challenges that are associated with kind of the broader housing stock that insurers at large are catering to.

And so there's similar dynamics on renters and other embedded channels. This complexity and the difficulty of the market are things that frankly prove to be tailwinds if we appropriately prepare for them, appropriately train and equip our risk advisors and client service professionals and do the hard work on the front end to build the products and solutions necessary to solve the challenges that those lines are going to have.

So while it's going to be a lot of hard work, we're incredibly excited about the environment we're headed into and the opportunity that that's going to have for us to showcase the – frankly, the breadth and depth of our platform. Yes, Jim?

Jim Roche: Yeah, just real quick. The other thing to add there is, I think because historically, both on the MSI side and the BRP side, we've delivered well better than industry averages for loss ratios, as capacity becomes more scarce, we're in a better position to hold on to that than other players. So we're going to be fine for our 1/1 renewals as an MGA.

We deliver good results. Like there's a flight to quality to some extent in terms of where the reinsurers and the capacity providers are investing in their balance sheet. So we continue doing that, we're in a good position to help succeed both for BRP and for MSI.

Trevor Baldwin: Next question. Pablo?

Pablo Singzon (JP Morgan): Hi. So you've recruited a decent amount of risk advisers over the past few years, and your organic growth has benefited from that. More generally, though, can you talk about how you manage your risk of taking on headcount too fast, right? And if organic growth does that materialize to the extent you expect to see in '23, what levers do you have to manage margins?

Trevor Baldwin: Dan, do you want to tackle that first?

Daniel Galbraith: Sure. The biggest thing we're doing is investing in leadership to support the new adviser population that's coming in. And so that investment is, I think, leads to a very stable outcome as folks come on board. They have the support to train, to engage with all of our processes. They have fast access to resources as a result. And so, I don't feel like we're hiring faster than the pace that we can support.

In fact, our sales leaders are the ones who are doing a lot of the recruiting to bring in the advisers. I mean we really can't bring in advisers too quickly because it's hard to do that. It's hard to do that recruiting. It's a tough market today to gain talent. You need that leadership in place to get those folks in the door.

Pablo Singzon: Thank you. And I actually had a couple more. So maybe for Jim, can you provide a perspective on who your competitors are in the embedded homeowners insurance market? And how you're positioned against them? And perhaps if you could distinguish between, I guess, the homebuilder segment and the rest of the real estate ecosystem?

Trevor Baldwin: Yeah, Jim, do you want to take that?

Jim Roche: Yes. So on the embedded front, I guess I'd say, first and foremost, as an MGA, we feel like we're a little bit unique, and we're differentiated because we've got now that the size and the scale of 600-plus million in premium of the large kind of more legacy incumbent MGAs, who are very tech-enabled. So we're trying to basically bridge both worlds in terms of delivering strong underwriting results, as well as sort of support that with technology.

Within the builder process, in particular, through Westwood, it's just, in many cases, 20-plus years of having an embedded solution to support a builder. So sure. We're not at all blind to the fact that others are aware that the builder business runs such a good loss ratio. We're very focused on making sure that we continue to build those relationships with those builders.

In some cases, they're exclusive. In other cases, they're not. But in all cases, we built a moat around it, leveraging both the relationship and the technology, which is very, very hard to unplug. So are others trying to go after that market? Sure. Some of those others are actually coming to us and saying, will you sell our product, right? Will you let us act a capacity provider rather than trying to compete with us directly? And even I'd say some MGAs have come to us and asked us if they'll sell - if we will sell their products through our distribution. So, it's a powerful spot to be in. And we are very, very focused on making sure that we maintain.

Trevor Baldwin: Yeah. Pablo, I mean, I think to distill it down as we think about what it takes to succeed in the embedded channel, you have to have the agency model, you have to have proprietary technology that enables you to seamlessly plug into the transaction process, and you need an MGA platform that enables you to have proprietary product that you mix in with that third-party product through the agency channel.

And while there's people that are pursuing the embedded model, none of them, we believe, have all three that we do. And so that, we believe, positions us uniquely to succeed.

Pablo Singzon: Thank you. And the last one I have is for Brad. I think the guidance you gave – the financial guidance you gave implies cash flow increasing, call it, about $60 million this year, so more than 100 million next year. I was just wondering if you could provide a perspective on what would drive that increase, just given that cash interest expense is going

to go up by $30 million, right, something in that range. So, just sort of talk about how you bridge cash flow as you define it this year to more than 100 million next year. Thank you.

Brad Hale: Yeah. It's really the increase in EBITDA overall that's driving it next year as we see some of these investment season into the business. So the EBITDA growth is what's driving it. And next year is going to be a more challenging one for us in terms of the conversion of adjusted EBITDA to free cash flow because we are taking on a significant cash interest burden. We do anticipate tightens better over time. But if you take the $250 million or so at the low end of the EBITDA range and back out the range I provided of a 100 to 110 million of cash interest based on today's forward curve as well as some of the other one-time costs, we back out, you get to a substantially better free cash flow number next year, not necessarily as a percentage of EBITDA, but growth in size that were all really led by the EBITDA growth.

Trevor Baldwin: All right. I think we had a question from Steve [inaudible].

Speaker: Yeah. Just going back to the de novo investments slide in discussion, curious, as you think out beyond '23, how do you guys think about kind of a level of de novo investments that are likely to be made to drive, say, the high end of the 15? And then how would you think about what the level would be to be, say, at the low end of the 10 to 15 organic range?

Trevor Baldwin: Yeah. Steve, I think the level of de novo investments will diminish as a percentage of the total over time, particularly as we get through these foundational investments we've been making over the past couple of years, and it just becomes incremental. And so, over time, I expect that to be kind of somewhat absorbed into our run rate EBITDA and margin profile. That's not going to happen overnight, but it will be a diminishing amount over time.

Yes, next question up here in the front.

Weston Bloomer (UBS): Thanks. Weston Bloomer, UBS. My first question, on the organic growth for the recently acquired M&A, the 12 to 21 percent, can you talk about maybe the level of investment that it took to get to that level of run rate organic? Is it as simple as once it gets on the platform, you can start to see that higher level? Or what level of incremental investment is needed? And part of the reason for the question is kind of the top eight deals that you did really ran at a much higher margin ahead of the deal. So, can you kind of help think about that level of investment and how you should – how we should think about that going forward?

Trevor Baldwin: Yes. So Weston, I wouldn't think about the investment as being into this platform specifically, but more I would think about the investment being into national infrastructure that is necessary that kind of foundational infrastructure to grow at these accelerated rates at scale. So, you saw on the margin side, in addition to the 14 million in sales leadership and risk advisers is 25 to 30 million of investment flowing through Middle Market and value-add capabilities, such as loss control, data and analytics, claims advocacy, population health management, just to name a few.

And so, it's more about plugging into those capabilities. Those in that level of investment will not persist at the same relative rate. It's kind of a foundational investment that we absorb and earn into. And while we do tend to typically ramp the adviser hiring, that's occurring and when those new partner firms join us, that's not impacting their organic growth for a couple of years. So it's not really driving the results of that 12 to 21.

More I would say, that's really a function of plugging into the breadth of capabilities, industry expertise, and enabling those risk advisers to leverage our proprietary go-to-market risk mapping model, score training methodology, and ultimately enable them to be far more productive.

Weston Bloomer: Got it. And my second question is on the opportunities within MGA. You highlighted internal addressable market share across a few key opportunities. I was hoping you could kind of help size where you could get to longer term across multifamily homeowners and private flood? Are any of these close to saturation yet? Or maybe size, how big the opportunity really is across these?

Trevor Baldwin: Jim, do you want to take that?

Jim Roche: Yeah. They're all huge, right? So, the multifamily area is the place that were furthest along, but it's still just an absolute massive market. And so we're still again continuing to take share through our current partners. And really, it's – we win new partners, and we help support our current clients to grow more on their own, and we sort of support that marketplace. So we're continuing to see more and more.

We're years and years away from any level of maturation on the multifamily side, and we're just scratching the surface on the home side. As Trevor said, and I said before, part of the beauty of the MGA is you can create as many products as you want. So we've got four in Texas, we'll probably have, if we fast-forward a number of years out, more and more products in every single state that are fitting a specific niche. So maybe there's a coastal product in Texas and one for Central Texas that's better for the hail, and an E&S aimed at high net worth, right? We can capture different markets that have different distribution, both for BRP and external, again leveraging the fact that we are able to facilitate different balance sheets behind us that are open to taking different risk profiles.

So there's a long way to go on home. On flood, yeah, we're just getting started, and, again, as the NFIP continues to iterate and change, it creates even more and more opportunities for everyone doing private flood, but us in particular given that we're so, so new in that arena. Everything beyond that is still, to some degree, in process.

So, we talked about the commercial flood, we talked about the high net worth in general across the country. There is more and more programs we're going to look at launching. And just as Trevor said, it's a conveyor belt or a repetitive process, and we'll get faster and faster at that to build, incubate, distribute, and then grow, and then repeat the process in parallel with different folks on different tracks doing the same thing. That's probably the most excited thing we are about within the MGA in terms of where that will lead us.

Trevor Baldwin: All right. Next question. Meyer?

Meyer Shields (KBW): Thanks. I wanted to ask two related questions. First, with regard to 2023 expectations, can you talk about how fiduciary investment income and contingents play into that? And, maybe more broadly, you've become a lot bigger over the last few years, how does that change the relative contributions of those two smaller line items?

Trevor Baldwin: Brad?

Brad Hale: Yeah. So I'd say, we haven't really seen a meaningful change in the relative contribution of profit-sharing or contingent income; we've stayed at about 6.5 percent of total

revenue. We do see that as an opportunity, Meyer. We are actually currently assembling a team under Dan's leadership to – now that we've expanded so much within the middle market and geographically, how do we really capitalize on those opportunities with our insurance company partners? Because, yes, that is a lever that would be nice to pull in terms of EBITDA contribution as we add to our contingent line item.

In fiduciary income, I mean, quite frankly, it's still pretty small for us. We are taking advantage, now, of utilizing an investment strategy on our fiduciary assets. I wouldn't anticipate it as a meaningful contributor, but it will be something, and that will grow as we scale over time and simply just hold a larger fiduciary asset base.

Trevor Baldwin: Next question from Greg, Raymond James.

Gregory Peters (Raymond James): So during your presentation, I think, Dan, you mentioned Stratus versus Salesforce, or maybe it was you, Trevor. Anyways, I'm just curious why you would do your own in-house tracking service versus using something off the shelf from Salesforce?

And then you also talked about homogenizing – if I can pronounce it right – but getting everyone on the same agency management system. Are you using something off the shelf there or are you developing your own? So just talk about the buy versus build.

Trevor Baldwin: So Dan, why don't you take talking about the agency management system platform –

Dan Galbraith: Sure.

Trevor Baldwin: – and what we're doing there, and then let's have Dave talk about Stratus. To be clear, Stratus is Salesforce, Greg, it's just a custom, highly customized, version of Salesforce that we've built.

So, Dan?

Dan Galbraith: Yeah. I mean the quick answer on the agency management systems is post-partnership we have a timeline for each system that we will – that we consolidate in. So, for example, the primary agency management system for property and casualty lines is Epic, and so we will consolidate everybody onto our one instance of Epic.

Another example is in our employee benefits group. We're still in the process of bringing all partners onto our instance of brokerage builder, which then plugs into Epic. So there's a defined timeline that everybody comes on to the same instance of these systems.

Trevor Baldwin: Dave, do you want to talk about some of the investments we've been making in the Stratus and the impact that's going to have on your business?

David Smith: Sure. So, as Trevor said, Stratus is Salesforce, it's the Salesforce backbone. As you are aware, Salesforce's highly customizable and we've made significant investments in customizing what we've referred to as Stratus for each, really – each one of the businesses. So our MainStreet Group is the first group to really be live on Stratus in that environment. And it's – it works, really, from a centralized sales platform, the way that that's designed. But we've made investments, now, to get integrations with a rater, right? So we have a direct API bringing in quote capability, working on with several of our partners to create direct APIs for quoting outside of the rater, right? So we can bypass that rater and use – go directly to those carriers.

But it gives us the ability to see, have visibility into the business; what's happening, who's selling? And then, obviously, the long-term play is – not that long, by the way – an integration between Applied Epic and Salesforce, so that you have the servicing agency management system now integrated with Salesforce.

Gregory Peters: And the rater, is that a comparative rating?

David Smith: It is a comparative rater, I'm sorry.

Gregory Peters: And – yeah, I'm just to get the right language, lingo going here.

David Smith: Me too. Thirty years in mortgage and I'm still trying to get the right language.

Trevor Baldwin: Greg, I mean what we're building, so as you think about embedded and what Dave's pursuing there and what we're pursuing with Westwood, it's about providing choice at point of transaction. And so the – you can think about the third-party rater integration as being important to have, kind of, the broad-based market access. But then for core partners – so, like, we have Sam from Progressive in the room, who's a core partner of ours, we are working to integrate directly into their systems so that we can actually quote, bind and issue in an automated fashion, inside Stratus, the Progressive product through the embedded integration. And that's the power of what we're building with Stratus that does not exist elsewhere.

Gregory Peters: So, let's talk about that. You've just opened up a can of worms on this thing with Progressive. So what do you – explain what you're doing there, and is it just the property side or are you getting into auto? Just –

Trevor Baldwin: We sell their property and their auto products, so yes.

Gregory Peters: Okay.

Trevor Baldwin: And Progressive is a fantastic national platform. They have great products, they're a really good solution for a number of our clients and so they're one of our leading partners, and we sell a lot of Progressive product to our clients. And we work hand-in-glove with them, build direct integration so that – the key is if you think about what we're building – we call it QBI, quote-bind-issue – it enables our risk advisors from going out into third-party insurance company websites to finalize the quote that's come to the automated rater.

Because when you have a rater that gives you a price, but it's an indicated price, it's not a bindable price. You then have to go out into the third-party insurance company's underwriting website to finalize and ultimately bind that quote. With the quote-bind-issue capabilities, that – we take that process from, like, 45 minutes to less than three. And because we're scraping – we – all our risk advisor has to do is you – the name and address is populated. We gather all the other data automatically. That gets, then, API'd into those core partner systems, retrieves in less than three minutes a fully bindable quote, you hit a button and you can bind that solution.

We're six months from having, kind of, the full breadth of our national insurance company partners' products, kind of, live in that QBI instance, which will drive significant improvements in sales productivity because of the reduction in time it takes a risk advisor to quote, bind and ultimately issue the policy.

Next question from Elyse.

Elyse Greenspan (Wells Fargo): Thank you. So, during – I think during the Q&A and also during the presentation you guys mentioned, right, that your margin profile at maturity would be superior to your peers, and I think you said it would put peers at around 30 percent, right? So, if we look at the guidance you gave us for next year, right, there is a good gap between the EBITDA margin and that 30 percent. So, obviously, this goes back to the investments that you're making.

As we think about closing the gap to the 30 percent, is there a level of annual margin improvement we should be thinking beyond 2023 as you think about us seeing the 30 percent, and when do you think the 30 percent would actually be BRP's reported margin?

Trevor Baldwin: Yeah. So I'm not going to commit to an annual margin accretion number, I'm not going to commit to a time period to getting to margin maturity because ultimately, if you remember the slide that Brad walked through with the two hypothetical businesses – one that grows at 15 percent, one at 3, one with a 25 percent margin, one with a 35 - our priority is driving maximum growth and earnings on a per share basis for our shareholders. We believe that will deliver, ultimately, the very best returns.

Over time, will we deliver more margin? Absolutely. But we're not going to commit to doing so, kind of, in a systematic fashion because we will need to retain flexibility to continue making investments opportunistically as we see those opportunities arise.

What I can tell you is the folks on the stage, the people on my team in this room own 50 percent of this company. We are 100 percent aligned with our shareholders on what we're trying to accomplish here, which is driving maximum value creation and execution for all of our stakeholders, and we feel like we're incredibly well-positioned to do that.

Elyse Greenspan: The QBE program, I think has added 18 million or so year-to-date, right, in, kind of, five months. When you guys announced that, I think the goal was 20 million for the full year. So what are expectations, I guess, for the first 12 months, I guess, part of which will come online in the Q4? And then, what's expectations from that program in 2023 embedded within the guide?

Trevor Baldwin: Yeah. So we're not going to set explicit expectations there. What I would say is the program's clearly outperforming, as Jim and his team are doing a great job of growing it. Do you want to just talk a little bit about, kind of, the success we're having there? But we're not going to get into explicit segment-level or even nuance beyond that, expectations, it's – other than, yes, when it came on board, we expected to generate 20 million in net revenue and it's going to meaningfully outperform that.

Jim Roche: I would just say, at a very high level, like the other partnerships or programs, we work very hard at taking it and figuring out how we can help it grow at a faster rate. And so, again, whether it's just better retention, higher conversion in new business, certainly there is some degree of rate flowing into the book. What we can do to just, again, help it grow at a faster basis, given our focus on organic growth as opposed to maximizing EBITDA, which was more of QBE's focus point in the last couple of years.

So we'll continue to, kind of, invest in that business and work to make it grow within the margin profile that we've talked about.

Trevor Baldwin: Next question.

Speaker: You talked about, for MGA of the Future, how you hire talent and, sort of, de-novo products. Could you give a few examples of that? And what does it take somebody who has such a good expertise to hire them and keep them?

Jim Roche: Yeah, great question. So I think the perfect use case for us is homeowners. So we initially hired Naimish Patel to, kind of, come in and be our President of the Homeowners division within the MGA. He was attracted both at our – based on our technology and on our capacity relationships and the strong loss ratios, because he'll have said this "Hey, I can come here, and I can be successful building a new product from scratch." So, we're leveraging our tech, our capacity relationships with his ability to start a new division, help attract talent. And a lot of folks have come tied to those two things, either their relationship with him or the ability to, kind of, come and build from scratch on, kind of, a blank canvas for homeowners.

So that's, like, a process that's iterative in nature, every version of it's different. We've done a similar operation for flood, we have a similar operation underway right now for commercial property, we've got folks that are here to help us launch commercial flood. So, all of these different areas, kind of, run their own race. It takes a different amount of time, depending on the complexity of the product, the fit, whether it's internal versus external for distribution, and just the level of effort to get the capacity all lined up.

But it's just generally, we've found, we've learned with general trial and error most important thing is to first find the leader or the team and then build around that team, again having our public company backing, our MGA capabilities, and the leader helps us then, kind of, collapse and consolidate capacity around it. And then, kind of, off we go. But as we've said, it's a six-month, nine-month process typically to get the program, kind of, going, and then it's incubating and then it's generating revenue after that. So it's a lengthy process, which is why it's important to have three to five in the hopper that are behind the ones that are currently going – being rolled out, and we'll get three to five more behind that once those current three to five are out there incubating and generating revenue.

Trevor Baldwin: Any more questions?

All right. Well, I want to thank everyone for your time this morning, we really appreciate the interest. And we're hosting lunch, that's going to be just outside these walls now, so hopefully many of you can stay, and we'll have BRP colleagues, leaders and directors at the various lunch tables as well. So thank you very much.

Jim Roche: Thank you.

Dan Galbraith: Thank you.

[END OF TRANSCRIPT]