



**The Baldwin Group, Inc.**

**First Quarter 2025 Earnings Conference Call**

**May 6, 2025**

## C O R P O R A T E P A R T I C I P A N T S

**Bonnie Bishop**, *Executive Director, Investor Relations*

**Trevor Baldwin**, *Chief Executive Officer*

**Brad Hale**, *Chief Financial Officer*

## C O N F E R E N C E C A L L P A R T I C I P A N T S

**Greg Peters**, *Raymond James*

**Tommy McJoynt**, *KBW*

**Josh Shanker**, *Bank of America*

**Elyse Greenspan**, *Wells Fargo*

**Pablo Singzon**, *JPMorgan*

**Charlie Lederer**, *BMO Capital Markets*

## P R E S E N T A T I O N

### Operator

Greetings, and welcome to The Baldwin Group First Quarter 2025 Earnings Call.

At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. If anyone should require Operator assistance, please press star, zero on your telephone keypad.

It is now my pleasure to introduce your host, Bonnie Bishop, Executive Director of Investor Relations. Thank you. You may begin.

### Bonnie Bishop

Thank you. Welcome to The Baldwin Group's First Quarter 2025 Earnings Call.

Today's call is being recorded.

First quarter financial results, supplemental information and Form 10-Q were issued earlier this afternoon and are available on the Company's website at [ir.baldwin.com](http://ir.baldwin.com).

Please note that remarks made today may include forward-looking statements subject to various assumptions, risks and uncertainties. The Company's actual results may differ materially from those contemplated by such statements. For a more detailed discussion, please refer to the note regarding forward-looking statements in the Company's earnings release and our most recent Form 10-Q, both of which are available on the Baldwin website.

During the call today, the Company may also discuss certain non-GAAP financial measures. For a more detailed discussion of these non-GAAP financial measures and historical reconciliation to the most closely comparable GAAP measures, please refer to the Company's earnings release and supplemental information, both of which have been posted on the Company's website at [ir.baldwin.com](http://ir.baldwin.com).

I will now turn the call over to Trevor Baldwin, Chief Executive Officer of The Baldwin Group.

### **Trevor Baldwin**

Good afternoon, and thank you for joining us to discuss our first quarter results reported today.

I'm joined by Brad Hale, Chief Financial Officer, and Bonnie Bishop, Executive Director of Investor Relations.

We were extremely pleased with the first quarter overall, as we continued our track record of industry-leading organic growth, ongoing margin expansion and double-digit growth in earnings. In the first quarter, we generated organic revenue growth and Adjusted EBITDA growth of 10% and 12%, respectively, while delivering 80 basis points of Adjusted EBITDA margin improvement and 16% growth in adjusted diluted earnings per share. Normalizing for the sale of our wholesale business, Connected Risk Solutions, Adjusted EBITDA grew 14%, resulting in an Adjusted EBITDA margin of 28%.

Adjusted free cash flow was \$26 million, up 6% from the prior year period. We paid \$123 million of earnouts in cash in the first quarter and an additional \$37 million in April. We expect to pay another \$22 million in the second quarter, which will extinguish the vast majority of our remaining earnout obligations and result in the steady improvement in net leverage and adjusted free cash flow that we've expected.

Turning to our segment results, in Insurance Advisory Solutions, overall organic revenue growth for the quarter was 3%. As we mentioned on our fourth quarter earnings call, we anticipated single-digit organic revenue growth in IAS in the first quarter due to the timing of net new business. Sales velocity remained strong at 14%, compared to 17% in the prior year period, and client retention improved year-over-year to approximately 92%. The impact of rate and exposure or premium change on renewals for the quarter was negative 3.5%, largely driven by a more competitive insurance rate environment for our clients across many lines, particularly in large coastal property, as well as muted project-based revenue. When compared to the 4.5% benefit provided by rate and exposure in the first quarter of 2024, the aggregate headwind to this quarter was approximately 800 basis points.

Our Underwriting Capacity and Technology Solutions segment had an outstanding quarter, with organic revenue growth accelerating to 32%, versus 21% in the first quarter of 2024, driven by continued outperformance across our multifamily and home portfolios, which saw 17% and 29% organic commissions and fees growth, respectively. Continued momentum at Juniper Re and the introduction of our multifamily captive also supported the strong organic growth print in UCTS for the quarter.

In April, we announced the finalization of our third-party-led capitalization of our inaugural reciprocal insurance exchange, named Builder Reciprocal Insurance Exchange, or BRIE for short, to support continued growth in our builder channel. As of today, we have closed on the \$110 million capitalization of the reciprocal, and will imminently begin migrating the builder book. This marks a meaningful milestone in our continued journey to vertically integrate across the value chain and bring innovative third-party risk capital solutions to market in support of more efficient risk transfer outcomes for our clients. As a reminder, we do not intend to consolidate BRIE's financial results and will account for the attorney-in-fact as an equity

method investment. As such, the Surplus Notes used to capitalize the reciprocal do not represent additional debt of Baldwin or its affiliates.

Our Mainstreet Insurance Solutions segment delivered total organic revenue growth of 10%, driven by strong new business generation across our builder and national mortgage and real estate franchises, along with our Medicare division, which outperformed during the annual enrollment period. New business momentum helped offset a deceleration in rate and exposure, as well as capacity challenges in certain markets, such as California.

In summary, we're pleased with our first quarter results despite the macro uncertainty at play and remain confident in the resilience and durability of our business model, as well as the overall position and trajectory of the business. Our strengthening financial profile, immense operating leverage, diverse and durable drivers of outsized new business, and leading talent franchise position our business well to execute at a high level and thrive through the current, and any, insurance market and economic environment.

Thank you to our clients for their continued trust in our ability to provide guidance, advice and creative solutions to mitigate increasingly complex risks, and to our colleagues for their dedication and commitment to deliver meaningful outcomes for both our clients and insurance company partners.

With that, I will turn it over to Brad, who will detail our financial results.

**Brad Hale**

Thanks, Trevor, and good afternoon, everyone.

For the first quarter, we generated organic revenue growth of 10% and total revenue of \$413.4 million. Looking at the segment level, we generated organic revenue growth of 3% at IAS, 32% at UCTS, and 10% at MIS.

We recorded GAAP net income for the first quarter of \$24.9 million, or GAAP diluted earnings per share of \$0.20. Adjusted net income for the first quarter, which excludes share-based compensation, amortization and other one-time expenses, was \$76.6 million, or \$0.65 per fully diluted share. A table reconciling GAAP net income to adjusted net income can be found in our earnings release and our 10-Q filed with the SEC.

Adjusted EBITDA for the first quarter rose 12% to \$113.8 million, compared to \$101.7 million in the prior year period. Adjusted EBITDA margin expanded approximately 80 basis points year-over-year to 27.5% for the quarter, compared to 26.7% in the prior year period.

As we mentioned on the last earnings call, we transitioned to a fiduciary reporting model for cash, accounts receivable and payables held or owed in a fiduciary capacity. This change is to reflect the nature of the accounts more appropriately on our balance sheet and reduce volatility in the cash flow from operations. On the balance sheet, we now label them fiduciary cash, fiduciary receivables and fiduciary liabilities. In the cash flow statement, changes in fiduciary cash are presented within financing activities. We now present the prior periods on the same basis and included a recasting of 2024 quarterly and full year adjusted free cash flow on Pages 20 and 21 of our Earnings Supplement.

As discussed on our year-end call, this change introduced significant seasonality to our presentation of adjusted free cash flow from operations. Adjusted free cash flow for the first quarter was \$25.8 million, up 6% year-over-year, as a result of the increase in Adjusted EBITDA, offset primarily by timing of contingent receipts, which we expect will normalize in subsequent quarters.

In the first quarter, we paid \$123 million of earnouts in cash, inclusive of amounts reclassified to colleague earnout incentives. Thus far in the second quarter, we've paid \$37 million, leaving our remaining estimated undiscounted earnout obligations at approximately \$30 million, \$22 million of which we expect to pay in the next couple of months.

As expected, net leverage increased slightly to 4.2 times in the quarter, given the significant earnout payments incurred. That said, we remain on track to bring net leverage below 4 times by the third quarter, within our stated long-term range of 3 to 4 times. Of note, we were recently upgraded by S&P to B/Stable, and our rating of B2 was affirmed by Moody's with a change in outlook from negative to stable. This outcome is a direct result of the significant improvement in our financial profile over the last couple of years and may provide us with additional opportunities to optimize our debt stack in the future.

Looking ahead, our full year consolidated guidance remains unchanged. In the face of continued economic uncertainty, we could see organic revenue growth in our IAS business in the mid- to high-single-digit range for the year, with organic growth building through the year as a result of timing in expected net new business. That said, we continue to expect a double-digit organic growth outcome for the overall business for the year. For the second quarter of 2025, we expect revenue of \$370 million to \$380 million, and organic revenue growth toward the low end of our 10% to 15% long-term range. We anticipate Adjusted EBITDA between \$83 million and \$88 million and adjusted diluted EPS of \$0.41 to \$0.44 per share.

In summary, we remain confident in our ability to continue executing on our goals of reducing net leverage, expanding margins and free cash flow, and maintaining double-digit organic revenue growth for the year. With almost all of our earnout obligations now satisfied, we are excited about our forthcoming improved flexibility to allocate capital to opportunities that will continue to generate durable, outsized results for shareholders.

We will now take questions. Operator?

**Operator**

Thank you. We will now be conducting a question-and-answer session. If you would like to ask a question, please press star, one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star, two to remove yourself from the queue. For participants using speaker equipment, it may be necessary to pick up the handset before pressing the star keys. One moment, please, while we poll for questions.

Our first question comes from the line of Greg Peters with Raymond James. Please proceed with your question.

**Greg Peters**

Hey, good afternoon, everyone. Let's jump right into the comments. You provided organic revenue outlook for the second quarter in the low end of the range, and part of that, the IAS business seems to be running a little bit below where I thought it would be running. I think you called out some project-based headwinds. Maybe give us some more detail on what's going on inside there and when it might recover to something more to sort of a higher level, which I would have normally expected.

**Trevor Baldwin**

Yes, hey, Greg. This is Trevor. Good evening. While the headline organic print for the quarter was below our historic results, this was not unexpected, as we called out the expectation for single-digit organic growth this quarter on our year end call; and let's be clear, I'd say I remain incredibly confident in the underlying fundamentals and relative positioning of our IAS business.

With respect to the result, while we saw some timing-related impacts to net new business, as we had previewed on our last call, we experienced a roughly 800-basis-point headwind in the quarter from impact of rate and exposure or renewal premium change, for which we'd call out, I'd say, two items specifically.

First, if you look at our property book renewals in the quarter, renewal premium change was negative 5%, which compares to positive 21% in the prior year period. While, certainly, this impacts our revenue, it also means we're delivering fantastic outcomes for our clients, which contributes to the improved client retention that I cited in the prepared remarks earlier.

Second, I'd say there's obviously been a lot of headlines related to macro uncertainty, and while our business has been, and will continue to be, incredibly resilient in times like this, we can typically see signs of economic uncertainty in our Employee Benefits business, which we saw in the first quarter, which is also our seasonally largest quarter for the Benefits business. Specifically, renewal premium change was roughly flat to the quarter, compared to historical trend in the 3% to 7% range, which we'd attribute to relatively more muted hiring trends and a somewhat more cautious business outlook from our clients related to the current macroeconomic uncertainty.

All that being said, underlying trends in the business continue to be very strong. Our sales velocity of 14% in the quarter remains top quartile for the industry, our new business pipelines are quite robust, and we see growing momentum in project-based work across our construction practice, and are seeing continued improvement in client retention. I continue to expect industry-leading sales velocity, strong client retention and stabilizing impacts from rate and exposure as the year goes on, which should lead to growing momentum in our IAS organic growth throughout the year. This continues to be a franchise that will deliver industry-leading new business results, strong client retention and, over time, that will continue to generate industry-leading organic growth overall.

### **Greg Peters**

Okay, thanks for tying in the sales velocity, because that was—you know, you called that out in your comments, so I took note of that. Brad, can we go to the new cash flow presentation, and can you talk about what you're targeting, what you—how you think about free cash flow conversion rate on an adjusted basis? Because, these payments that you're going to be paying out in the balance of the second quarter, maybe a little bit in the third quarter, I'm just trying to figure out what the underlying, on the new basis, sort of the target is for the free cash flow conversion rate.

### **Brad Hale**

I'd say, Greg, our target remains what we called out on the year end call. I believe we gave a guide of between \$150 million and \$175 million of free cash flow for the year, which would be, call it, roughly a 50% conversion rate against Adjusted EBITDA. We continue to believe that as interest expense as a percentage of overall EBITDA goes down, one-time items continue to go down, that we can progress towards closer to a 65% to 70% conversion rate of Adjusted EBITDA over time.

Just to call out a little more specifics on the free cash flow from operations for the quarter. Obviously, \$26 million up 6% year-over-year under the revised presentation, it's slightly lower than the Adjusted EBITDA growth, and that's really a result of working capital timing. It's was about a \$10 million headwind, \$15 million drag from AR, offset largely by about a \$9 million benefit in the change in accrued expenses. If I look at those two line items, the largest driver of the AR drag was timing of contingent receipts, which we, of course, expect to reverse in the subsequent quarters. In addition, we have a concentration of both Medicare and Benefits revenue in Q1, which is collected over the subsequent 12 months.

On the accrual side, the benefit we saw there was the shifting in timing of cash interest as we launched our inaugural senior secured notes last May, and we only pay interest on those twice a year, both in May and October. So, we had a slight benefit from that in Q1, which offset that headwind we saw in AR.

### **Greg Peters**

Thanks for that detail. Can you just—one of the things you called out in the comments was the debt leverage of 4.2 times, I believe. Is it still your expectation that when we get to by year end, you're going to be back down into the 3 range, based on what you're seeing going on inside the business?

**Brad Hale**

Yes, it is, Greg.

**Greg Peters**

Perfect. Thanks for the answers.

**Trevor Baldwin**

Thanks, Greg.

**Operator**

Thank you. Our next question comes from the line of Tommy McJoynt with KBW. Please proceed with your questions.

**Tommy McJoynt**

Hey, good evening, guys. It sounds like the project-based headwinds were pretty pronounced in the first quarter, and when I think of the timing of some of the tariff announcements that may have induced some of that uncertainty, a lot of that came through into the second quarter. So, can you talk about what you've seen so far, particularly around the project-based work, as we started the second quarter?

**Trevor Baldwin**

Yes, hey, Tommy. I'd say, certainly, uncertainty causes a lot of business leaders to kind of slow down or pause decision-making, particularly around kind of capital-intensive, project-based work. Historically, what we've seen is that doesn't go away, it just kind of builds up in spring loads. Not a perfect proxy, but as an example, at the onset of COVID, we saw organic kind of drop to low- to mid-single-digits for a couple of quarters, before rebounding up to mid- to high-teens as kind of that spring-loaded pipeline began to hit.

Specifically, what we're seeing right now in the second quarter, I'd tell you May 1, in particular, we had a number of new project starts, and as we look out to the balance of this month and June, we have a strong pipeline of projects that we anticipate will go live, but you can't count that until the shovels actually hit the dirt, overall. But, broadly, I would tell you we're feeling incrementally more positive on the near term as the days go by, and incremental certainty around the environment will only accelerate that.

**Tommy McJoynt**

Got it, and then switching over to the UCTS segment, it generated really strong organic revenue growth in the first quarter. Can you unpack that a little bit in terms of what drove that meaningful acceleration from 21% in the first quarter of last year up to 32% this year?

**Trevor Baldwin**

Yes, Tommy, the two primary drivers, one, continued really strong growth in kind of our homeowners programs broadly, high 20s commissions and fees growth. Similar, really strong growth in our multifamily renters product portfolio. We also introduced multifamily captive, which you should think of as kind of incremental contingent revenue opportunity on a very profitable book of business, which contributed about 500 basis points to the segment's overall organic growth.

**Tommy McJoynt**

Got it. Thank you.

**Trevor Baldwin**

Thanks, Tommy.

**Operator**

Thank you. Our next question comes from the line of Josh Shanker with Bank of America. Please proceed with your question.

**Josh Shanker**

Yes, thank you. Can we put a number just, Trevor, on the one-time headwinds from the renewal timing that would be a headwind for the 1Q organic? Anyway, it snaps back in 2Q, so we won't have that anymore. Is there a number you want to put on that?

**Trevor Baldwin**

It's probably about a couple hundred basis points, Josh. If you just isolate it to kind of timing of project-based work, and then you add to that this quarter kind of likely being the most pronounced change in property insurance pricing, we'll see some of that in Q2, but where we had kind of a 21% increase in property rate in Q1 of '24, that was down to like high-single-digits in Q2, and so less of, I'd say, a headwind as we go through the year, and by the time you hit Q3, kind of that reverses out.

Then, the Benefits business, about 60% to 65% of our Benefits revenue hits in the first quarter. I called out kind of rate and exposure and premium change on renewal there was roughly flat, a result, we believe, largely of kind of just some more cautious business outlook and posture amongst our clients, but we would not expect the same degree of headwinds in our Benefits business through the balance of the year, as you see seasonably more new business begin rolling in in Qs 2 through 4, and don't have the same kind of magnitude of renewal book that you're lapping.

**Josh Shanker**

So, it's not wrong to say that we should expect perceptible acceleration in organic as the year rolls through?

**Trevor Baldwin**

Correct.

**Josh Shanker**

Yes, okay, and then one other question, and I asked this on another call, but I am interested in the Florida market. It does seem like House Bill 837, and some other changes, have been really beneficial to the insurance industry, particularly the underwriters. My feeling is the cost of risk has gone down in the State of Florida, and pricing should follow, maybe. Do you have any thoughts on market conditions in a less risky Florida, or maybe I'm just wrong about that?

**Trevor Baldwin**

Yes, Josh, I would use slightly different language, but maybe to start at a macro level, the Florida insurance marketplace is in the healthiest place it's been in over a decade, largely as a result of the tort reforms that

7

ViaVid has made considerable efforts to provide an accurate transcription. There may be material errors, omissions, or inaccuracies in the reporting of the substance of the conference call. This transcript is being made available for information purposes only.

1-888-562-0262 1-604-929-1352 [www.viavid.com](http://www.viavid.com)

you mentioned. What I would say is I don't think the price of risk, or the cost of risk, has changed in Florida. If anything, the cost of risk, from a pure Nat-Cap perspective, is going up. We've got more aggregation of values, building costs have gone up and, in general, the frequency and severity of climate events is going up, not down.

What has changed in a very favorable manner is the cost of legal system abuse in Florida, and that has come down dramatically, and was, candidly, a huge tax on Florida citizens that was showing up in the form of increases in insurance costs. As that's been muted, I would say that the insurance environment here has stabilized. However, over time, as we continue to see building values, construction costs go up, climate event volatility, the overall cost of risk, I would expect to continue to grow over time, but just in a more manageable place.

**Josh Shanker**

Okay, thank you for the answers.

**Trevor Baldwin**

Thanks, Josh.

**Operator**

Thank you. Our next question comes from the line of Elyse Greenspan with Wells Fargo. Please proceed with your question.

**Elyse Greenspan**

Hi, thanks. I guess I want to come back to the IAS discussion, as well. I thought last quarter you guys were talking about double-digit commission and fee growth in IAS for the year, which I know is close to organic. It sounds like that's going to be a little bit weaker, you guys are talking—I think you said high-single-digits, mid- to high-single-digits, and so what is—I guess, what are you seeing as the offsets to that, because I know you guys did reaffirm the organic guidance for the full year?

**Trevor Baldwin**

So, a few things there. One, on IAS, I'd say what you're hearing from us in that kind of revised perspective around full year organic results is largely just a result of a wider range of outcomes as a result of greater macroeconomic uncertainty and what that may mean relative to client business activity. There's no change in outlook in underlying kind of sales velocity momentum and improving client retention, and, as I shared earlier, we feel really, really good about the positioning of that business and how we'll continue to take share and outgrow the industry, broadly.

As I think about kind of what are the counterbalancing factors, well, we had a very strong start to the year in our underwriting and capacity segment, and while we expect to see some deceleration there as a result of some of the headwinds we'd already pointed out relative to the transition of the QBE builder book to our newly formed reciprocal and some of the one-time impacts related to that, we do expect continued strong momentum in that business, broadly. We also continue to see very strong results across our Mainstreet segment. Growth in both our builder and mortgage channels has been holding up nicely through the macro uncertainty, which also gives us continued confidence around the overall results we'll expect there.

**Elyse Greenspan**

Then, you were talking about timing earlier, like negative timing on the Q1. Does the guide imply that this timing becomes like benefits, like the Q2 or other quarters of the year?

**Trevor Baldwin**

Yes, we would expect OG, or organic, in the IAS business to build through the year as a result of some of that timing, in particular, around project-based revenues.

**Elyse Greenspan**

I know last quarter, when you gave the full year guide, you guys were talking about there were some uncertainty built into the EBITDA guidance around the June 1 reinsurance renewals on your MGA due to California fires. Now that we're closer to the renewal, are things transpiring the way you guys had expected when you set the '25 guidance?

**Trevor Baldwin**

Yes, a few datapoints there, Elyse. One, loss costs have come in slightly better than our original loss picks for the California wildfires, which is kind of a positive pattern. We have initial conversations underway around those June 1 renewals, which I would characterize as constructive, and I'm sure you're reading all the headlines around a somewhat favorable kind of CAT XOL reinsurance environment, and so those have us feeling incrementally more constructive and positive.

With that being said, the largest driver of potential economic headwinds on the 6/1 renewals for us are around the quota-share reinsurance capacity, which is still somewhat supply-constrained in the market, and so I'd say we feel incrementally better, but not yet ready to say exactly what that means, if anything, relative to differences from the original conservatism that was built into the expectation.

**Elyse Greenspan**

Then, one last quick one. Have you guys disclosed how large Juniper Re is, where it stands today, maybe trailing 12 months, or contribution to the quarter revenue?

**Trevor Baldwin**

Yes, Juniper continues to perform quite well. We're pleased with the results. I'd say, on an LTM basis, you're talking high-single-digit millions from a revenue perspective, but I would also add the relative impact in contribution they're having across the business is more significant than that as a result of their ability to help us more strategically access capacity to support the continued high-growth momentum we have across our MGA businesses.

**Elyse Greenspan**

Thank you.

**Trevor Baldwin**

Thanks, Elyse.

**Operator**

Thank you. Our next question comes from the line of Pablo Singzon with JPMorgan. Please proceed with your question.

**Pablo Singzon**

Hi, good afternoon. Just a couple of questions on IAS, maybe, for Trevor. I just want to get a better handle (inaudible) called out. First, I get your point the pricing delta on property being the widest if you compare

9

ViaVid has made considerable efforts to provide an accurate transcription. There may be material errors, omissions, or inaccuracies in the reporting of the substance of the conference call. This transcript is being made available for information purposes only.

1Q year-over-year, but isn't it true—and I'm not sure if it's the same for your book, but for most insurers, they think 2Q tends to be a heavier property quarter, anyway, if you look at mix. Is it the same for you, or is there something different about your book?

**Trevor Baldwin**

Yes, I'd say, Pablo, Q2 would be our heaviest volume quarter for cap property renewals, which is partly what's informing our view that organic will build kind of through the year, and so we would expect kind of incremental improvement in Q2 over Q1, but then, sequentially, more improvement in Q3 and Q4.

**Pablo Singzon**

Got you, that's clear, and then just on Employee Benefits, I was wondering if you can provide more commentary on your clients, whether in terms of end markets or geographies; and the context of that, it doesn't seem like a lot of other insurers or brokers have called out any weakness in Employee Benefits so far, so just wondering if what you're seeing could be more unique to you and your book. Thank you.

**Trevor Baldwin**

Yes, I would not—I would be surprised if there's material differences in the relative industry and geographic mix of our Employee Benefits books of business. We're pretty intentional around kind of how we estimate the renewals and the revenues of those renewals, and I'd say have developed a pretty good process for how we triangulate that at the renewal time; obviously, 1/1 being the heaviest day. So, what you see right now is kind of our teams' and client experience teams' best estimates of the relative impact of renewals, but the nature of the Benefits business is they are estimates and as the year goes on, we will have better and more clear visibility and information to that.

**Pablo Singzon**

Okay, and then maybe jumping to another topic—and I'll squeeze in this last question. Clearly, strong growth in UCTS and MIS. I'm going to focus on the homeowners portfolio there. Could you talk about the benefit, if any, you're getting from pricing/exposure? There's clearly been a tailwind. I'm not sure if it's stable for you or petering out or accelerating. Just comment on what's going on there. Thanks.

**Trevor Baldwin**

I'm happy to, Pablo. We certainly had a decelerating kind of tailwind from rate and exposure in the Mainstreet business. It was roughly a 2% tailwind for the quarter, which is down fairly substantially on a year-over-year basis, which is expected, just based on kind of how that market has continued to stabilize, and I'd say showcases the kind of strength and durability of our embedded business model and how that drives consistent flows of new business to drive healthy double-digit growth through the cycle.

I would also point out, as we mentioned on our year end call, as a result of the transition of the builder book from QBE to our newly formed reciprocal exchange, we do expect a one-time impact to revenue in Mainstreet, which is why we guided to single-digit growth for the Mainstreet segment, overall, this year, but that is entirely driven by kind of the one-time step-down in economics from that transition, that will then normalize thereafter.

**Pablo Singzon**

All right, thank you.

**Trevor Baldwin**

Thanks, Pablo.

**Operator**

Thank you. Our next question comes from the line of Charlie Lederer with BMO Capital Markets. Please proceed with your question.

**Charlie Lederer**

Hey, thanks. Good evening. On that captive in UCTS, I guess, can you talk about your decision to participate in the underwriting, how we should think about your loss exposure, is that business CAT exposed, and would you consider participating in other programs in that segment?

**Trevor Baldwin**

Yes, hey, Charlie. You should think about the captive as kind of a proactive move from a position of strength on our perspective, and you should really think about kind of the revenue and resulting earnings as supplemental contingent income. This is our longest dated, most stable and most consistent performing book of business, it is not CAT exposed, and we view there to be an incredibly remote chance of any actual underwriting loss.

I'd also point out, just as a result of kind of timing and how premiums and expected losses are booked, the captive did not contribute to margin at all in the quarter. However, we would expect it to contribute to margin over the course of the year.

This is a low-volatility, high-certainty incremental earnings opportunity as a result of our ability to curate and manage a very high-performing book of business with no CAT exposure and very low volatility. This is not a strategy to support capacity, it's not a strategy to kind of bolster a program. It's simply an opportunity to bolster the overall economics.

**Charlie Lederer**

Thanks, that's helpful, and just looking at the 10-Q, can you talk about the IAS platform you guys acquired here last month and how that works.

**Trevor Baldwin**

Yes. So, we're incredibly excited to welcome Bob and the whole MultiStrat team to Baldwin. What I would say is this was a very small transaction, one that I would kind of really more characterize as an acquire, it's leverage neutral, and is kind of contemplated in the original guide for our overall results. To be clear, there's no actual balance sheet risk in this business. You should think about this as a platform to raise direct capital from investors to be deployed into underwritten reinsurance contracts, so, effectively, a reinsurance MGA, which is a key part of our broader strategy to continue vertically integrating ourselves into the broader insurance value chain and best position ourselves to access capacity on behalf of ourselves and our clients, bringing them ultimately closer to the end risk capital providers, to deliver better, more thoughtful and innovative risk transfer solutions. So, while a small and immaterial kind of transaction, one that we believe will hold immense strategic value for our business over time, and has the potential to contribute meaningfully to our financial results over time.

**Charlie Lederer**

Thanks, and just my last one, I guess. I don't know if you guys called this out in your script, but was there a meaningful negative contingent commission impact from the wildfires?

**Trevor Baldwin**

There was not. Our contingent income contract on those MGA programs is tied to non-CAT losses.

**Charlier Lederer**

Thank you.

**Trevor Baldwin**

Thanks, Charlie.

**Operator**

Thank you. We have reached the end of the question-and-answer session. I would like to turn the floor back to Chief Executive Officer Trevor Baldwin for closing remarks.

**Trevor Baldwin**

Thank you, all, for joining us on the call this evening. We are incredibly excited for the underlying momentum we have in our business, as evidenced by continued outsized growth and new client wins, margin accretion, and the onset of a significant inflection in our financial profile with the vast majority of our earnout payments now behind us.

In closing, I want to thank our colleagues for their hard work and dedication to delivering innovative solutions and exceptional results for our clients. I also want to thank our clients for their continued trust and confidence in our teams.

Thank you all very much, and we look forward to speaking to you again next quarter.

**Operator**

Thank you. Ladies and gentlemen, this concludes today's conference and you may disconnect your lines at this time. Thank you for your participation.