William Blair

AI INSIGHTS

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Insurance Distribution: Deep Dive on Broker Efficiency and AI

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Executive Summary

In this report, we examine the impact of AI on operating margin and profitability of the core insurance brokers, including Aon, Marsh & McLennan, Willis Towers Watson, Arthur J. Gallagher, and Brown & Brown. Our proprietary *Efficiency Benchmark* is used to analyze where operating margins are today, where they could be in 5 to 10 years, and how they get there. AI is rapidly being integrated into larger-scale insurance brokers. In this report, we introduce an analytical framework for understanding economic ranges of AI and other efficiency impacts on the group and individual brokers. This analysis is especially relevant as margin expansion should be one of the most important factors driving broker stocks in a relatively soft P&C pricing environment.

Key Conclusions

- Our proprietary Efficiency Benchmark shows that despite significant margin expansion over the past decade, overhead costs remain at 45% to 55% of revenues. The analysis highlights that AI has strong potential to further improve broker expense structures and drive operating margins for the better competitors to the 40% level.

- Four key factors will drive margin expansion in the next decade 1) revenue scale leverage, 2) centralization of middle- and back-office infrastructure, 3) business mix shift, and 4) cyclical factors including higher inflation and interest rates.

- ***Brokers that have invested in standardized workflows, integrated technology platforms, and centralized service delivery have created the organizational infrastructure through which new AI tools can be deployed at scale.*** The middle- and back-office layers are best positioned to benefit from productivity uplift as manual tasks and workflows are automated, enabling improved speed to market for front-office functions with greater consistency at lower cost.

- ***Using our three-layer cost framework and data points around the AI opportunity to compress middle- and back-office costs, we estimate adjusted operating margins could rise by 500 to 800 basis points over the next 5 to 10 years.*** Among the core brokers, Aon is best positioned because of its long-term movement toward centralization and integrated platforms. Brown & Brown likely will have the most challenges, resulting from a more decentralized structure.

- AI and related innovations are reenergizing the private insurtech market. AI-focused companies received 66% of venture funding in 2025 and 95% of venture funding in the first quarter of 2026. The distribution sector is beginning to welcome new entrants. The prospects for the AI enablers may be better in the near term, although the more ambitious AI disruptors are worth watching. Companies to watch include Corgi, Harper, Pace, WithCoverage, and FurtherAI.

- Insurance distribution stocks have been battered over the past 18 months, with the forward EV/EBITDA multiple of the core brokers at 12x, below the early-2025 peak of 16x to 17x and the 10-year average of 14x. ***This is creating opportunities for stocks that can punch through in a challenging environment; Aon and Gallagher are our top picks.***

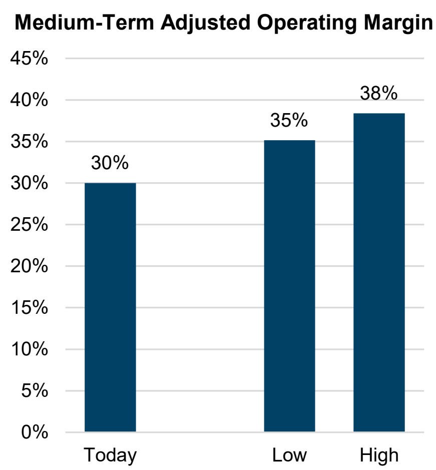
- Although the alternative brokers—including Accelerant, Baldwin, Goosehead, Ethos, Ryan, and TWFG—largely lag the core brokers in absolute adjusted operating margin, their relative outperformance on per-employee metrics shows their more tech-oriented business models, in some cases, and suggests latent margin potential with greater scale and maturity. ***Ethos, which is early in its growth and margin maturity cycle, is our top pick.*** We believe Accelerant and TWFG are also worth watching.

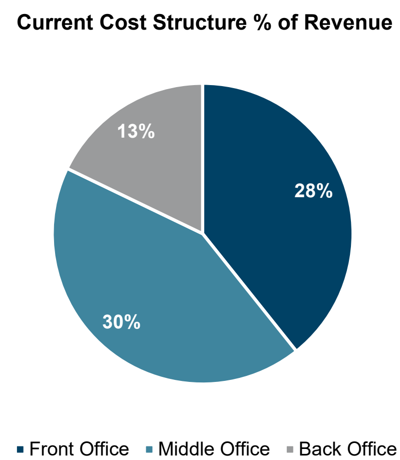
Medium-Term Margin Framework

Our report provides a framework for brokers' cost structures and how margins can be further improved by new AI tools and automation. The key is examining the functions mapped to our three-layer framework: 1) front office, 2) middle office, and 3) back office. This provides a roadmap to how AI is being applied and where cost savings will emanate from, and offers a granular view on where margins can go.

The front office encompasses direct-revenue-generating and client-facing functions. Front-office costs are largely variable and tied to new business generation and client retention. We estimate front-office costs are roughly 25% to 30% of revenue. The middle office owns operational execution, encompassing all support and service roles that enable the front office to deliver for clients but do not directly generate revenue. In contrast to the front-office layer, costs are semifixed. We estimate middle-office costs are roughly 25% to 35% of revenue. The back office provides corporate administration and shared services to the firm with no direct link to clients. These costs are largely fixed overhead at a certain level of scale. We estimate that back-office costs are roughly 10% to 15% of revenue.

Exhibit 1
Core Brokers
Middle- and Back-Office Cost Compression Key to Margin Expansion





Sources: William Blair Equity Research

The middle office is ripe for AI-related improvement and will likely be the greatest source of efficiency improvement

This segment has remained highly manual despite significant investment in agency management systems and workflow technology. A core challenge has been that the broker sits at the center of a high-volume counterparty network, with each conveying information in different formats and through different channels. The counterparty value chain (i.e., client, broker, insurer) remains heavily dependent on email, and large portions of mission-critical data are unstructured. Prior automation could handle structured inputs in well-defined workflows but not the messy edge cases and unstructured data flow that define middle-office functions. Agentic AI changes this because it represents a significant improvement in converting unstructured inputs in variable formats into structured, actionable outputs at scale. This is the specific capability middle-office functions in the broker workflow require and the specific capability that was lacking in prior pushes for greater automation. We view AI as a direct extension of the centralization and standardization programs that drove margin expansion over the past decade.

AI emergence is beginning to move rapidly with the larger public brokers providing more specific examples of AI use-cases in the last few quarters. Their commentary largely aligns with our view that there is significant opportunity for margin expansion through compressing middle- and back-office cost layers. Tasks cited include policy checks, invoicing, certificate of insurance issuance, client document ingestion, endorsement processing, and loss run analysis.

For the front office, we estimate a roughly 1% to 5% efficiency gain, reflecting increasing client capacity by producers and account executives rather than headcount reduction or lower producer revenue splits. For the middle office, we estimate a roughly 10% to 15% efficiency gain, reflecting automation savings. We believe this will likely translate into slower headcount growth rather than lower headcount. Our estimate for efficiency gains is lower than time savings touted by management, reflecting both offsetting AI usage costs and the need to retain middle-office headcount as a pipeline for front-office talent development. For the back office, we estimate a roughly 15% to 20% efficiency gain, reflecting automation savings. We believe the back office will be able to capture greater efficiency gains than the middle office given less relevance as a pipeline for front-office talent. Altogether, our framework suggests roughly 500 to 800 basis points of margin expansion over the next 5 to 10 years.

Implications for the Core Brokers

Aon

Aon was an early adopter of centralization, beginning with its Aon United strategy and the creation of Aon Business Services (ABS) nearly a decade ago. We believe this has enabled it to be the leader in applying data/analytics, including new AI tools, across a unified firm infrastructure. The result has been the strongest margin performance across the group over the past decade. We expect this outperformance to continue, and AI could widen the gap.

Gallagher

Gallagher has proved adept as an integrator to support its relatively aggressive tuck-in M&A strategy, among the public brokers. Part of its success is a function of being an early adopter for offshoring and centralization of service functions at its Centers of Excellence, increasing speed and consistency. The company's relatively centralized structure makes it well positioned to apply new AI tools to standard workflows and tools.

Brown & Brown

While Brown has held the highest operating margin among core peers over the past 20 years, the spread is shrinking. Margin has been supported by the company's relatively decentralized operating structure and high mix of higher-margin wholesale and programs business. While the former had been a strength, we believe it will likely become more of a competitive liability over the next several years as the company's more limited centralized infrastructure makes it less adept at fully leveraging AI for analytics and automation.

Marsh

With the creation of its BCS (Business and Client Services) unit in late 2025 and the Thrive cost-savings plan, Marsh is making significant investments in standardizing and centralizing its core infrastructure to improve AI capabilities and service delivery. However, in part, it is playing catch-up somewhat as it integrates the tuck-ins within Marsh McLennan Agency. We expect margin benefits to become more meaningful in the future. However, the potential for AI-powered automation savings could be more structurally limited in Marsh's people-intensive consulting business rather than the process-intensive P&C business. As a result, Marsh's margin improvement potential is unlikely to be at the high end of peers.

Willis Towers Watson

Willis has historically lagged the group on margin. Its issue has been a focus on competing in the middle to upper market while being at a relative scale disadvantage. The Newfront deal and leadership additions are interesting as these could help the company jumpstart new automation initiatives. Still, there are execution risks, and the benefits may be limited, at least over the next couple of years, by Willis's less unified infrastructure and heavy consulting orientation compared with some core peers.

Bottom line

In the late 2000s to mid-2010s, the core insurance brokers got bigger. In the mid-2010s to mid-2020s, they got better, primarily reflecting scale leverage, centralization of middle- and back-office functions and infrastructure, and improved business mix. Over the next 5 to 10 years, further compression of middle- and back-office cost layers, augmented by new AI tools, could drive 500 to 800 basis points of margin expansion. As a result, adjusted operating margin could reach the mid-30% to low-40% range from the roughly high-20% to low-30% range today. *We believe larger, integrated firms will be the winners, as their proprietary data and capacity to invest in centralized infrastructure make them best positioned to leverage AI. Among the core brokers, we like Aon and Gallagher. On the other hand, Brown & Brown's relatively decentralized model likely puts it at a competitive disadvantage, in our view. Marsh and Willis are in the middle, with more work needed to be done to close their margin gaps with peers.*

Exhibit 2
Core Insurance Brokers
Summary Statistics

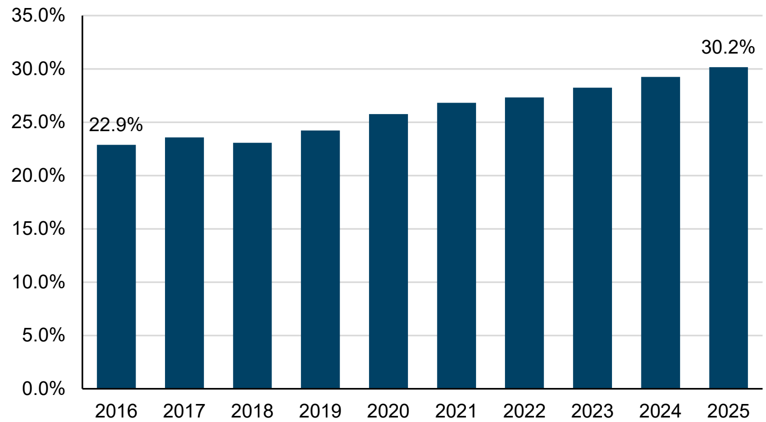
		EV/EBITDA		P/E		Adj. Op. Margin	
Ticker	**Rating**	**2027**	**10-Yr. Avg.**	**2027**	**10-Yr. Avg.**	**2025**	**2030E**
AJG	O	11.5x	13.6x	15.0x	16.0x	31.1%	35.6%
AON	O	12.3x	15.6x	14.8x	16.0x	32.4%	36.8%
BRO	M	10.9x	14.5x	12.6x	13.4x	35.0%	36.0%
MRSH	M	11.4x	14.8x	14.2x	15.2x	27.0%	30.0%
WTW	M	9.1x	11.9x	11.8x	12.9x	25.2%	28.2%
Mean		**11.0x**	**14.1x**	**13.7x**	**14.7x**	**30.2%**	**33.3%**
Median		**11.4x**	**14.5x**	**14.2x**	**15.2x**	**31.1%**	**35.6%**

Sources: FactSet, company reports, and William Blair Equity Research

Margin Drivers, Efficiency Benchmark, and Medium-Term Margin Framework

Margin Drivers

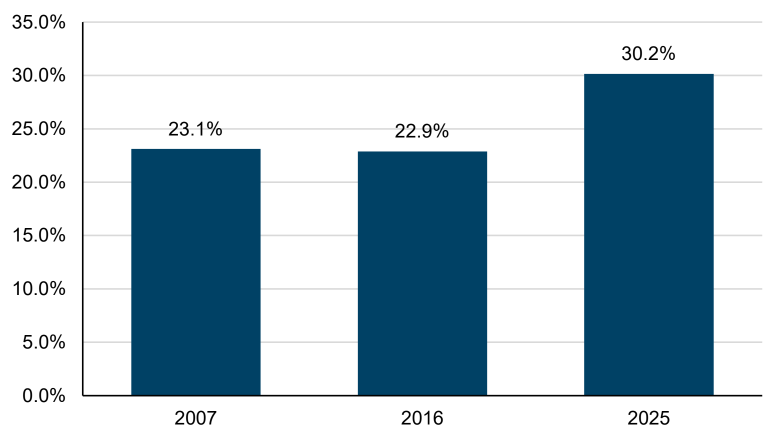
Exhibit 3
Core Insurance Brokers
Adjusted Operating Margin (2016–2025)



Adjusted operating income as defined for AON, MRSH, and WTW; Adjusted EBITDAC less depreciation for AJG & BRO.
Sources: Company reports and William Blair Equity Research

Over the past 10 years, the core brokers, on average, expanded adjusted operating margin from roughly 23% to 30%. Among the group, Aon and Gallagher led the way; Aon expanded margins by roughly 11%, and Gallagher expanded margins by 9%. Marsh was relatively average with 7% expansion, and Willis and Brown & Brown lagged with 5% and 3% expansion, respectively.

Exhibit 4
Core Insurance Brokers
Adjusted Operating Margin



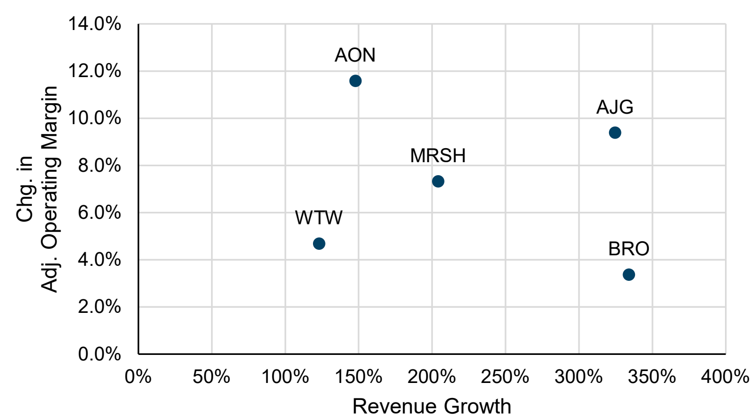
Adjusted operating income as defined for AON, MRSH, and WTW; Adjusted EBITDAC less depreciation for AJG & BRO.
Sources: Company reports and William Blair Equity Research

While increasing revenue scale was a factor, we do not believe that it alone is a sufficient explanation for margin expansion over the past decade. Consider that between 2007 and 2016, average operating margin was relatively flat even though aggregate core broker revenue rose 65%, to roughly $39 billion from $23.5 billion. Over that same period, revenue per employee improved slightly to $193,000 from $177,000, but operating profit per employee was relatively flat near $44,000. The lack of improvement in per-employee metrics suggests that the 2007 to 2016 period was mostly about the brokers getting bigger. In contrast, we believe the 2016 to 2025 period saw the brokers get better and not merely bigger. This is apparent in the per-employee metrics; over the past decade, revenue per employee rose 33%, to $257,000, and operating profit per employee rose 74%, to $78,000.

We believe four key factors drove margin expansion over the past decade, including: 1) revenue scale leverage, 2) centralization of middle- and back-office infrastructure, 3) business mix shift, and 4) cyclical factors including higher inflation and interest rates.

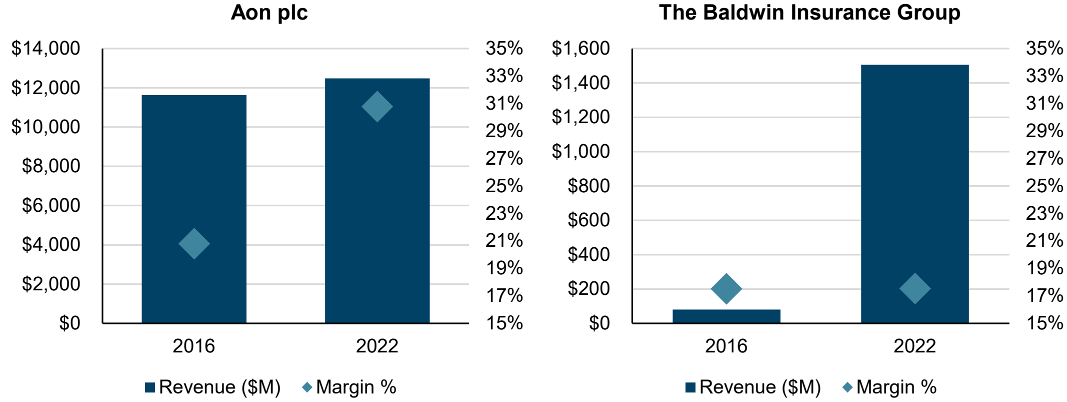
1) ***Revenue scale leverage.*** While scale matters, as it enables semifixed costs to be amortized across a larger revenue base, it alone is not sufficient for margin expansion. Indeed, we find essentially no correlation between revenue growth and margin expansion for the core brokers over the past decade. In addition, Aon and Baldwin are good examples on opposites ends of the spectrum of how revenue scale alone does not drive margin expansion. Between 2016 and 2022, Aon's total revenue grew just 7%, the lowest among core broker peers. Despite this, it expanded adjusted operating margin by roughly 10%, to about 30%, the largest improvement among core broker peers. In contrast, between 2017 and 2025, Baldwin's total revenue grew nearly 18 times from $80 million to $1.5 billion. Despite this, adjusted operating margin (including stock-based compensation) remained relatively flat in the high teens. Their respective margin trajectories reflect the lack of a clean linear relationship between revenue growth and margin improvement at all levels of scale. Rather, we believe there is a "hurdle" that needs to be cleared before revenue scale begins to pay off, reflecting the need for increasing investments in technology, talent, and other operational infrastructure to support a growing organization. By 2016, the core brokers reached their respective hurdles and began to see increased margin benefits from scale leverage. By 2025, smaller competitors like Baldwin appear to be reaching this level of maturity, increasing the potential for more consistent margin expansion over the next several years.

Exhibit 5
Core Insurance Brokers
Total Revenue Growth vs. Adjusted Operating Margin Expansion (2016–2025)



Sources: Company reports and William Blair Equity Research

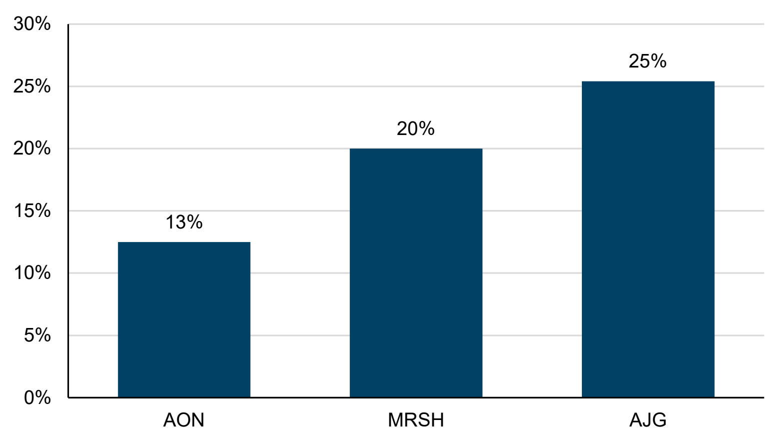
Exhibit 6
Revenue Scale Leverage Isn't Enough



Sources: Company reports and William Blair Equity Research

2) ***Centralized infrastructure.*** We believe the core brokers' investments to standardize technology and workflows and centralize middle- and back-office infrastructure have been the most important margin unlock over the past decade. We disaggregate the broker cost structure to three layers: front office (revenue generation), middle office (operational execution), and back office (corporate administration). While front-office expenses are largely variable, the latter two layers are largely semifixed. The ability to compress middle- and back-office layers is the key to margin expansion. The margin winners of the past decade—Aon and Gallagher—have been the most effective in this respect. Aon was an early adopter for centralization, beginning with its Aon United strategy and the creation of Aon Business Services (ABS). Gallagher has also proved adept as an integrator to support its relatively aggressive tuck-in M&A strategy, among the public brokers. Part of its success is a function of being an early adopter for offshoring and centralization of service functions at its Centers of Excellence (CoE), increasing speed and consistency. In 2016, the company had 2,700 employees in its CoE (roughly 11% of total headcount). Today, CoE headcount is 18,300, or about 25% of total.

Exhibit 7
Core Insurance Brokers
Lower-Cost Service Center as % of Total Headcount

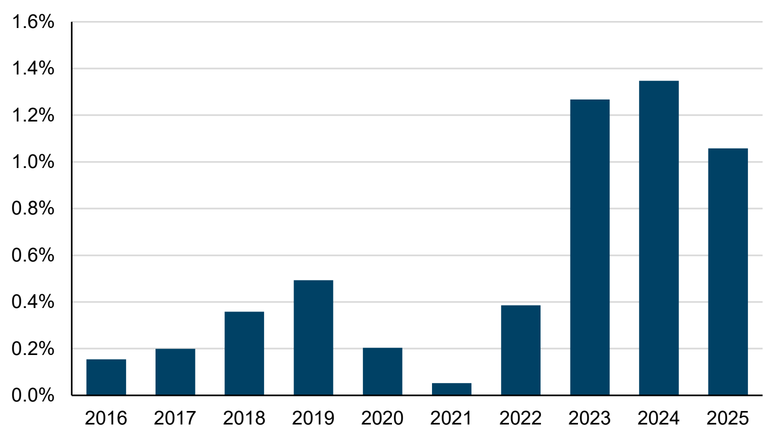


Sources: Company reports and William Blair Equity Research

3) ***Business mix.*** The brokers have benefited from shifting business mix, reflecting strategic decisions and M&A activity. Examples include Aon's 2017 divestiture of its BPO business Hewitt, Gallagher's 2021 acquisition of Willis Re significantly expanding its reinsurance brokerage, and Brown & Brown's 2023 divestiture of its relatively low-margin TPA services segment. An increasing focus on middle-market brokerage by large competitors like Marsh and Aon has also been a tailwind. While Marsh launched its middle-market Marsh McLennan Agency (MMA) business in the late 2000s, growth accelerated significantly over the past decade. Following its 2024 acquisition of McGriff, Marsh's MMA revenue has grown to roughly $5 billion, up from $1 billion in 2017. We believe growth in MMA has contributed to the favorable mix shift toward the higher-margin RIS segment, which has risen to 64% of total revenue, up from 54% a decade ago. Similarly, Aon's 2024 acquisition of NFP provided it with a foothold in the middle market. Among the group, Willis's trajectory has been bumpier, reflecting organizational noise following the Willis Group and Towers Watson merger in 2016 and the failed merger with Aon in the early 2020s.

4) ***Cyclical factors.*** Cyclical tailwinds in the early 2020s include favorable inflation pass-through from a hard pricing market and higher interest rates boosting fiduciary interest income. Broker fees and commissions are largely tied to premium. In a hard market, premiums increase with overall inflation, reflecting attributes like rising property values and payrolls. Thus, inflation bolsters top-line growth through higher commissions, of which only a portion are captured by rising "front office" compensation costs, while the remainder can benefit margin. In addition, brokers earn interest income on the short-term float of premium payments between insured and insurers. The fiduciary interest income on the float is almost pure profit. We estimate fiduciary income added roughly 1% to margin for Aon, Marsh, and Willis in 2025 compared with a decade prior. Although fiduciary income appears elevated, the steady state is likely to be higher than the near-zero level seen in most of the 2010s.

Exhibit 8
Core Insurance Brokers
Fiduciary Interest Income Operating Margin Benefit*

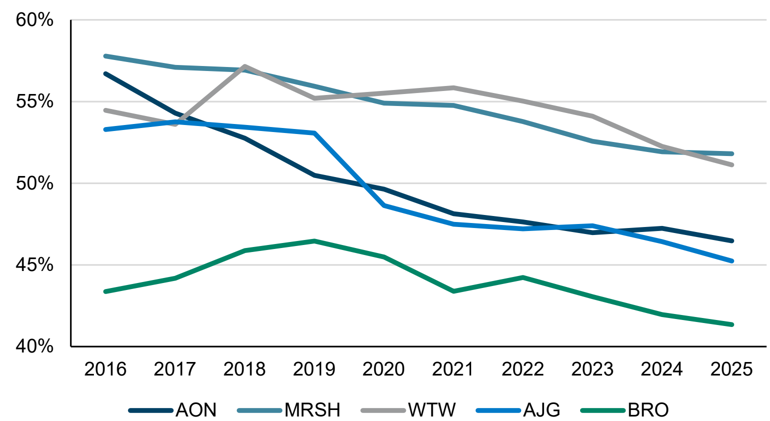


*Avg. of AON, MRSH, and WTW (2022 to 2025 only)
Sources: Company reports and William Blair Equity Research

The Efficiency Benchmark

Our Efficiency Benchmark provides an alternative view of the insurance broker cost structure and represents a single metric for overhead as a percentage of revenue. We separate expenses into two categories: 1) direct costs of generating and maintaining revenue (e.g., producer payout) and 2) indirect costs (e.g., middle-office and service compensation costs in addition to corporate overhead). In the three-layer framing discussed earlier, direct costs are front office, while the indirect costs include both middle- and back-office functions. While this framing is typical for many companies, it contrasts with the income statement reporting of most public brokers that separate expenses into only two broad categories: 1) compensation and 2) other operating expenses. In addition, the level of line-item disclosures for various restructuring costs or other one-time adjustments varies between firms. An issue with the compensation ratio and operating cost ratio reporting is that it does not distinguish between producer payouts directly related to generating revenue and semi-fixed costs associated with non-revenue-generating functions. As a result, investors are left with limited visibility into the true overhead costs that can be leveraged.

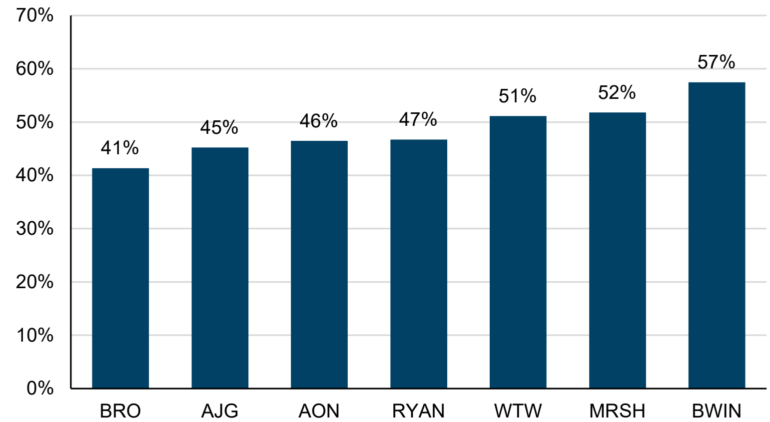
Exhibit 9
Core Insurance Brokers
Efficiency Benchmark (2016–2025)



Sources: Company reports and William Blair Equity Research

To estimate our Efficiency Benchmark, we first calculate adjusted operating costs as revenue minus adjusted operating income. We use adjusted operating income excluding intangible amortization as reported by Aon, Marsh, and Willis. For Gallagher and Brown & Brown, we reduce adjusted EBITDAC by depreciation. Then, we estimate producer payout (i.e., broker COGS) as 20% to 25% of revenue, with larger brokers such as Aon and Marsh at the lower end, and middle-market-oriented brokers such as Gallagher and Brown & Brown at the higher end. Last, we subtract COGS from total adjusted operating costs to arrive at estimated overhead. Overhead cost as a percentage of revenue is expressed as our Efficiency Benchmark.

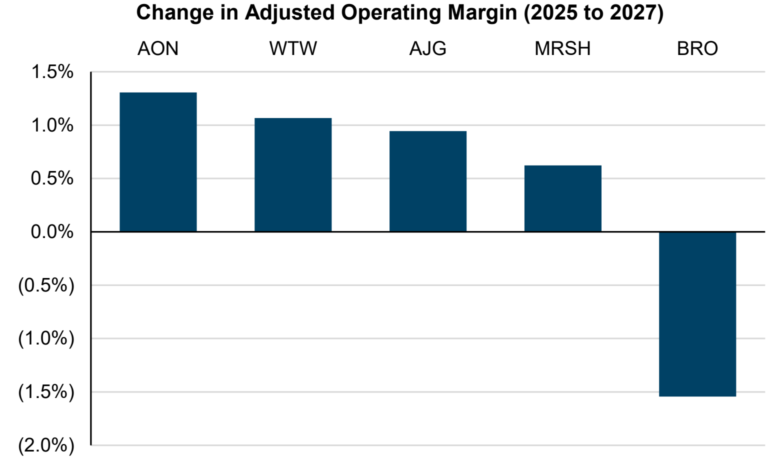
Exhibit 10
Insurance Brokers
2025 Efficiency Benchmark (Lower Is Better)



Sources: Company reports and William Blair Equity Research

Over the past 10 years, the average Efficiency Benchmark for the core brokers has improved by roughly 6%. Aon and Gallagher have led the group, improving their Efficiency Benchmarks by 10% and 8%, respectively. Aon's improvement is especially impressive as it was near parity with Marsh a decade ago but expanded its relative lead to 6 percentage points despite more modest top-line leverage. While Brown & Brown has remained the leader in Efficiency Benchmark, we believe its ability for future improvement is relatively constrained. This is not due to Brown & Brown representing a level of peak margin for all brokers, but rather its more decentralized operating structure. We believe Brown & Brown's less integrated model represents a trade-off for more near-term rather than long-term margin benefits. The decentralized structure provides less opportunity to apply new technology, including AI, to standardize workflows and improve productivity. As a result, over the medium to long term, the more integrated brokers such as Aon are likely to surpass Brown & Brown on our Efficiency Benchmark and adjusted operating margin.

Exhibit 11
Core Insurance Brokers
Change in Adjusted Operating Margin (2025 to 2027)



*AJG's 2025 margin excludes AssuredPartners interest income on deal consideration.
Sources: Company reports and William Blair Equity Research

Over the next two years, we estimate the core brokers will improve average adjusted operating margin by roughly 60 basis points. Excluding Brown & Brown, we estimate the remaining brokers will improve margin by 100 basis points on average. Among the group, we expect Aon to lead the way (130 basis points expansion through 2027). Management has maintained guidance for 70 to 100 basis points of annual margin expansion over the medium term, with 70 to 80 basis points of improvement in 2026. Willis and Gallagher should also have strong margin improvement, reflecting integration and synergies with recently completed deals of Newfront and AssuredPartners, respectively. We expect Marsh to lag in 2026 but expect more significant margin expansion in 2027 as Thrive cost savings become more material. In contrast with peers, we expect BRO's margin will be under pressure over the next couple of years, reflecting pressure on its property-focused, higher-margin specialty segment and a need for more significant investment in talent and technology to catch-up with more integrated peers.

AI and Broker Efficiency – Medium-Term Margin Framework

While broker margins have increased significantly over the past 10 years, we do not believe they are approaching peak levels. While near-term organic revenue growth may moderate given the softer pricing cycle, as we discussed earlier, we believe further margin expansion is not primarily reliant on scale leverage. Rather, we believe the most important driver of margin expansion over the next 5 to 10 years will be from further standardizing technology and workflows and centralizing middle- and back-office infrastructure. New AI capabilities should be an incremental tailwind to prior initiatives that have benefited the last 10 years.

To better understand the brokers' cost structures and how margins can be further improved by new AI tools and automation, it is helpful to look more closely at the functions mapped to our three-layer framework: 1) front office, 2) middle office, and 3) back office.

The front office encompasses direct-revenue-generating and client-facing functions. This includes producers and account executives. Ultimately, the front office drives new business development and program strategy, recommends coverage structure, negotiates terms, and owns the client advisory relationship. Front-office costs are largely variable and tied to new business generation and client retention. We estimate front-office costs are roughly 25% to 30% of revenue.

The middle office owns operational execution, encompassing all support and service roles that enable the front office to deliver for clients but do not directly generate revenue. This includes placement specialists who own carrier relationships and execute market placement for specific coverage lines; account managers who handle high-volume transaction processing (e.g., ACORD application completion, certificate of insurance issuance, loss run collection, and endorsement processing); risk analysts who provide analytic rigor to client recommendations (e.g., TCOR modeling, loss analysis, benchmarking); claims advocates who monitor open claims and dispute denials on behalf of clients; and premium accounting and other administration staff (e.g., agency bill invoicing, collections and carrier remittance). In contrast to the front-office layer, costs are semi-fixed. We estimate middle-office costs are roughly 25% to 35% of revenue.

The back office provides corporate administration and shared services to the firm with no direct link to clients. Key functions include internal financial reporting, human resources, IT infrastructure, legal and compliance, and real estate. These costs are largely fixed overhead at a certain level of scale. We estimate that back-office costs are roughly 10% to 15% of revenue.

Exhibit 12
Insurance Brokers
Cost Structure by Function

	Front Office	Middle Office	Back Office
% of Revenue	25% to 30%	25% to 35%	10% to 15%
Responsibility	Revenue Generation	Operational Execution	Corporate Administration
Roles	-Producer/Broker -Account Executive	-Account Manager -Risk Analyst -Claims Specialist -Placement Specialist	-Accounting/Payroll Analyst -Human Resources Specialist
Functions	-Business development & sales -Executive relationship management -Lead strategy, recommendation, and negotiation	-Technical placement & execution (e.g., submission prep, tower structuring) -Account servicing & transaction processing (e.g., COI issuance, policy checking, loss run collection, premium billing) -Risk analytics & claims advocacy (e.g., TCOR modeling, benchmarking, claims monitoring and dispute resolution)	-Infrastructure and systems (e.g., IT, real estate, legal/compliance) -Internal reporting and admin. (e.g., financial reporting, HR, recruiting) -M&A integration
Cost Structure	Highly Variable	Sem-Fixed	Highly Fixed

Source: William Blair Equity Research

We view AI as a direct extension of the centralization and standardization programs that drove margin expansion over the past decade. Brokers that have invested in standardized workflows, integrated technology platforms, and centralized service delivery have created the organizational infrastructure through which new AI tools can be deployed at scale. We believe the middle- and back-office layers are best positioned to see productivity uplift as tedious tasks and workflows are automated, enabling improved speed to market for front-office functions with greater consistency and quality and at lower cost.

The middle office has remained highly manual despite significant investment in agency management systems and workflow technology. A core challenge has been that the broker sits at the center of a high-volume counterparty network, with each conveying information in different formats and through different channels. For example, loss runs arrive as PDFs structured differently by every carrier, and certificate of insurance requests come in as emails with contract attachments. Prior automation could handle structured inputs in well-defined workflows, but not the messy edge cases and unstructured data flow that define middle-office functions. Agentic AI changes this because it represents a significant improvement in converting unstructured inputs in variable formats into structured, actionable outputs at scale. This is the specific capability that middle-office functions in the broker workflow require and that was lacking in prior pushes for greater automation. For example, agentic AI can read loss runs regardless of how they are formatted, complete an ACORD application from unstructured client intake documents, and identify discrepancies between an issued policy and its binder specifications.

Exhibit 13
Insurance Brokers
Summary of Announced AI Use-Cases and Impacts

Broker	Public / Private	Use-Cases & Savings
Aon	Public	-Broker Copilot (launched June 2025) - capture and structure data from every submission providing live intelligence to brokers. -Claims Copilot (pilot late 2025/expansion 2026) - single connected platform for claims data/analytics enabling better consistency. -Cycle times for invoicing were reduced by 50%, falling from 22 days to 11 days, with a 70% reduction in the total volume of invoicing work required. -Handle times for insurance certificates saw a 95% reduction, dropping from several hours to less than five minutes. -The time required for policy checks was reduced by over 95%, decreasing from 48 hrs to just 30 min. -The AI-powered Health Network Analyzer identifies strategies that can potentially reduce an employer's medical spend by up to 15%. -DataRobot - automation in workflows to accelerate onboarding, placement, renewals, and service (e.g., COI generation, invoice processing).
Marsh McLennan	Public	-Announced Thrive cost-savings plan & BCS unit creation to centralize services and accelerate efficiency gains in 4Q25. -AI-enabled tools including Risk Companion, Sentrisk, Blue[i], Quotient. -50% increase in sales velocity in pilot of new tools in MMA. -20% improvement in document ingestion. -Reduced time for internal software development. -2 million prompts per month.
WTW	Public	-Acquired Newfront in 1Q26 and formalized AI leadership with Newfront CEO as chief AI officer and Newfront cofounder Gordon Wintrob as head of AI Acceleration. -Contact Center Efficiency: The Call Note Assist tool enabled a 33% reduction in post-call wrap-up time across 1.6 million calls. -Endorsement processing - CRB Affinity team achieved a 90% reduction in processing time for endorsements using AI. -Data entry rationalization - The Neuron platform is designed to eliminate redundant data entry for single data points that were historically inserted between 3 and 12 times.
Arthur J. Gallagher	Public	-AI-enabled tools including Blueprint. -1.6 million prompts per month. -Reduce loss run summarization time to 100 min from 150 min (33% improvement). -Reduce marketing spreadsheets creation time to 20 min from 40 min (50% improvement). -Reduce quote letter generation to 30 min from 45 min (33% improvement). -Reduce time spent on AMS data entry to 45 min from 60 min (25% improvement). -Reduce claims email response turnaround time.
Brown & Brown	Public	-Intake and submission automation - reduce processing and quote response time to enhance win rates for wholesale and programs. -Use-cases include - policy check / comparison, data extraction, and direct bill automation.
Baldwin Insurance Group	Public	-Initial use-cases - optimize and automate processes for advisors and client teams. -Long-term focus - agentic workflows for end-to-end process execution. -Developed proprietary orchestration layer. -Upward of 80% productivity improvement from new tools, including significant compression in MGA product launch time.
Ryan Specialty	Public	-Submission processing - turnaround times reduced from about 24 hours to under 2 hours. -Facultative reinsurance - processing time per submission dropped from 2 hours to minutes. -Underwriter capacity - Ryan Re underwriters can now evaluate roughly 10 times more submissions. -Quote speed - Velocity platform improved median speed to quote by 36%. Submission triage - Underwriters can now triage submissions in minutes instead of hours. Bind ratios - Achieved an 11x uplift in submit-to-bind ratios for high-appetite categories.
Acrisure	Private	-Announced roughly 11% headcount reduction through end of 2027, citing AI and technology advances.
HUB International	Private	-Claude AI deployment in fourth quarter 2025. -85% productivity increase in targeted use-cases. -2.5 hours saved per employee per week.

Sources: Company reports and William Blair Equity Research

Over the past several months, the brokers have provided more specific examples of AI use-cases. Their commentary largely aligns with our view that there is significant opportunity for margin expansion through enhanced middle-office productivity. Tasks cited include policy checks, invoicing, certificate of insurance issuance, client document ingestion, endorsement processing, and loss run analysis. Potential time savings appear significant. For example, Aon highlighted reducing policy check time to 30 minutes from 48 hours; Marsh highlighted a 20% improvement in document ingestion time; Willis highlighted a 90% reduction in endorsement processing time; and Gallagher highlighted reducing time taken for loss summarization to 100 minutes from 150 minutes.

The brokers have been less precise in terms of actual cost savings they expect to realize over the next several years. While time savings for specific tasks are often cited in the 25% to 50% range, actual realized costs savings are likely to be less given the incremental AI investment and usage costs to support this enhanced productivity. Among the group, Gallagher has provided the most clarity into how AI should benefit margin. At the company's June 2026 investor day, management noted the potential for 5% savings for the production layer, 10% to 15% savings to the client support layer, and 20% to 30% savings to the back-office layer over the next three to five years.

Exhibit 14
Insurance Brokers
Medium-Term Margin Framework

	Front Office	Middle Office	Back Office	Operating Margin
% of Revenue (2025)	28%	30%	13%	**30%**
Net AI Benefit				
Low	1%	10%	15%	
High	5%	15%	20%	
Margin Impact				
Low	0.3%	3.0%	1.9%	**5.2%**
High	1.4%	4.5%	2.5%	**8.4%**
% of Revenue (5 to 10 Years)				
Low	27%	27%	11%	**35%**
High	26%	26%	10%	**38%**

Source: William Blair Equity Research

Using our three-layer cost framework and data points around the AI opportunity to compress middle- and back-office costs, we estimate adjusted operating margins could rise by 500 to 800 basis points over the next 5 to 10 years.

For the front office, we estimate a 1% to 5% efficiency gain, reflecting increasing client capacity by producers and account executives rather than headcount reduction or lower producer revenue splits. This represents 30 to 140 basis points of margin benefit to this layer over the medium to long term.

For the middle office, we estimate a 10% to 15% efficiency gain, reflecting time savings for currently tedious, manual tasks. We believe this will likely translate into slower headcount growth rather than significant headcount reductions. Our estimate for efficiency gains is notably lower than time savings touted by management, reflecting both offsetting AI usage costs and the need to retain middle-office headcount as a training ground and pipeline for future front-office talent. We estimate middle-office savings to be a 300- to 450-basis-point margin benefit over the medium to long term.

For the back office, we estimate a 12.5% to 17.5% efficiency gain, reflecting time savings for current tedious, manual tasks. We believe the back office will be able to capture greater efficiency gains than the middle office given less relevance as a pipeline for front-office talent. We estimate back-office savings to be a 200- to 250-basis-point margin benefit over the medium to long term.

Framing the AI Debate

In this section we address some of the AI concerns facing the brokers, provide our take on their validity, and contextualize the growing AI narrative in private markets. Our general view is that the market is overweighting AI's potential as a disintermediation risk, while underestimating its potential to add operational efficiency for the core commercial brokers.

I. Carriers Will Use AI to Compress Broker Commissions and Lower Distribution Costs

Concerns about fee compression for the brokers are not new. However, the topic gained renewed interest following comments from Chubb in April that called intermediation costs "excessive" and noted the potential for AI and digitalization to bring costs down over the long term. Bears believe further margin gains by brokers will strengthen carriers' position to push for lower commission rates.

We are skeptical. First, broker commissions as a percentage of premiums have been essentially flat for two decades. Despite years of technological advancement, the Spitzer-era regulatory reforms, and sustained carrier commentary about distribution costs, the effective commission yield for large brokers has not materially compressed. We believe this is largely explained by market structure. The insurance market needs to be relatively fragmented since the purpose is to spread risk. No single carrier controls enough market share to unilaterally move commission structures. A carrier that aggressively pushes on commissions risks damaging distribution relationships and losing broker flow. That deterrent is structural and does not change with AI. Second, the timing argument is particularly weak in the current environment. A softening P&C market, where carriers are competing for quality commercial risks, is precisely the environment in which they most need broker relationships, not one in which they have the leverage to compress compensation. Third, at the large account level, the shift from commission-based to fee-based models has already occurred for the largest, price-sensitive clients.

II. Brokers Will Be Unable to Capture AI Cost Savings Because the Benefits Will Be Competed Away

Bears believe that if AI lowers the cost of brokerage service delivery, competition will force brokers to pass those savings to clients through lower fees or commissions, or to attract talent at higher cost to maintain differentiation, neutralizing the margin benefit.

Competitive dynamics in commercial brokerage do not work like commodity markets. Brokers compete in terms of relationships, market access, coverage quality, and service. In short, they compete on value rather than price. We do not believe that a CFO who is effectively paying their broker $800,000 a year in fees will upend a 10-year relationship to switch to an unproven competitor that is offering $50,000 of savings if it means re-underwriting their insurance program and risking coverage quality. While this sounds like a material cost reduction, the client is buying hundreds of millions of dollars in coverage limits; will they likely save a penny to potentially put tens of millions of dollars of losses at risk? In addition, the switching costs and relationship inertia in commercial brokerage are structural. Retention rates are consistently in the low- to mid-90% range. More importantly, the brokers best positioned to capture AI savings are those that have built the organizational infrastructure that competitors cannot easily replicate. While AI is a tool that can augment existing workflows, it requires the context-specific data to power analysis and support decision-making. This suggests that AI-driven efficiency should accrue disproportionately to large, integrated incumbents rather than being competed away.

III. Brokers Provide Limited Value-Add and Are Vulnerable to AI Disintermediation

The disintermediation thesis is well articulated in a 2026 blog post by venture firm Sequoia. It argues that AI is rapidly evolving from merely being a "copilot" that augments the decision-making of a professional to being an "autopilot" that has become intelligent enough to supplant the professionals and deliver outcomes directly. Insurance brokerage sits at the top of the opportunity map as a market ripe for disruption by the new AI autopilots, predicated on the assumption that broker value-add is minimal and consists essentially of simply "shopping across carriers and filling forms." The implication is that agentic AI can perform the core broker function at a fraction of the cost, removing the need for a human intermediary.

The thesis rests on a fundamental mischaracterization of what brokers actually do and why they exist. The broker is not simply a middleman inserting cost into a transaction. Rather, the broker solves a market structure problem that neither the buyer nor the seller could replicate by going direct.

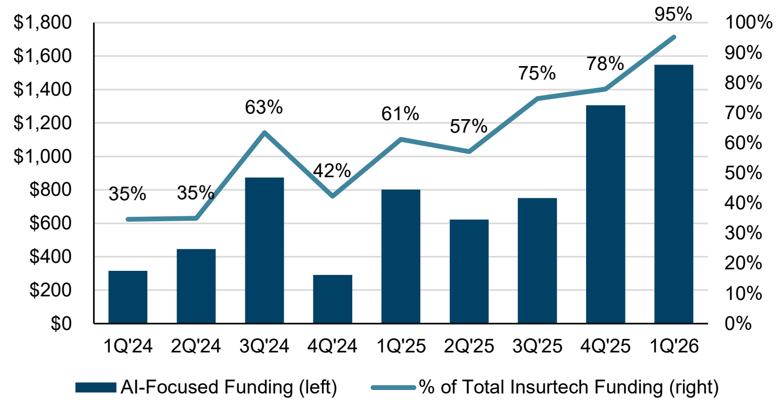
First, consider the buying experience, particularly for the midsize to large market segments that the core brokers primarily serve. These clients require significant service infrastructure due to the complexity of their insurance coverages, changing risk exposures, and frequent level of claims activity. A risk manager at a *Fortune* 500 company sees their own renewals once a year across a single company's risk profile. A large broker's placement team sees hundreds of renewals across industries simultaneously, generating real-time intelligence on which carriers are pulling back capacity on which lines, where pricing is moving before it appears in published indices, which underwriters are empowered to negotiate versus quoting from a rate sheet, and what coverage terms are achievable in the current market. No internal risk management team, regardless of sophistication, can match that market knowledge, because it is structurally inaccessible to any single buyer. Beyond market intelligence, the broker provides benchmarking that requires anonymized data across a large book. For example, a CFO who wants to know whether their retention levels and limits are in line with peers in their industry cannot generate that analysis themselves. Similarly, the broker's claims advocacy function is explicitly adversarial on the insured's behalf against the carrier. This cannot be replicated in a direct relationship. If a $10 million claim is denied, the broker challenges the denial with coverage expertise and carrier relationship leverage. A buyer going direct has no equivalent recourse.

Second, consider why carriers do not simply sell direct to commercial accounts and keep the commission. The key issue is that the carrier cannot cost-effectively replicate the broker's function. A single carrier can only offer its own forms, its own appetite, and its own pricing. A commercial buyer with $500,000 in annual premium across general liability, property, umbrella, D&O, cyber, and workers' comp needs access to multiple carriers across those lines to get competitive terms on each. A carrier selling direct can offer its lines and nothing else, which is insufficient for any account with meaningful complexity. In addition, building and maintaining a direct commercial salesforce across every geography, industry vertical, and coverage line would be costly and transform distribution from a variable to a fixed model.

In summary, the broker provides something distinct from what either side can replicate: aggregated market knowledge across hundreds of clients and carriers simultaneously, multi-carrier access that no single buyer can achieve alone, professional accountability through E&O liability that aligns the broker's incentives with the insured's coverage adequacy, and an intermediary function that makes distribution economics work for carriers. These are structural roles, not automatable execution tasks.

While we are skeptical about the widespread disintermediation narrative, we believe that AI has potential to significantly augment operations of large commercial brokers and create competitive pressure for distributors of commodity-oriented products (e.g., monoline personal auto). This is reflected by growing venture funding for new AI-focused insurtech companies.

Exhibit 15
Global Insurtech Venture Funding
Interest In AI-Focused Insurtech Has Soared
(Dollars in millions)



Sources: Gallagher Re and William Blair Equity Research

Private insurtech market

Over the past year, the private insurtech market has come back to life. According to Gallagher Re, venture funding for P&C insurtechs rose roughly 35% in 2025, and global insurtech funding rose nearly 20%, marking the first annual increase since 2021. Renewed interest in insurtech has largely been powered by the promise of AI. Sixty-six percent of 2025 venture funding went toward AI-focused companies. In the first quarter of 2026, AI-focused companies received 95% of venture funding. Start-up accelerator Y Combinator flagged AI-native service companies including insurance brokerage in their request for start-ups for the summer 2026 cohort. We expect interest will likely continue building.

AI enablers and disruptors

We separate the upstarts into two broad categories: AI enablers and AI disruptors. Enablers sell into brokers and carriers offering vertical tools to augment existing capabilities and improve operational execution. Disruptors try to displace the incumbent brokers and/or carriers by using differentiated technology to provide superior experiences. The disruptors have typically garnered the most funding and the highest valuations. While AI creates new opportunities to effectively serve the small commercial segment where risks are relatively simple, forms are standardized, and carrier relationships matter less, it does less to upend the structural challenges that brokers solve for in the midsize to large commercial market segments. This includes program design judgment, coverage form negotiation, carrier relationship leverage, and claims advocacy. This dynamic has held back the last wave of venture-backed disruptors, including Newfront, Next Insurance, and Vouch, all of which were ultimately acquired by larger insurers below their peak private valuations. While the AI disruptors have a good chance of succeeding in certain market segments, these organizations will likely take time to build critical mass.

Exhibit 16
Recent Venture-Backed AI Enablers and Disruptors

AI Enablers	AI Disruptors
comulate	Corgi
Fulcrum	Harper
FurtherAI	EQUAL PARTS
outmarket	WithCoverage
PACE	

Sources: Company reports and William Blair Equity Research

Below we highlight some recent venture-backed AI enablers and disruptors.

- *Comulate – $20 million series B (February 2025).* Comulate provides accounting automation and revenue intelligence software for insurance brokers.

- *Fulcrum – $25 million series A (January 2026).* Fulcrum integrates with existing insurance systems of records (such as AMS) to modernize insurance brokers' middle-office workflows with AI agents.

- *FurtherAI – $30 million series A (November 2025).* FurtherAI provides an AI workspace purpose-built for insurance serving carriers, managing general agents (MGAs), and brokers.

- *Outmarket – $17 million series A (May 2026).* Outmarket provides purpose-built AI workflows for insurance brokers.

- *Pace – $46 million series B (May 2026).* Pace provides the orchestration, integration, and governance layers to enable carriers, brokers, and wholesalers to build, deploy, and manage AI agents that run end-to-end operations.

- *Corgi –$106 million series B1 at $2.6 billion valuation (May 2026).* Corgi is a full-stack insurance company serving the small commercial segment. The B1 round followed a $160 million series B round weeks earlier that valued the company at $1.3 billion. Corgi uses a direct distribution model but noted following its B1 round that it would grow embedded partnerships. In June, the company announced a partnership with SVB.

- *Equal Parts –$28 million series A (May 2026).* Equal Parts is an insurance broker that integrates traditional relationship-based distribution with proprietary AI tools. The company plans to acquire 25 agencies and reach $1 billion of premiums by 2028.

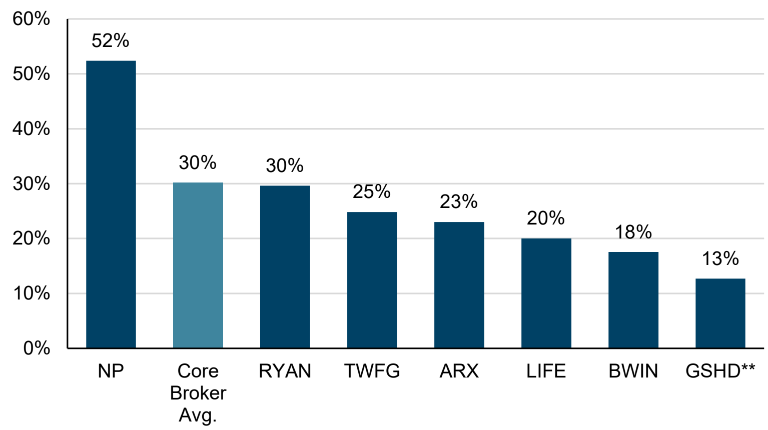
- *Harper – $47 million series A (February 2026).* Harper is an insurance broker focused on the small commercial segment. The company's proprietary AI-enabled infrastructure allows the company to serve small commercial clients faster and at greater scale than incumbents.

- *WithCoverage – $42 million series B (January 2026).* WithCoverage provides a risk management solution to businesses. The company's compensation model differs from typical brokers by charging insurance buyers directly a flat fee in lieu of variable carrier commissions.

Implications for the Alternative Brokers

Over the past 5 to 10 years, a new generation of insurance distributors have become publicly traded companies. Although we often categorize this group as the "alternative brokers" to differentiate them from the more mature, commercial-lines-focused core brokers, the group is not monolithic. These brokers operate in different segments of the insurance market, serving different types of clients through different business models. Nonetheless, the two common attributes for the alternative brokers are their significantly smaller scale and faster organic growth than the core brokers. Over the next two years, we estimate the alternative brokers could achieve organic growth of 15% to 20%, on average, or 3 to 4 times faster than the core brokers.

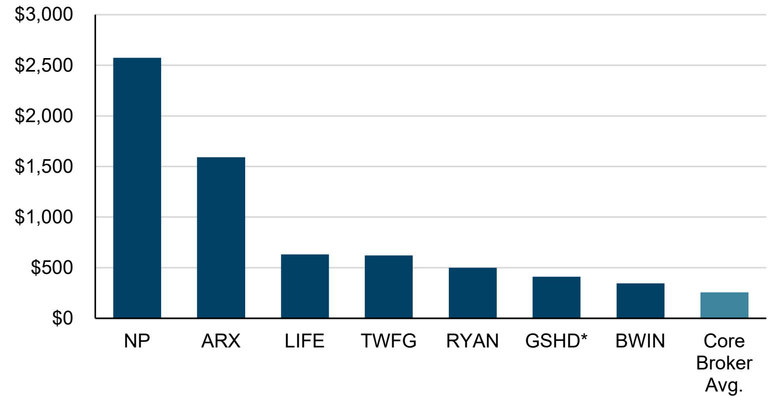
Exhibit 17
Insurance Distributors
Adjusted Operating Margin* (2025) – Core vs. Alternative Brokers



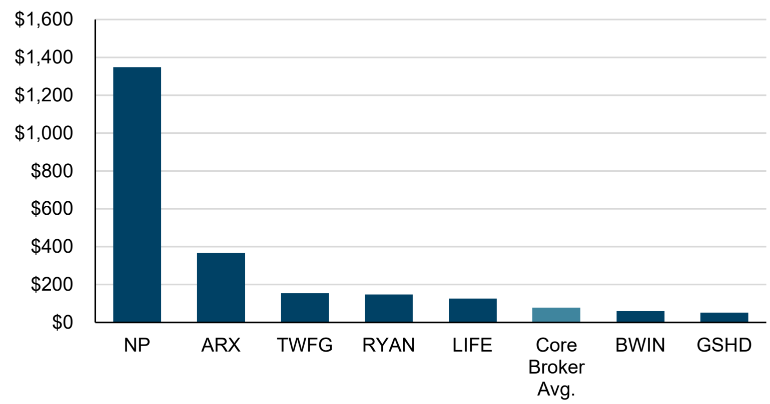
*Adj. operating margin includes depreciation and recurring stock-based compensation addbacks.
**GSHD margin reflects grossed-up franchise royalty revenue to make comparable with peers.
Sources: Company reports and William Blair Equity Research

The adjusted operating margins for the alternative brokers range from the midteens to 50%. This is substantially wider than that of the core brokers, which range from mid-20% to low-30%. The average adjusted operating margin for the core brokers is higher than almost all the alternative brokers. This is not surprising given the core brokers' relative maturity and scale. The core brokers had average revenue of roughly $17 billion. In comparison, average revenue for the alternative brokers was about $1 billion. Among the group, Neptune, a flood insurance MGA, stands out for significantly higher margins than both core and alternative broker peers. This largely reflects a good part of the premium economics paired with an asset-light and tech-oriented model that distributes through independent agents.

Exhibit 18
Insurance Distributors
Productivity Per Employee – Core Brokers vs. Alternative Brokers
2025 Revenue Per Employee ($'000s)



2025 Adj. Operating Income Per Employee ($'000s)



*GSHD revenue reflects grossed-up franchise royalty to make comparable with peers.
Sources: Company reports and William Blair Equity Research

Although the alternative brokers largely lag the core brokers in absolute adjusted operating margin, we believe their relative outperformance on per-employee metrics suggests latent margin potential with greater scale and maturity. Excluding Accelerant and Neptune, which have the most technology-oriented models, the alternative brokers generated roughly 2 times the revenue per employee of the average core broker in 2025. Below, we share some thoughts on margin potential and AI implications for alternative brokers in our coverage.

Accelerant

Accelerant operates a specialty insurance exchange connecting MGAs and risk capital providers. Accelerant's superior per-employee metrics compared with its relatively average adjusted operating margin reflect the distortion from its underwriting segment. The economics from the underwriting segment are minimal as it is largely a pass-through to reinsurance partners accessing the exchange. Over time, we expect more insurers will access the exchange directly, reducing the margin drag. We believe investors are better served by focusing on Accelerant's fee-based segments. In 2025, these segments generated $180 million of adjusted EBITDA (about 50% margin) with a roughly 85% unleveraged free cash flow conversion rate. The company has strong AI positioning given its lack of technical debt, foundational focus on developing differentiated data/analytics to drive high underwriting quality, and unique orientation as more of a tech-enabler rather than a distributor.

Ethos

Ethos in effect operates a life insurance MGA, developing and underwriting products with backing from insurers. The company is compensated by commissions for policies distributed through direct and independent agent channels. The company's adjusted operating margin of roughly 20% is below average, reflecting a lack of scale and relatively low contribution margin from the third-party agent channel. However, strong per-employee revenue reflects the latent margin potential from Ethos's direct channel. Increasing AI adoption by consumers could have favorable impacts on growth and margin as the direct channel has superior contribution margin of about 60%.

Baldwin

Baldwin is a higher-growth insurance distributor with a diversified business mix split between commercial P&C and retail-oriented programs and embedded brokerage. Between 2019 and 2022, Baldwin grew rapidly through acquisitions. Despite amassing significantly greater top-line scale, margin remained relatively steady, reflecting large infrastructure investments to transform from a regional player to an integrated national platform. The company is in the early stages of applying AI to streamline business operations. In June, management noted a clear path to 300 to 400 basis points of margin expansion in its commercial brokerage segment by streamlining its service organization through automation and offshoring. The company is differentiated from the core brokers by its personal lines brokerage and program business, which uses an embedded distribution model. While subscale currently, we believe Baldwin's superior revenue per employee compared with the core brokers is an indication of the latent margin potential of this business.

Ryan Specialty

Ryan Specialty is a wholesale broker and MGA platform focused on the E&S market. Ryan stands out among the alternative brokers given its relative scale and maturity. Despite having roughly 20% of the revenue scale of the average core broker, its adjusted operating margin is in line with the group. Notably, revenue and profitability on a per-employee basis exceed core broker peers. We believe this reflects the relatively lean model of Ryan's delegated authority business compared to more people-intensive brokerage. Delegated authority is well positioned to benefit from AI as it should result in faster submission intake and quoting velocity supporting improved close rates and new business growth.

Goosehead

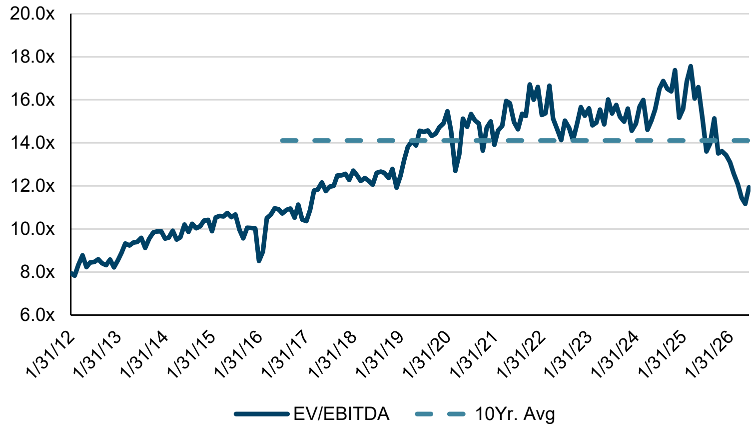
Goosehead is an independent personal lines distributor. The company's revenue per employee is higher than the average core broker, largely reflecting the company's growing franchise business (roughly 60% of revenue). However, lower profitability per employee lags, reflecting the company's relative lack of scale and significant investments to support a variety of growth initiatives, including its direct-to-consumer Digital Agent 2.0 platform.

TWFG

TWFG is an independent personal lines distributor. The company has above-average per-employee revenue and profitability. This reflects a lean corporate model and relatively large mix of independent agency-in-a-box and MGA branches. TWFG's corporate branches represent roughly 20% of revenue, compared with 40% for Goosehead. In addition, the company offers agency-in-a-box branches a relatively higher revenue split but is not responsible for a running centralized service function. AI exposure fears are likely overstated given TWFG's focus on more complex (i.e., homeowners) and bundled business. We believe scaled independent agencies are best positioned to continue taking share from the previously dominant and now eroding captive agent channel.

Valuations, Stock Thoughts, and Risks

Exhibit 19
Core Insurance Brokers
Forward EV/EBITDA Multiple



Sources: FactSet and William Blair Equity Research

Insurance distribution stocks have been battered over the past 18 months. Year-to-date, core broker stocks are down 17%, on average, marking the group's worst performance in at least 20 years (the prior record was a 10% decline in 2007). The alternative brokers in our coverage are faring even worse, with the group down 20%. Weakness built through 2025 as property pricing weakened faster than expected, driving concerns about decelerating organic growth. This was further compounded by new AI fears in early 2026, with core broker stocks falling by 9% on February 9. While consensus estimates of forward earnings have been relatively unchanged, the sell-off has been driven by a sharp contraction in valuation multiples. The core brokers trade at 12x forward EV/EBITDA, down from a peak of 16 to 17 times in early 2025 and below the group's 10-year average of 14 times.

Exhibit 20
Insurance Brokers and Distributors
Valuation Analysis

					Organic Growth		EV/EBITDA		Cash P/E	
Company	**Ticker**	**Rating**	**Price**	**Market Cap ($M)**	**2026**	**2027**	**2026**	**2027**	**2026**	**2027**
Core Brokers										
Arthur J. Gallagher	AJG	O	$217.86	$55,968	5.1%	4.6%	12.6x	11.5x	16.6x	15.0x
Aon plc	AON	O	$315.95	$67,480	4.7%	4.3%	13.3x	12.3x	16.5x	14.8x
Brown & Brown	BRO	M	$60.83	$20,618	1.3%	3.0%	11.4x	10.9x	13.7x	12.6x
Marsh McLennan	MRSH	M	$162.23	$78,162	3.6%	3.9%	12.2x	11.4x	15.6x	14.2x
WTW	WTW	M	$257.69	$24,338	3.7%	3.7%	9.8x	9.1x	13.3x	11.8x
Mean					**3.7%**	**3.9%**	**11.9x**	**11.0x**	**15.1x**	**13.7x**
Median					**3.7%**	**3.9%**	**12.2x**	**11.4x**	**15.6x**	**14.2x**
Alternative Brokers										
Accelerant	ARX	O	$13.05	$2,897	24.3%	21.0%	9.2x	7.6x	18.6x	15.4x
Baldwin Group	BWIN	O	$24.01	$3,423	5.8%	9.6%	12.0x	10.5x	12.0x	10.2x
Goosehead	GSHD	M	$43.97	$1,566	14.8%	19.5%	15.4x	12.9x	20.3x	16.0x
Ethos	LIFE	O	$18.62	$1,282	45.7%	16.4%	11.1x	7.8x	N/A	N/A
Neptune Insurance	NP	NC	$27.44	$3,768	23.2%	16.5%	33.6x	28.6x	51.5x	42.6x
Ryan Specialty	RYAN	O	$35.95	$10,017	5.3%	8.6%	13.8x	12.3x	17.6x	15.2x
TWFG	TWFG	O	$21.39	$1,159	12.3%	12.5%	14.8x	13.6x	21.8x	20.0x
Mean					**18.8%**	**14.9%**	**15.7x**	**13.3x**	**23.6x**	**19.9x**
Median					**14.8%**	**16.4%**	**13.8x**	**12.3x**	**19.4x**	**15.7x**
Mean					**12.5%**	**10.3%**	**14.1x**	**12.4x**	**19.8x**	**17.1x**
Median					**5.5%**	**9.1%**	**12.4x**	**11.5x**	**16.6x**	**15.0x**

Sources: FactSet, company reports, and William Blair Equity Research

Core Brokers

Arthur J. Gallagher

We expect Gallagher should maintain above-average net new business given its strong sales culture; between 2012 and 2019, Gallagher's organic growth was 1% higher than core broker peers, on average. The company has also proved to be an adept M&A integrator. Gallagher's mid-2025 acquisition of AssuredPartners was completed at a discount to other recent megadeals by core broker peers given the challenge of integrating a relatively decentralized organization. The merger integration has gone well, with management noting that nearly all back-office systems were fully implemented, vendor and real estate consolidation were ahead of plan, and the company expected to get all acquired branches on a single AMS by mid-2027. In June, management raised its early-2028 cost synergy target to $325 million from $300 million. Over the medium term, management believes new automation initiatives could create 5% of savings to its production layer, 10% to 15% of savings to its service layer, and 20% to 30% of savings to its back-office layer. We like the stock given Gallagher's above-average growth potential but relatively in-line valuation.

Aon

Among the core brokers, we believe Aon has been the leader in applying data/analytics, including new AI tools, across a unified firm infrastructure. The result has been the strongest margin performance across the group over the past decade. We expect this outperformance to continue. Management has reiterated expectations that margin can continue to expand 70 to 100 basis points over the medium term. We believe that Aon's valuation, at a slight premium to the group, is warranted given its new business momentum and double-digit EPS compounding algorithm.

Brown & Brown

While Brown has held the highest operating margin relative to core peers over the past 20 years, the spread is shrinking. Margin has been supported by the company's relatively decentralized operating structure and high mix of higher-margin wholesale and programs business (roughly 40% of revenue in 2025). While the former had been a strength, we believe it will likely become more of a competitive liability over the next several years as the company's more limited centralized infrastructure makes it less adept at fully leveraging AI for analytics and automation. In the near term, the company's relatively heavy property mix will also likely drive below-average organic growth. The stock trades at a roughly 10% discount on 2027 P/E relative to peers, compared with a 10-year premium of 20%. Despite this, given near-term growth challenges and its potential structural disadvantage, we see limited opportunity for the stock. We maintain our Market Perform rating.

Marsh

With the creation of BCS in late 2025 and the Thrive cost-savings plan, Marsh is making significant investments in standardizing and centralizing its core infrastructure to improve AI capabilities and service delivery. We expect margin benefits to become more meaningful in 2027. Nonetheless, we continue to believe that its margin will lag peers given its business mix. While margin for its P&C-oriented RIS segment is relatively in line with peers in the low-30% range, the margin for its consulting segment (36% of revenue) is meaningfully lower in the low-20% range. We believe the potential for AI-powered automation savings is more structurally limited in the people-intensive consulting business rather than the process-intensive P&C business. While we believe that Marsh has a high-quality business, with near-term growth and margin likely to lag peers and an in-line valuation, we maintain our Market Perform rating.

Willis

Willis has historically lagged the group on margin. Its issue has been a focus on competing in the middle to upper market while being at a relative scale disadvantage. Corporate costs are roughly 3% of revenue, compared with 1% for larger global broker peers, and its risk and broking (R&B) segment margin of 25% is roughly 7 to 10 percentage points lower than core broker peers. Over the past couple of years, organic growth and margin execution have improved; management expects the R&B segment to average annual margin expansion of 100 basis points over the next couple of years. The Newfront deal and leadership additions are interesting as these could help the company jump-start new automation initiatives. Still, there are execution risks and the benefits may be limited, at least over the next couple of years, by Willis's less unified infrastructure than some core peers.

Alternative Brokers

Accelerant
We like the stock given its differentiated model, consistent execution since completing its IPO in July 2025, and 20% growth potential over the longer term. Continued mix shift toward non-underwriting segments should help simplify the story over the next couple of years. Guidance implies growth should accelerate to roughly 30% by the second half of 2026. The company has strong AI positioning given its unique orientation as more of a tech-enabler rather a pure distributor. At roughly 8x 2027 EV/EBITDA, the stock trades at a discount to core broker peers despite potential to compound twice as fast.

Baldwin
Annualizing one-time headwinds provide visibility into accelerating organic growth in the second half. While early, strong performance from the CAC deal is also encouraging given its potential to be accretive to organic growth. Synergy and restructuring savings provide visibility into improved margin expansion in 2027. Although organic growth noise and the softening rate environment may keep the stock under pressure, at 10.5x 2027 EV/EBITDA, a discount to most core broker peers, we believe there is a good risk/reward profile given superior long-term earnings growth potential. The stock price has jumped 39% since June 17 on a report indicating that the company is exploring strategic options including a take-private transaction.

Goosehead
AI exposure fears are likely overstated given Goosehead's focus on more complex (i.e., homeowners) and bundled business and significant technology investment in a digital, direct-to-consumer offering that would likely benefit from increasing AI adoption by consumers. We are encouraged by improving productivity trends that should enable core growth to accelerate. While we expect second-quarter core growth will decelerate to 10% as a one-time benefit is annualized, we believe new business momentum could support acceleration to the high teens in the second half and 2027. Nonetheless, while shares have become more interesting at 13x 2027 EV/EBITDA, we remain cautious given near-term rate softening and execution risk. We maintain our Market Perform rating.

Ethos
Ethos's ability to develop digitally native products makes it one of the few life insurers to be AI adaptable. We like the stock on the potential for near-term beats and strong longer-term growth potential given differentiated product development capabilities, TAM expansion opportunities such as annuities, and positioning to be an AI beneficiary. Despite potential to compound earnings at roughly 30% over the next few years, at about 8x 2027 EV/EBITDA, shares trade at a discount to better-understood P&C-oriented peers.

Ryan
Organic growth has come down to midsingle digits, primarily reflecting property pricing headwinds offsetting continued strong flow into the E&S market. Despite near-term cyclical headwinds, the company is leaning in on investments in technology and talent. Productivity typically ramps up over two to three years, suggesting that improving growth and margin potential from recent investments could dovetail with an improving pricing cycle. Over the long term, we believe management's investments can support a return to double-digit organic growth. We believe the company's

scale in the E&S market should provide it with greater AI benefits than smaller peers. Despite potential for near-term volatility as the property cycle worsens, with its 2027 EV/EBITDA multiple near parity with slower-growth core broker peers, we believe the stock is a good long-term value.

TWFG

AI exposure fears are likely overstated given TWFG's focus on more complex (i.e., homeowners) and bundled business. We believe scaled independent agencies are best positioned to continue taking share from the previously dominant and now eroding captive agent channel. TWFG's solid balance sheet and strong free cash flow create upside potential through M&A activity. Recent deals have resulted in a mix shift toward corporate branches and MGAs that should be margin accretive. While cyclical rate headwinds have kept organic growth near 10% recently, we believe there is a better setup for growth to reaccelerate in 2027 and beyond as pricing pressure annualizes toward the end of 2026. At 13.5x 2027 EV/EBITDA, we like the stock given its 15%-plus long-term compounding potential.

Risks

Risks to our ratings include organic growth sensitivities to insurance pricing, inflation, and economic conditions. Incremental risks for Accelerant include potential disintermediation by insurers and a dependence on reinsurers. An incremental risk for Baldwin is high financial leverage. Incremental risks for Goosehead include sensitivity to the housing market and product availability, limited control over franchisees, and geographic concentration. Incremental risks for Ethos include lifetime value revenue recognition and high concentration of carrier and agency partners. An incremental risk for Ryan is reliance on carrier contracts for delegated underwriting authority. Incremental risks for TWFG include growth sensitivity to product availability, geographic concentration, and significant CEO control.

Exhibit 21
Arthur J. Gallagher & Co.
Earnings Model
(Dollars in millions, except earnings per share)

	2023	2024	2025	1Q'26	2Q'26E	3Q'26E	4Q'26E	2026E	2027E
Commissions	$6,415	$7,295	$8,814	$3,418	$2,686	$2,651	$2,451	$11,206	$12,034
Fees	3,145	3,607	4,194	1,212	1,231	1,273	1,284	5,000	5,363
Investment Income - Fiduciary	356	433	742	84	83	91	88	345	360
Total Revenue	**$9,915**	**$11,334**	**$13,751**	**$4,714**	**$3,999**	**$4,015**	**$3,822**	**$16,550**	**$17,757**
% growth	*18%*	*14%*	*21%*	*28%*	*26%*	*20%*	*7%*	*20%*	*7%*
Compensation	5,271	6,016	7,138	2,357	2,161	2,109	2,028	8,655	9,231
% of revenue	*53%*	*53%*	*52%*	*50%*	*54%*	*53%*	*53%*	*52%*	*52%*
Other Operating	1,424	1,543	1,830	544	563	559	551	2,218	2,327
% of revenue	*14%*	*14%*	*13%*	*12%*	*14%*	*14%*	*14%*	*13%*	*13%*
Chg. in Est. Acq Earnouts Payable	77	62	50	14	14	14	14	57	57
Investment Expenses	211	217	294	63	68	68	68	267	269
Interest	300	376	643	158	160	160	160	638	580
Depreciation	159	170	198	59	57	58	58	232	237
Adj. EBIT	**2,468**	**2,946**	**3,589**	**1,518**	**974**	**1,045**	**940**	**4,477**	**5,049**
Provision For Income Taxes	546	672	808	355	229	247	218	1,049	1,194
Adjusted Earnings	**$1,922**	**$2,274**	**$2,781**	**$1,163**	**$745**	**$799**	**$721**	**$3,428**	**$3,855**
% growth	*16%*	*18%*	*22%*	*22%*	*22%*	*32%*	*17%*	*23%*	*12%*
Cash EPS	**$8.76**	**$10.09**	**$10.69**	**$4.47**	**$2.85**	**$3.05**	**$2.75**	**$13.12**	**$14.53**
% growth	*13%*	*15%*	*6%*	*22%*	*22%*	*32%*	*15%*	*23%*	*11%*
Operating EPS	$6.95	$7.91	$8.07	$3.68	$2.05	$2.24	$1.93	$9.89	$11.14
% growth	*13%*	*14%*	*2%*	*20%*	*13%*	*33%*	*28%*	*23%*	*13%*
Reported EPS	$4.37	$6.50							
Average Diluted Shares	219	225	260	260	261	262	262	261	265
% growth	*2%*	*3%*	*16%*	*0%*	*0%*	*0%*	*1%*	*0%*	*2%*
Adj. EBITDAC	**$3,010**	**$3,558**	**$4,489**	**$1,750**	**$1,207**	**$1,279**	**$1,175**	**$5,411**	**$5,929**
Margin	30.4%	31.4%	32.6%	37.1%	30.2%	31.9%	30.7%	32.7%	33.4%
Segment Detail									
Brokerage Revenue	$8,628	$9,884	$12,168	$4,286	$3,582	$3,591	$3,377	$14,836	$15,960
Brokerage Organic Growth	**8.8%**	**7.4%**	**5.4%**	**4.2%**	**4.5%**	**5.5%**	**5.0%**	**4.8%**	**4.5%**
Brokerage Adj. EBITDAC	$2,963	$3,475	$4,446	$1,719	$1,187	$1,254	$1,146	$5,306	$5,805
Brokerage Adj. EBITDAC Margin	34.3%	35.2%	36.5%	40.1%	33.1%	34.9%	33.9%	35.8%	36.4%
Risk Mgmt. Revenue	$1,287	$1,450	$1,583	$428	$418	$424	$445	$1,714	$1,797
Risk Mgmt. Organic Growth	**15.9%**	**8.3%**	**6.0%**	**10.0%**	**7.0%**	**6.0%**	**6.0%**	**7.3%**	**5.0%**
Risk Mgmt. Adj. EBITDAC	$258	$300	$336	$94	$88	$93	$97	$373	$393
Risk Mgmt. Adj. EBITDAC Margin	20.0%	20.7%	21.2%	22.0%	21.2%	22.0%	21.8%	21.7%	21.9%
Corporate Net Earnings	($300)	($362)	($582)	($130)	($148)	($148)	($148)	($575)	($533)
# of Acquisitions	51	48	33	9	11	14	17	51	71
Annualized Deal Revenue	$885	$387	$3,562	$59	$93	$130	$153	$434	$633
Quarterly Deal Revenue	$535	$591	$1,429	$980	$861	$625	$99	$2,501	$519

Sources Company reports and William Blair Equity Research

Exhibit 22
Aon plc
Earnings Model
(Dollars in millions, except earnings per share)

	2023	2024	2025	1Q'26	2Q'26E	3Q'26E	4Q'26E	2026E	2027E
Brokerage Comm. & Fees	$13,114	$15,411	$16,926	$4,986	$4,251	$4,163	$4,558	$17,958	$19,046
Fiduciary Investment Income	274	315	271	55	62	58	48	223	237
Unallocated Revenues	(12)	(28)	(16)	(7)	(2)	(3)	(4)	(17)	(19)
Total Revenue	**$13,376**	**$15,698**	**$17,181**	**$5,034**	**$4,311**	**$4,218**	**$4,601**	**$18,164**	**$19,264**
% growth	*7%*	*17%*	*9%*	*6%*	*4%*	*6%*	*7%*	*6%*	*6%*
Organic Growth	**7.0%**	**6.0%**	**6.0%**	**5.0%**	**4.6%**	**4.7%**	**4.7%**	**4.7%**	**4.3%**
Compensation & benefits	6,902	8,283	8,985	2,393	2,437	2,375	2,257	9,462	9,984
% of commission/fees	*52.6%*	*53.7%*	*53.1%*	*48.0%*	*57.3%*	*57.1%*	*49.5%*	*52.7%*	*52.4%*
Information technology	534	539	568	144	128	137	146	555	569
% of commission/fees	*4.1%*	*3.5%*	*3.4%*	*2.9%*	*3.0%*	*3.3%*	*3.2%*	*3.1%*	*3.0%*
Premises	294	325	337	81	85	87	87	340	352
Depreciation of fixed assets	167	183	188	46	48	49	50	193	207
Other general expenses	1,256	1,429	1,540	404	368	423	399	1,594	1,662
Adj. Operating Income	**$4,223**	**$4,939**	**$5,563**	**$1,966**	**$1,245**	**$1,146**	**$1,663**	**$6,020**	**$6,489**
Adj. Operating Margin	31.6%	31.5%	32.4%	39.1%	28.9%	27.2%	36.1%	33.1%	33.7%
% growth	*10%*	*17%*	*13%*	*8%*	*6%*	*9%*	*9%*	*8%*	*8%*
Interest income	31	67	19	12	4	4	4	24	16
Interest expense	(484)	(788)	(815)	(179)	(180)	(183)	(183)	(726)	(668)
Other income / (expense)	(136)	13	(96)	(15)	(22)	(22)	(22)	(81)	(81)
Adj. P-T Income	3,634	4,231	4,671	1,784	1,047	945	1,462	5,237	5,756
Income Taxes	671	849	910	362	209	189	292	1,053	1,151
A-T Net Income	2,963	3,382	3,761	1,422	837	756	1,169	4,184	4,605
Minority Interest	64	66	55	27	16	13	12	68	72
Adjusted Net Income	**$2,899**	**$3,316**	**$3,706**	**$1,395**	**$821**	**$743**	**$1,157**	**$4,116**	**$4,533**
Cash EPS	**$14.14**	**$15.60**	**$17.07**	**$6.48**	**$3.80**	**$3.45**	**$5.38**	**$19.11**	**$21.37**
% growth	*6%*	*10%*	*9%*	*14%*	*9%*	*13%*	*11%*	*12%*	*12%*
Avg. shares outstanding	205.0	212.5	217.1	215.4	215.9	215.2	215.0	215.4	212.1
KPIs									
Segment Organic Growth									
Commercial Risk	4.8%	5.2%	6.0%	7.0%	5.0%	5.5%	5.0%	5.6%	4.5%
Reinsurance	10.0%	6.9%	5.8%	4.0%	3.0%	5.0%	5.0%	4.1%	5.0%
Health	9.7%	6.4%	4.5%	4.0%	4.5%	4.5%	5.0%	4.5%	4.5%
Wealth	4.3%	7.0%	5.0%	1.0%	5.0%	2.0%	2.0%	2.5%	1.5%
FX Revenue Impact %	(0.4%)	(0.2%)	0.5%	4.3%	0.0%	1.0%	0.1%	1.4%	0.0%
Acquisition Revenue Impact %	(0.3%)	11.2%	2.0%	(2.7%)	(2.1%)	(0.2%)	2.3%	(0.7%)	1.8%
Share Repurchases ($)	$2,700	$1,000	$1,000	$500	$500	$250	$250	$1,500	$2,500
# Shares Repurchased	8.4	3.1	2.7	1.5	1.5	0.8	0.7	4.5	7.1
Avg. Share Price	$321	$323	$370	$333	$325	$330	$340	$331	$355
Adj. EBITDA	**$4,254**	**$5,135**	**$5,655**	**$1,997**	**$1,271**	**$1,173**	**$1,691**	**$6,132**	**$6,615**
Margin	31.8%	32.7%	32.9%	39.7%	29.5%	27.8%	36.7%	33.8%	34.3%

Sources: Company reports and William Blair Equity Research

Exhibit 23
Brown & Brown, Inc.
Earnings Model
(Dollars in millions, except earnings per share)

	2023	2024	2025	1Q'26	2Q'26E	3Q'26E	4Q'26E	2026E	2027E
Commissions & Fees	$4,199	$4,707	$5,764	$1,880	$1,700	$1,740	$1,631	$6,951	$7,314
Investment Income	52	93	138	21	22	22	20	85	88
Other Income	(5)	(6)	0	0	0	0	0	0	0
Total Revenues	**$4,257**	**$4,806**	**$5,902**	**$1,901**	**$1,721**	**$1,762**	**$1,651**	**$7,036**	**$7,402**
% growth	*19%*	*13%*	*23%*	*35%*	*34%*	*10%*	*3%*	*19%*	*5%*
Organic Growth	**10.3%**	**10.5%**	**2.8%**	**0.0%**	**0.6%**	**2.0%**	**2.4%**	**1.3%**	**3.0%**
Compensation & Benefits	2,187	2,405	2,935	907	861	886	847	3,501	3,685
% of revenue	*51%*	*50%*	*50%*	*48%*	*50%*	*50%*	*51%*	*50%*	*50%*
Other Operating Expenses	507	680	908	224	268	284	283	1,059	1,165
% of revenue	*12%*	*14%*	*15%*	*12%*	*16%*	*16%*	*17%*	*15%*	*16%*
Chg in Acq Earn Out Payables	22	2	25	5	3	3	3	14	12
Amortization	166	180	312	116	116	116	116	464	477
Depreciation	40	44	55	17	18	18	18	71	76
Interest	190	193	297	99	99	99	93	390	353
PT Income	1,146	1,302	1,370	533	357	356	291	1,537	1,636
Tax	276	299	305	106	89	89	73	357	394
Net Income	**870**	**994**	**1,053**	**426**	**268**	**267**	**218**	**1,179**	**1,242**
Addbacks	(69)	(28)	55	(42)	2	2	2	(35)	9
Operating Net Income	**$801**	**$966**	**$1,108**	**$384**	**$270**	**$269**	**$221**	**$1,144**	**$1,251**
Cash Net Income	**$927**	**$1,103**	**$1,349**	**$474**	**$357**	**$356**	**$308**	**$1,500**	**$1,613**
% growth	*22%*	*19%*	*22%*	*28%*	*17%*	*1%*	*(5%)*	*11%*	*8%*
Cash EPS	**$3.25**	**$3.84**	**$4.26**	**$1.39**	**$1.07**	**$1.07**	**$0.92**	**$4.44**	**$4.83**
% growth	*21%*	*18%*	*11%*	*8%*	*4%*	*2%*	*(1%)*	*4%*	*9%*
Operating EPS	$2.81	$3.41	$3.60	$1.14	$0.81	$0.81	$0.66	$3.41	$3.75
% growth	*23%*	*21%*	*6%*	*(1%)*	*(11%)*	*(6%)*	*(2%)*	*(5%)*	*10%*
Diluted GAAP EPS	$3.06	$3.46	$3.16	$1.06	$0.80	$0.80	$0.65	$3.31	$3.72
Average Shares - Diluted	280.8	284.0	313.0	337.0	334.1	334.0	334.5	334.9	333.8
Adj. EBITDAC	**$1,445**	**$1,690**	**$2,122**	**$731**	**$592**	**$592**	**$521**	**$2,437**	**$2,553**
Adj. EBITDAC Margin	33.9%	35.2%	35.9%	38.5%	34.4%	33.6%	31.6%	34.6%	34.5%
Segment Detail									
Organic Growth									
Retail	7.9%	5.8%	2.8%	1.0%	1.0%	2.0%	2.0%	1.5%	2.6%
Specialty Distribution	15.5%	18.2%	2.8%	(2.0%)	0.0%	2.0%	3.0%	0.8%	3.8%
Adj. EBITDAC Margin									
Retail	30.4%	30.0%	30.0%	36.0%	27.3%	27.8%	26.2%	29.3%	29.9%
Specialty Distribution	39.3%	42.8%	43.1%	40.8%	46.0%	43.0%	40.4%	42.4%	41.9%
# Acquisitions	33	30	41	8	10	10	10	38	44
Annualized Deal Revenue	$158	$174	$1,823	$9	$50	$50	$50	$159	$220
Quarterly Deal Revenue	$285	$146	$835	$435	$440	$178	$40	$435	$213

Sources: Company reports and William Blair Equity Research

Exhibit 24
Marsh & McLennan Companies, Inc.
Earnings Model
(Dollars in millions, except earnings per share)

	2023	2024	2025	1Q'26	2Q'26E	3Q'26E	4Q'26E	2026E	2027E
Insurance Services Revenue	$14,089	$15,395	$17,265	$5,051	$4,836	$4,113	$4,197	$18,197	$19,312
Consulting Services Revenue	8,709	9,133	9,794	2,558	2,495	2,575	2,757	10,386	10,820
Corporate Eliminations	(62)	(70)	(78)	(12)	(24)	(23)	(22)	(80)	(86)
Total Revenues	**$22,736**	**$24,458**	**$26,981**	**$7,597**	**$7,307**	**$6,666**	**$6,932**	**$28,502**	**$30,045**
% growth	*10%*	*8%*	*10%*	*8%*	*5%*	*5%*	*5%*	*6%*	*5%*
Organic Growth	**9.0%**	**7.0%**	**4.0%**	**4.0%**	**3.5%**	**3.5%**	**3.6%**	**3.6%**	**3.9%**
Salaries & Benefits	13,099	13,919	15,577	4,130	4,045	4,054	4,084	16,312	17,195
% revenue	*57.6%*	*56.9%*	*57.7%*	*54.4%*	*55.4%*	*60.8%*	*58.9%*	*57.2%*	*57.2%*
Operating Expenses	4,355	4,556	5,181	1,713	1,275	1,232	1,317	5,536	5,124
% revenue	*19.2%*	*18.6%*	*19.2%*	*22.5%*	*17.4%*	*18.5%*	*19.0%*	*19.4%*	*17.1%*
Interest Income	(78)	(83)	(47)	(11)	(10)	(10)	(15)	(46)	(51)
Interest Expense	578	674	960	240	245	244	243	972	964
Investment Income	(7)	(10)	(32)	(4)	(2)	(2)	(2)	(10)	(8)
Other Net Benefit Credits	(239)	(271)	(194)	(50)	(48)	(52)	(51)	(201)	(201)
Adjustments	281	354	525	521	0	0	0	521	0
Adj. Pretax Income	5,309	5,861	6,061	2,100	1,803	1,201	1,357	6,460	7,021
Adj. Taxes	1,277	1,435	1,446	526	451	300	339	1,616	1,755
Minority Interest	46	57	74	40	21	11	14	85	87
Adj. Operating Earnings	$3,986	$4,369	$4,541	$1,534	$1,331	$890	$1,004	$4,760	$5,180
(+) A-T Adjustments	79	80	270	66	73	65	69	272	289
Adj. Net Income	**$4,065**	**$4,449**	**$4,811**	**$1,600**	**$1,405**	**$955**	**$1,073**	**$5,032**	**$5,469**
Adjusted Cash EPS	**$8.14**	**$8.95**	**$9.75**	**$3.29**	**$2.90**	**$1.98**	**$2.23**	**$10.41**	**$11.43**
% growth	*16%*	*10%*	*9%*	*8%*	*7%*	*7%*	*5%*	*7%*	*10%*
Adjusted Operating EPS	$7.99	$8.80	$9.19	$3.16	$2.75	$1.85	$2.09	$9.85	$10.83
% growth	*17%*	*10%*	*4%*	*8%*	*7%*	*7%*	*5%*	*7%*	*10%*
Average Diluted Shares	499.0	496.0	494.0	486.0	483.7	482.3	480.4	483.1	478.2
Adj. Operating Income	**$5,906**	**$6,548**	**$7,297**	**$2,413**	**$2,133**	**$1,519**	**$1,674**	**$7,739**	**$8,313**
Adj. Operating Margin	*26.0%*	*26.8%*	*27.1%*	*31.8%*	*29.2%*	*22.8%*	*24.1%*	*27.2%*	*27.7%*
Adj. EBITDA	**$6,276**	**$6,917**	**$7,658**	**$2,502**	**$2,228**	**$1,614**	**$1,769**	**$8,112**	**$8,701**
Adj. EBITDA Margin	*27.6%*	*28.3%*	*28.4%*	*32.9%*	*30.5%*	*24.2%*	*25.5%*	*28.5%*	*29.0%*
Segment Detail									
Organic Growth									
Marsh International	9.4%	7.7%	5.3%	5.0%	3.7%	4.2%	4.1%	4.3%	4.0%
Marsh U.S. & Canada	6.8%	7.0%	3.5%	3.0%	3.0%	4.0%	4.0%	3.5%	3.7%
Total Marsh	8.0%	7.5%	4.3%	3.9%	3.3%	4.1%	4.0%	3.8%	3.8%
Guy Carpenter	9.8%	8.5%	5.0%	2.0%	2.0%	4.0%	4.0%	2.5%	5.0%
RIS Segment	8.3%	7.5%	4.4%	3.4%	3.1%	4.1%	4.0%	3.6%	4.0%
Mercer	6.7%	5.3%	4.0%	5.0%	4.6%	3.7%	3.3%	4.1%	3.1%
Marsh Mgmt Consulting	8.1%	5.8%	6.0%	5.0%	6.0%	4.0%	4.0%	4.7%	4.5%
Consulting Segment	7.1%	5.6%	5.0%	5.0%	5.1%	3.8%	3.6%	4.3%	3.6%
FX Revenue Impact %	(0.4%)	(0.4%)	0.5%	3.2%	0.0%	0.0%	0.0%	0.8%	0.0%
Acquisition Revenue Impact %	0.9%	1.3%	6.1%	0.7%	1.3%	1.6%	1.6%	1.3%	1.6%
RIS Adj. Op. Margin	31.3%	32.0%	32.0%	38.3%	35.5%	24.8%	27.9%	32.1%	32.7%
Consulting Adj. Op. Margin	20.4%	20.7%	21.1%	21.6%	20.4%	22.4%	21.0%	21.3%	21.7%
Fiduciary Interest Income	$453	$497	$403	$85	$81	$79	$75	$319	$318
Shares Repurchased ($)	$1,150	$900	$2,012	$755	$550	$400	$500	$2,205	$1,500
# Shares Repurchased	6.4	4.4	10.1	4.2	3.0	2.1	2.6	11.9	7.3
Avg. Share Price	$180	$205	$199	$180	$185	$190	$190	$185	$205

Sources: Company reports and William Blair Equity Research

Exhibit 25
Willis Towers Watson
Earnings Model
(Dollars in millions, except earnings per share)

	2023	2024	2025	1Q'26	2Q'26E	3Q'26E	4Q'26E	2026E	2027E
Total Revenue	**$9,483**	**$9,930**	**$9,708**	**$2,412**	**$2,421**	**$2,522**	**$3,176**	**$10,530**	**$11,066**
% growth	*7%*	*5%*	*(2%)*	*9%*	*7%*	*10%*	*8%*	*8%*	*5%*
Organic Growth	**8.0%**	**5.0%**	**5.0%**	**3.0%**	**3.8%**	**4.8%**	**3.8%**	**3.7%**	**3.7%**
Salaries and benefits	5,344	5,502	5,625	1,434	1,544	1,550	1,547	6,075	6,354
% revenue	*56.4%*	*55.4%*	*57.9%*	*59.5%*	*63.8%*	*61.5%*	*48.7%*	*57.7%*	*57.4%*
Other operating expenses	1,815	1,833	1,408	385	350	381	383	1,499	1,550
% revenue	*19.1%*	*18.5%*	*14.5%*	*16.0%*	*14.5%*	*15.1%*	*12.1%*	*14.2%*	*14.0%*
Depreciation	242	230	226	56	62	62	62	242	252
Amortization	263	226	192	48	70	70	70	258	280
Restructuring costs	68	1,103	0	0	0	0	0	0	0
Transaction & integration costs	386	409	23	41	10	10	10	71	43
GAAP Operating Income	1,365	627	2,234	448	385	449	1,103	2,386	2,587
Interest income/(expense)	(235)	(263)	(260)	(77)	(77)	(77)	(77)	(308)	(281)
Other income/(expense)	149	(260)	(21)	5	10	10	10	35	40
GAAP Pretax Income	1,279	104	1,953	376	318	382	1,036	2,113	2,346
GAAP taxes	215	192	318	70	67	80	218	435	493
Income from continuing ops.	1,064	(88)	1,633	306	251	302	819	1,678	1,853
Income from discontinued ops.	0	0	0	0	0	0	0	0	0
Net Income	1,064	(88)	1,633	306	251	302	819	1,678	1,853
Income attrib. to NCI	(9)	(10)	(28)	(9)	(12)	(16)	(15)	(52)	(52)
Net Income attrib. to WTW	1,055	(98)	1,605	297	239	286	804	1,626	1,801
Adj. Net Income	**$1,536**	**$1,730**	**$1,686**	**$357**	**$290**	**$337**	**$855**	**$1,839**	**$2,010**
% growth	*2%*	*13%*	*(3%)*	*13%*	*2%*	*12%*	*9%*	*9%*	*9%*
Cash EPS	**$14.49**	**$16.93**	**$17.08**	**$3.72**	**$3.04**	**$3.58**	**$9.16**	**$19.42**	**$21.91**
% growth	*8%*	*17%*	*1%*	*19%*	*6%*	*16%*	*13%*	*14%*	*13%*
Operating EPS	$12.53	$15.19	$15.55	$3.32	$2.47	$3.00	$8.57	$17.27	$19.51
Diluted GAAP EPS (continuing ops)	$9.95	($0.96)	$16.26	$3.10	$2.51	$3.03	$8.61	$17.16	$19.62
Weighted Average Diluted Shares	106.0	102.0	99.0	96.0	95.3	94.3	93.3	94.7	91.8
Adj. Operating Income	**$2,082**	**$2,378**	**$2,449**	**$537**	**$465**	**$529**	**$1,183**	**$2,715**	**$2,910**
Adj. Operating Margin	*22.0%*	*23.9%*	*25.2%*	*22.3%*	*19.2%*	*21.0%*	*37.3%*	*25.8%*	*26.3%*
Adj. EBITDA	**$2,430**	**$2,708**	**$2,638**	**$589**	**$533**	**$599**	**$1,253**	**$2,974**	**$3,188**
Adj. EBITDA Margin	*25.6%*	*27.3%*	*27.2%*	*24.4%*	*22.0%*	*23.8%*	*39.5%*	*28.2%*	*28.8%*
Segment Detail									
Organic Growth									
HWC	5.8%	3.9%	4.0%	3.0%	4.0%	4.0%	4.0%	3.8%	3.7%
R&B	9.6%	8.0%	6.0%	2.0%	4.0%	5.0%	4.0%	3.8%	3.9%
FX Revenue Impact %	(0.1%)	0.0%	1.0%	4.9%	1.0%	1.0%	0.0%	1.6%	0.0%
Acquisition Revenue Impact %	(0.5%)	(0.1%)	(8.3%)	1.5%	2.4%	4.4%	4.4%	3.3%	1.4%
Adj. Operating Margin									
HWC	28.0%	29.7%	32.0%	27.3%	24.0%	28.8%	44.0%	32.2%	32.2%
R&B	21.8%	23.7%	24.7%	22.6%	22.1%	19.6%	35.3%	25.4%	26.4%
Unallocated Corporate Costs	($296)	($310)	($304)	($61)	($87)	($87)	($85)	($319)	($332)
Shares Repurchased ($)	$1,000	$901	$1,650	$300	$400	$300	$300	$1,300	$1,100
# Shares Repurchased	4.4	3.2	5.1	1.0	1.5	1.1	1.1	4.7	3.9
Avg. Share Price	$225	$285	$321	$296	$265	$270	$270	$274	$279

Sources: Company reports and William Blair Equity Research

The prices of the common stock of other public companies mentioned in this report follow:

Chubb Limited (Underperform)	$330.82

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DOW JONES: 51920.60
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