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Insurance | North America

What We're Hearing From Insurance Investors (08/28/2026)

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INSURANCE - PROPERTY & CASUALTY	
North America	
Industry View	Attractive
INSURANCE - LIFE/ANNUITY	
North America	
Industry View	Attractive

In the past week, a reported investigation related to Mark Walter's insurance holdings has been a major topic of discussion. We highlight potential implications for life insurers based on the media reports. On the P&C side, we also discuss our perspective on insurance brokers' organic growth trends.

Mark Walter's Insurers and Guggenheim: Potential Implications for the Life Insurance Industry. Several investors have asked us what could be the read-through for life insurers from media reports of an investigation into private credit deals involving Mark Walter's insurance companies. For life insurers, and based on what has been reported in the media, we see three relevant areas to focus on: (1) use of affiliated assets and disclosure practices, (2) heavy reliance on Egan-Jones ratings, and (3) concerns about asset quality and forced asset sales. In our view, none of these issues are broadly representative of publicly listed life insurers. While there may be short-term headline risk, we think the news as reported thus far is unlikely to trigger systemic concerns or a sector-wide selloff. *(We note that reports of an investigation remain unconfirmed as of now; we are merely seeking to address investor questions with this report.)*

- **Affiliated Assets and Disclosure:** One area of focus was Delaware Life's reported reclassification of increased affiliated investments to ~42% of invested assets from a previously disclosed 3%. While this may raise legitimate questions around disclosure practices, we view the situation as company-specific and not indicative of broader industry reporting standards. The life insurers we cover hold ~4% of affiliated assets on average (Exhibit 1). The reported investigations have also raised questions about regulatory scrutiny of alternative asset managers acquiring life insurers, particularly in light of Aquarian's acquisition of Brighthouse. According to comments from the Delaware Department of Insurance on August 17, the transaction remains under review, and the department emphasized that no conclusions should be drawn regarding the status of the review beyond its commitment to following Delaware law and established procedures. That said, Brighthouse shares appear to reflect increasing investor concerns regarding the transaction.
- **Excessive use of Egan-Jones Ratings:** Two Mark Walter's insurers, Delaware Life and Clear Spring, relied heavily on Egan-Jones ratings. In contrast, publicly traded life insurers generally make only limited use of Egan-Jones. Among the companies we cover, Equitable has roughly 1% of invested assets rated by Egan-Jones, while Corebridge has less than 1%. As a result, we do

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For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

not view the rating agency concentration observed at Delaware Life and Clear Spring as representative of the industry. We think the limited use of Egan-Jones among large public insurers reduces the risk that might be associated with heavy reliance on a single rating agency currently subject to scrutiny.

- **Asset Quality and Hypothetical Forced Asset Sales:** One of the key advantages life insurers possess as long-duration investors is their ability to hold assets through market cycles. In our view, limited exposure to affiliated investments and strong capital positions substantially reduce the likelihood of forced asset sales among the insurers we cover.

Exhibit 1: Affiliated Assets as % of Total Cash & Investments

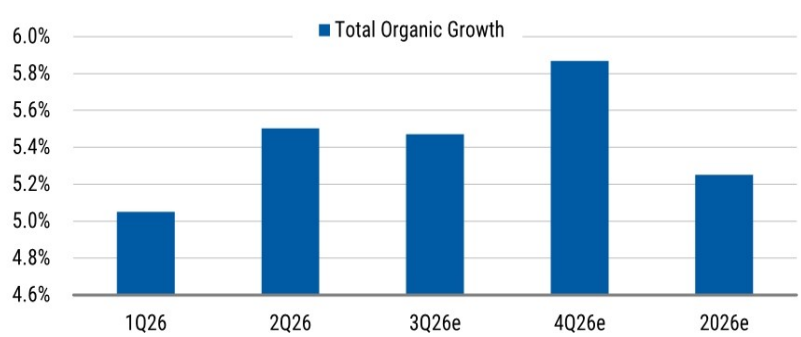
$ in billions	Aflac	Brighthouse	Globe Life	Primerica	RGA	MetLife	Prudential	Equitable	Corebridge	Lincoln	Principal	Voya
Total Cash & Investments	17	74	21	3	60	268	197	56	245	117	91	41
Affiliated Cash & Investments	1	0	1	0	1	18	16	2	4	3	4	0
%	4%	0%	3%	10%	2%	7%	8%	4%	2%	2%	5%	1%

Source: SNL

At this stage, we believe the reported investigation is primarily idiosyncratic rather than systemic. While headlines may continue to create short-term volatility, the underlying concerns appear unlikely to materially affect the broader life insurance sector. Indeed, heightened scrutiny could theoretically benefit insurers with stronger capitalization, more conservative investment portfolios, and robust risk management and underwriting disciplines.

AJG: where could the organic growth land in 3Q? Several investors asked about AJG organic growth and guidance. On one hand, investors feel good about the 3Q organic guidance of ~5% and full-year guidance of ~5.5%. However, some questioned whether AssuredPartners (AP) growth would hold up. AP, which is not part of the 5.5% organic growth guidance for 2026, had volatile results since the acquisition. The consensus organic growth for the full year is closer to ~5.3%, for bearish investors, this may be a difficult hurdle since the consensus number includes AP growth as well. The company guided to ~$800 million in revenue and ~$715 million in revenue for 3Q26 and 4Q26 for AP. However, these numbers are not comparable to 2H25 actual revenue. From our perspective, if AP can print ~4% organic, consensus estimates for 2H26 should hold up relatively well. However, there is downside risk on AP organic growth, which could drag full-year performance.

Exhibit 2: AJG Total Organic Growth for 2026

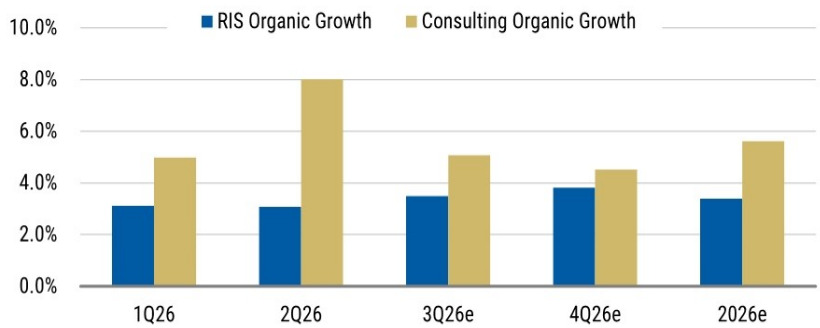


Source: Visible Alpha, Company data, Morgan Stanley Research estimates

Reason to be more optimistic on Marsh: Several investors also pointed out that

Marsh could become more interesting in 2H26. The company had strong consulting performance year to date; although the YoY compare for consulting in 2H will look tougher, expectations are not very high. Further, in Risk and Insurance Services, the company's organic growth appears to be stabilizing. Organic growth is likely to revert higher as the producing agent force stabilizes, and the company also faces easier YoY compares in Risk and Insurance Services. Given the current valuation, the earnings set-up appears more attractive.

Exhibit 3: MRSH Organic Growth by Segment for 2026



Source: Visible Alpha, Company data, Morgan Stanley Research estimates

P&C Insurance – US CAT Update

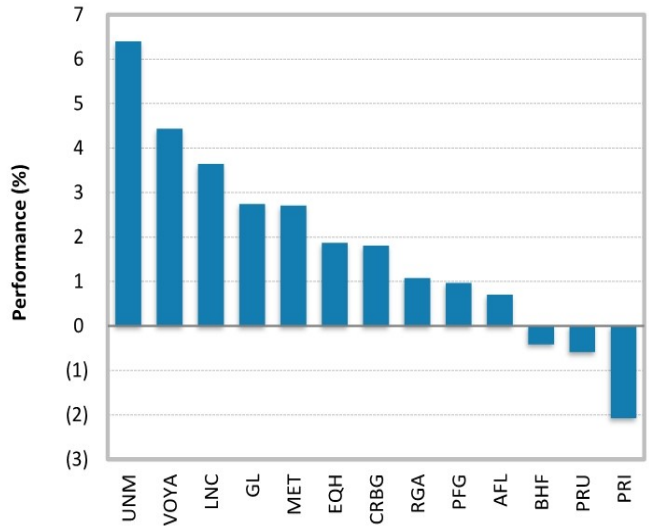
Exhibit 4: Aon Weekly CAT Report

		US Losses		
		2026	2025	2024
Jan	1st Week	10s of millions	100s of millions	NA
	2nd Week	10s of millions	Billions	100s of millions
	3rd Week	10s of millions	10s of billions	100s of millions
	4th Week	NA	10s of millions	100s of millions
	5th Week	Billions	NA	NA
Feb	1st Week	Billions	10s of millions	10s of millions
	2nd Week	10s of millions	10s of millions	100s of millions
	3rd Week	100s of millions	10s of millions	10s of millions
	4th Week	100s of millions	100s of millions	Millions
Mar	1st Week	Millions	Negligible	100s of millions
	2nd Week	Billions	10s of millions	10s of millions
	3rd Week	100s of millions	NA	100s of millions
	4th Week	100s of millions	100s of millions	100s of millions
Apr	1st Week	10s of millions	100s of millions	100s of millions
	2nd Week	100s of millions	100s of millions	100s of millions
	3rd Week	100s of millions	10s of millions	100s of millions
	4th Week	100s of millions	100s of millions	10s of millions
May	1st Week	Billions	100s of millions	Billions
	2nd Week	NA	100s of millions	Billions
	3rd Week	100s of millions	10s of millions	100s of millions
	4th Week	100s of millions	Billions	Billions
	5th Week	10s of millions	Billions	100s of millions
June	1st Week	100s of millions	100s of millions	100s of millions
	2nd Week	Billions	100s of millions	100s of millions
	3rd Week	Billions	100s of millions	100s of millions
	4th Week	Billions	10s of millions	100s of millions
July	1st Week	100s of millions	100s of millions	Millions
	2nd Week	100s of millions	Billions	Billions
	3rd Week	100s of millions	10s of millions	100s of millions
	4th Week	10s of millions	10s of millions	NA
	5th Week	Billions	NA	100s of millions
Aug	1st Week	100s of millions	100s of millions	100s of millions
	2nd Week	Billions	100s of millions	100s of millions
	3rd Week	Billions	100s of millions	Billions

Source: Aon, Morgan Stanley Research

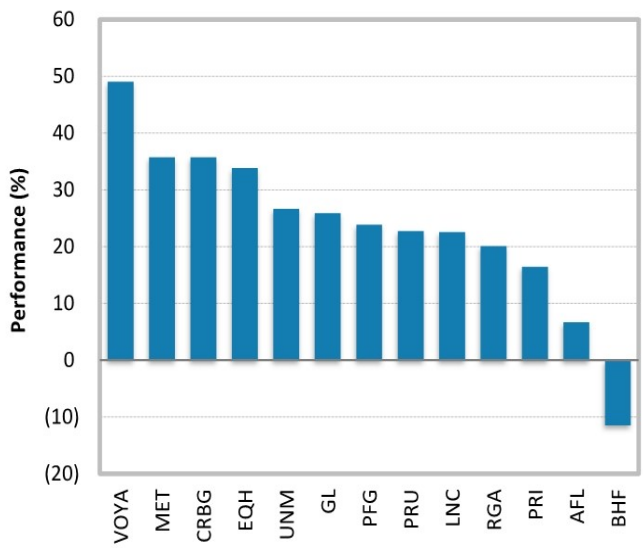
Life Insurance – Price Performance

Exhibit 5: Weekly stock performance



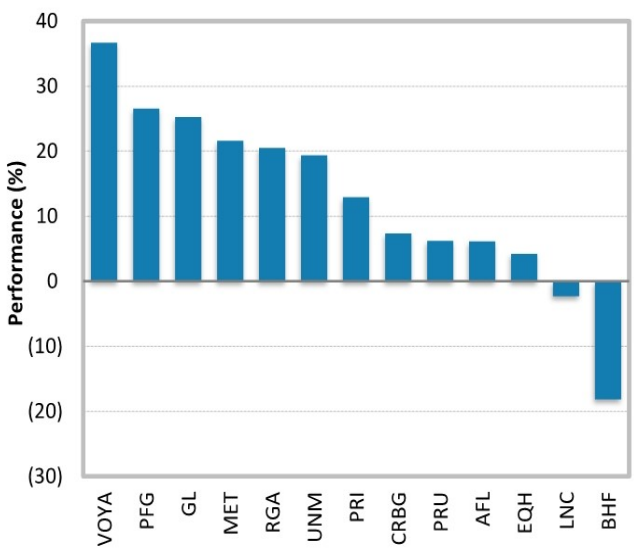
Source: FactSet, Morgan Stanley Research

Exhibit 6: QTD stock performance



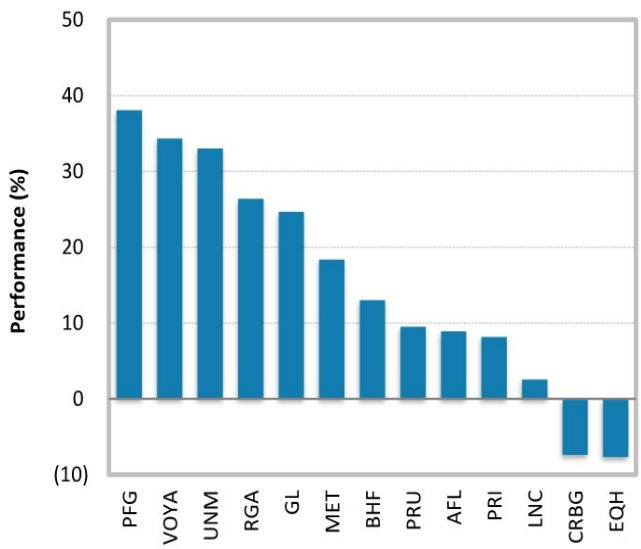
Source: FactSet, Morgan Stanley Research

Exhibit 7: YTD stock performance



Source: FactSet, Morgan Stanley Research

Exhibit 8: LTM stock performance



Source: FactSet, Morgan Stanley Research

Life Insurance – Stocks Trading Monitor

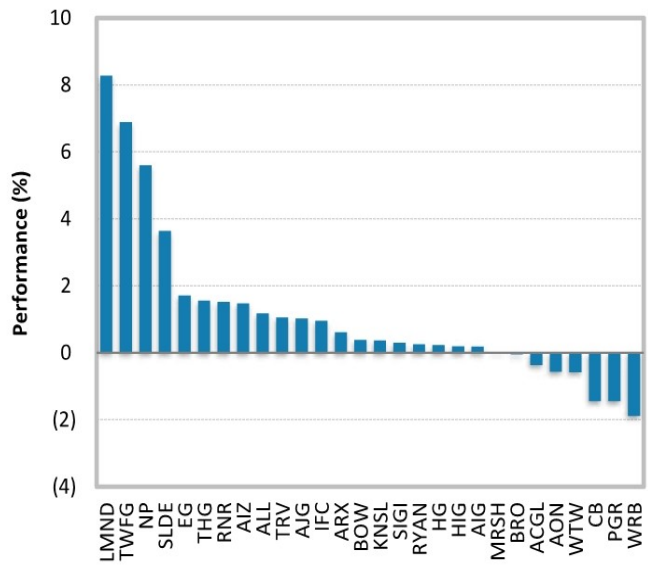
Exhibit 9: Stocks Trading Monitor

	Current Price		Price Performance (%)						2025 EPS Δ (%)			PE (x)			Premium|Disc (x)			Avg NTM PE Prem|Disc (x)				NTM PE Dev from Avg (%)			
			-1W	-2W	-1M	-2M	QTD	YTD	-1M	-2M	-3M	2024	2025	NTM	2024	2025	NTM	1M	3M	6M	12M	1M	3M	6M	12M
S&P500	**7,720**		**1.0**	**(1.0)**	**3.8**	**3.2**	**18.3**	**12.8**																	
AFL	116.99	A	0.7	(3.4)	(8.1)	(3.2)	6.6	6.1	(0.1)	(0.9)	(0.8)	16.2	15.6	15.9	5.2	5.6	7.2	7.9	8.0	7.9	7.6	(9.3)	(10.9)	(9.3)	(6.1)
Chg		R	(1.0)	0.4	(5.4)	(6.5)	(17.0)	(6.7)																	
CRBG	32.39	A	1.8	(5.6)	1.3	8.8	35.7	7.3	1.6	(2.6)	(6.2)	6.7	7.3	6.1	(4.3)	(2.7)	(2.7)	(2.4)	(2.6)	(2.6)	(2.2)	10.7	3.5	2.6	19.1
Chg		R	0.1	(1.8)	4.1	5.6	12.1	(5.4)																	
EQH	49.66	A	1.9	(5.9)	1.6	8.9	33.8	4.2	0.7	0.9	1.1	8.4	8.8	6.0	(2.6)	(1.2)	(2.8)	(2.5)	(2.6)	(2.5)	(2.0)	8.9	6.5	11.8	41.0
Chg		R	0.2	(2.1)	4.3	5.6	10.2	(8.6)																	
GL	175.17	A	2.7	(3.0)	(4.3)	(2.9)	25.9	25.2	0.1	0.6	0.7	14.2	12.1	10.8	3.1	2.1	2.1	2.4	2.4	2.1	1.8	(14.9)	(15.8)	(3.9)	12.8
Chg		R	1.1	0.8	(1.5)	(6.2)	2.2	12.5																	
LNC	43.51	A	3.6	(3.9)	(5.5)	17.6	22.6	(2.3)	1.4	2.9	3.4	6.2	5.3	5.1	(4.9)	(4.7)	(3.6)	(3.3)	(3.5)	(3.3)	(2.9)	9.3	3.6	8.9	23.0
Chg		R	2.0	(0.1)	(2.7)	14.3	(1.1)	(15.1)																	
MET	95.99	A	2.7	(1.5)	(1.1)	6.6	35.7	21.6	1.5	0.9	0.9	11.8	10.9	8.9	0.8	0.9	0.2	0.5	0.3	0.1	0.2	(52.3)	(26.9)	78.3	9.2
Chg		R	1.0	2.3	1.6	3.3	12.1	8.8																	
PFG	111.61	A	1.0	(2.9)	(2.1)	0.7	23.9	26.5	0.5	1.9	2.3	16.0	13.5	11.0	5.0	3.5	2.3	2.6	2.7	2.6	2.1	(12.8)	(17.8)	(12.9)	7.8
Chg		R	(0.7)	0.9	0.7	(2.6)	0.2	13.7																	
PRI	291.67	A	(2.1)	(6.7)	(9.8)	(1.8)	16.4	12.9	0.5	1.6	1.6	14.7	12.7	11.0	3.7	2.7	2.3	3.2	3.2	3.2	3.3	(28.5)	(27.2)	(27.8)	(30.7)
Chg		R	(3.7)	(2.9)	(7.1)	(5.1)	(7.2)	0.1																	
PRU	119.88	A	(0.6)	(3.9)	(2.4)	6.1	22.7	6.2	3.7	4.1	4.6	9.5	8.3	8.2	(1.5)	(1.7)	(0.6)	(0.2)	(0.4)	(0.5)	(0.5)	NM	62.0	18.3	22.5
Chg		R	(2.3)	(0.1)	0.4	2.9	(1.0)	(6.6)																	
RGA	245.17	A	1.1	(2.1)	3.0	10.9	20.1	20.5	8.6	9.1	9.2	12.2	10.8	8.3	1.2	0.8	(0.4)	(0.2)	(0.4)	(0.2)	(0.0)	83.2	15.9	NM	NM
Chg		R	(0.6)	1.7	5.7	7.7	(3.6)	7.7																	
UNM	92.51	A	6.4	(0.2)	6.6	0.2	26.7	19.4	(0.5)	(1.4)	(1.3)	11.0	11.4	10.1	(0.1)	1.4	1.3	1.2	1.2	1.2	0.9	13.4	7.9	13.6	53.5
Chg		R	4.7	3.6	9.4	(3.1)	3.0	6.6																	
VOYA	101.82	A	4.4	0.7	1.5	7.9	49.0	36.7	(2.0)	(4.7)	(3.9)	14.0	11.5	9.6	3.0	1.5	0.8	0.9	0.8	0.4	0.0	(2.5)	5.5	NM	NM
Chg		R	2.8	4.5	4.3	4.6	25.4	23.9																	
			1.7	**(3.8)**	**(2.7)**	**3.3**	**23.7**	**12.8**	**4.5**	**4.2**	**4.4**	**11.0**	**10.0**	**8.7**											

Source: FactSet, Morgan Stanley Research

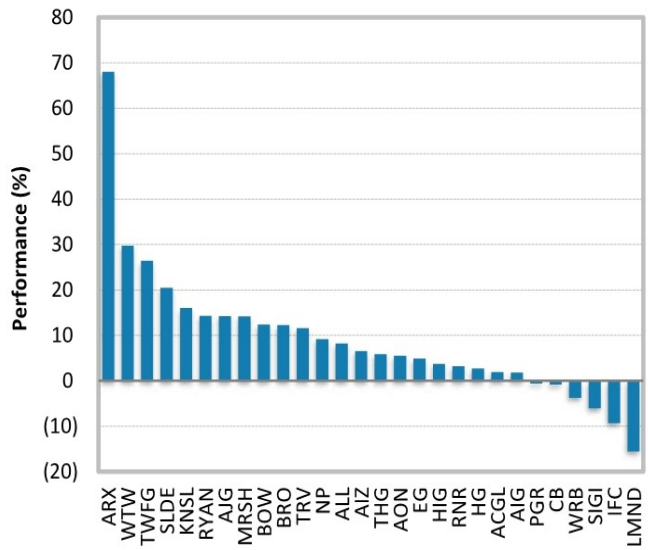
P&C Insurance – Price Performance

Exhibit 10: Weekly stock performance



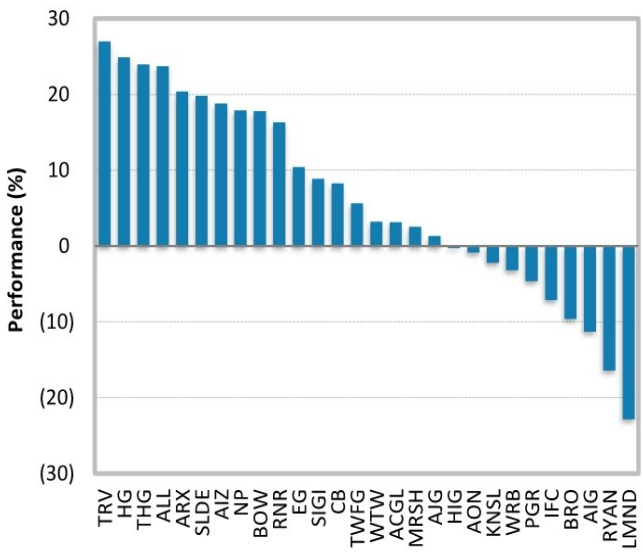
Source: FactSet, Morgan Stanley Research

Exhibit 11: QTD stock performance



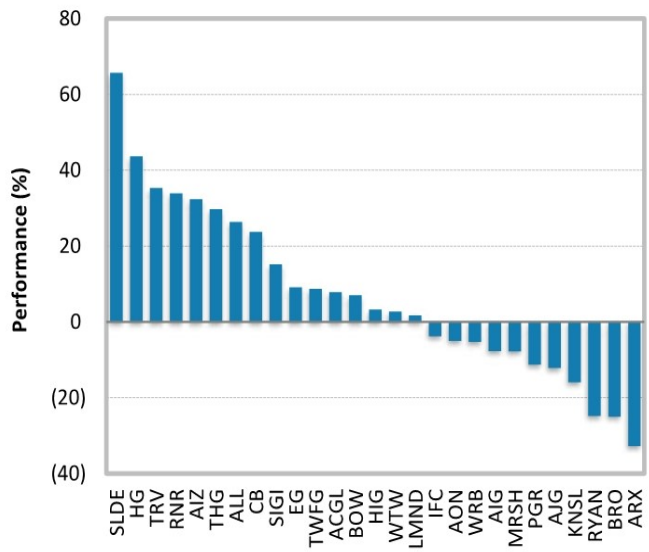
Source: FactSet, Morgan Stanley Research

Exhibit 12: YTD stock performance



Source: FactSet, Morgan Stanley Research

Exhibit 13: LTM stock performance



Source: FactSet, Morgan Stanley Research

P&C Insurance – Stocks Trading Monitor

Exhibit 14: Stock trading monitor

	Current Price		Price Performance (%)						2026 EPS Δ (%)			PE (x)			Premium|Disc (x)			Avg NTM PE Prem|Disc (x)				NTM PE Dev from Avg (%)			
			-1W	-2W	-1M	-2M	QTD	YTD	-1M	-2M	-3M	2025	2026	NTM	2025	2026	NTM	1M	3M	6M	12M	1M	3M	6M	12M
S&P500	7,717		1.0	(1.0)	4.1	4.9	2.9	12.7																	
ACGL	98.94	A	(0.4)	0.9	(4.8)	1.4	1.9	3.1	0.9	0.7	0.7	10.0	10.5	10.2	(5.5)	(3.5)	(2.7)	(0.6)	(0.7)	0.0	(0.7)	NM	NM	NM	NM
Chg		R	(1.5)	(0.4)	(6.4)	(7.3)	(7.2)	(3.1)																	
AIG	75.89	A	0.2	(0.2)	(4.1)	0.4	1.8	(11.3)	0.2	(0.3)	(0.5)	10.7	9.4	8.9	(4.9)	(4.6)	(4.0)	(1.9)	(1.1)	(0.8)	(1.1)	NM	NM	NM	NM
Chg		R	(0.9)	(1.6)	(5.7)	(8.3)	(7.3)	(17.6)																	
AIZ	286.15	A	1.5	1.9	3.4	8.2	6.6	18.8	3.8	4.0	4.0	14.5	13.1	12.6	(1.1)	(0.9)	(0.3)	1.7	0.7	1.5	0.7	NM	NM	NM	NM
Chg		R	0.4	0.5	1.7	(0.5)	(2.6)	12.5																	
AJG	262.28	A	1.0	3.5	3.5	16.0	14.2	1.3	0.0	(0.4)	(0.4)	24.5	19.9	18.3	9.0	5.9	5.4	7.0	7.2	6.2	7.2	(22.6)	(24.1)	(12.5)	(24.1)
Chg		R	(0.1)	2.1	1.9	7.3	5.1	(4.9)																	
ALL	257.56	A	1.2	(1.1)	(1.4)	7.5	8.2	23.7	14.7	16.6	19.9	7.4	7.3	8.6	(8.2)	(6.7)	(4.3)	(2.0)	(2.3)	(1.8)	(2.3)	NM	85.3	NM	85.3
Chg		R	0.1	(2.5)	(3.0)	(1.3)	(0.9)	17.5																	
AON	349.95	A	(0.6)	(2.0)	(4.7)	6.5	5.5	(0.8)	(0.3)	(0.3)	(0.5)	20.5	18.4	17.0	4.9	4.4	4.1	6.5	6.8	6.6	6.8	(36.6)	(38.8)	(37.8)	(38.8)
Chg		R	(1.7)	(3.4)	(6.3)	(2.3)	(3.7)	(7.1)																	
ARX	19.69	A	0.6	0.9	34.8	43.3	68.0	20.4	22.4	23.3	23.3	21.0	21.9	21.6	5.4	7.9	8.8	7.1	8.9	7.4	8.9	23.7	(2.0)	18.1	(2.0)
Chg		R	(0.5)	(0.5)	33.2	34.6	58.8	14.2																	
BRO	72.04	A	(0.1)	0.6	3.4	12.2	12.3	(9.6)	(0.4)	(0.9)	(0.9)	16.9	16.2	15.3	1.4	2.2	2.4	4.3	5.0	4.1	5.0	(44.2)	(52.0)	(41.4)	(52.0)
Chg		R	(1.2)	(0.8)	1.8	3.4	3.1	(15.9)																	
BOW	33.62	A	0.4	0.4	7.7	12.9	12.3	17.8	0.5	(0.3)	(0.3)	20.4	16.9	14.9	4.8	2.9	2.0	3.9	2.5	2.7	2.5	(48.6)	(19.8)	(26.9)	(19.8)
Chg		R	(0.7)	(1.0)	6.1	4.2	3.2	11.5																	
CB	337.92	A	(1.4)	(1.9)	(5.8)	(1.0)	(0.8)	8.3	0.2	2.3	2.2	13.6	12.2	11.8	(1.9)	(1.8)	(1.1)	1.2	1.0	1.8	1.0	NM	NM	NM	NM
Chg		R	(2.6)	(3.3)	(7.5)	(9.8)	(10.0)	2.0																	
EG	374.68	A	1.7	2.4	(3.8)	5.4	4.9	10.4	2.9	2.6	2.6	8.4	7.0	6.5	(7.1)	(7.0)	(6.4)	(4.5)	(4.6)	(3.9)	(4.6)	43.5	38.0	62.7	38.0
Chg		R	0.6	1.0	(5.4)	(3.4)	(4.3)	4.1																	
HG	34.85	A	0.2	(1.0)	(3.9)	3.9	2.7	24.9	7.4	7.6	7.6	7.2	7.0	7.2	(8.4)	(7.0)	(5.6)	(3.5)	(4.0)	(3.1)	(4.0)	62.3	39.5	81.3	39.5
Chg		R	(0.9)	(2.4)	(5.5)	(4.9)	(6.5)	18.6																	
HIG	137.40	A	0.2	(0.3)	(2.0)	2.6	3.7	(0.3)	0.8	0.1	(2.3)	10.2	10.8	10.3	(5.3)	(3.2)	(2.6)	(0.5)	(0.6)	0.0	(0.6)	NM	NM	NM	NM
Chg		R	(0.9)	(1.7)	(3.6)	(6.1)	(5.5)	(6.6)																	
IFC	265.38	A	1.0	(2.6)	(11.0)	(9.1)	(9.3)	(7.1)	(3.9)	(6.9)	(6.9)	13.8	15.9	14.7	(1.7)	1.9	1.8	4.3	4.3	4.7	4.3	(57.7)	(57.7)	(60.8)	(57.7)
Chg		R	(0.2)	(4.0)	(12.6)	(17.9)	(18.5)	(13.4)																	
KNSL	382.56	A	0.4	1.5	5.8	16.5	16.0	(2.2)	0.5	3.6	3.6	19.6	18.0	17.8	4.0	4.0	4.9	6.5	7.3	6.6	7.3	(23.8)	(32.9)	(25.2)	(32.9)
Chg		R	(0.7)	0.1	4.2	7.7	6.8	(8.5)																	
LMND	54.91	A	8.3	3.6	(11.4)	(6.7)	(15.6)	(22.9)	4.8	3.6	3.6	(24.5)	(29.8)	(42.3)	(40.1)	(43.8)	(55.2)	(52.1)	(51.8)	(53.3)	(51.8)	6.0	6.6	3.5	6.6
Chg		R	7.2	2.3	(13.0)	(15.5)	(24.8)	(29.1)																	
MRSH	190.26	A	0.0	0.8	3.8	12.6	14.2	2.6	0.0	0.4	0.5	19.5	18.2	17.2	4.0	4.2	4.3	6.3	6.4	6.2	6.4	(32.1)	(33.2)	(31.2)	(33.2)
Chg		R	(1.1)	(0.5)	2.2	3.8	5.0	(3.7)																	
NP	34.39	A	5.6	7.2	11.6	14.7	9.2	17.9	0.5	3.3	3.3	83.9	62.8	55.4	68.3	48.8	42.5	41.6	38.8	37.1	38.8	2.0	9.5	14.5	9.5
Chg		R	4.5	5.8	10.0	6.0	(0.0)	11.6																	
PGR	217.15	A	(1.4)	4.0	0.6	(3.2)	(0.6)	(4.6)	2.1	3.0	8.9	12.0	12.1	12.9	(3.5)	(1.9)	(0.0)	1.8	2.3	2.5	2.3	NM	NM	NM	NM
Chg		R	(2.6)	2.6	(1.0)	(11.9)	(9.8)	(10.9)																	
RNR	327.06	A	1.5	2.3	(0.6)	2.3	3.2	16.3	0.8	4.5	4.5	8.4	7.6	7.8	(7.2)	(6.4)	(5.1)	(3.2)	(3.1)	(2.5)	(3.1)	57.2	61.1	NM	61.1
Chg		R	0.4	0.9	(2.2)	(6.4)	(6.0)	10.1																	
RYAN	43.15	A	0.3	0.8	(0.1)	11.0	14.3	(16.4)	5.3	6.2	6.2	22.0	19.9	18.5	6.5	5.9	5.6	7.9	8.3	6.6	8.3	(29.4)	(32.1)	(15.0)	(32.1)
Chg		R	(0.9)	(0.6)	(1.7)	2.2	5.1	(22.7)																	
SIGI	91.09	A	0.3	(3.0)	(1.8)	(5.4)	(6.1)	8.9	1.9	4.1	4.1	12.3	11.2	10.7	(3.2)	(2.8)	(2.2)	0.1	(0.3)	0.5	(0.3)	NM	NM	NM	NM
Chg		R	(0.8)	(4.4)	(3.4)	(14.2)	(15.3)	2.6																	
SLDE	23.34	A	3.6	8.1	11.9	22.3	20.5	19.8	6.6	8.0	8.0	6.9	6.2	6.2	(8.6)	(7.8)	(6.7)	(5.2)	(4.9)	(4.6)	(4.9)	28.9	34.9	44.8	34.9
Chg		R	2.5	6.7	10.3	13.5	11.3	13.5																	
THG	226.59	A	1.6	1.5	3.2	6.6	5.8	24.0	10.4	10.0	10.0	11.9	11.1	11.4	(3.7)	(2.9)	(1.4)	0.6	(0.1)	0.6	(0.1)	NM	NM	NM	NM
Chg		R	0.4	0.1	1.6	(2.2)	(3.3)	17.7																	
TRV	368.34	A	1.1	(0.4)	(5.6)	12.5	11.6	27.0	-	21.1	21.7	13.4	10.8	11.7	(2.2)	(3.2)	(1.1)	0.9	0.2	1.0	0.2	NM	NM	NM	NM
Chg		R	(0.1)	(1.8)	(7.2)	3.8	2.4	20.7																	
TWFG	30.40	A	6.9	12.9	14.5	28.4	26.4	5.7	12.7	12.7	12.7		26.4	26.3	(15.6)	12.4	13.4	14.1	15.0	11.7	15.0	(4.7)	(10.4)	15.0	(10.4)
Chg		R	5.8	11.6	12.9	19.7	17.2	(0.6)																	
WRB	67.88	A	(1.9)	(3.7)	(10.3)	(4.8)	(3.8)	(3.2)	1.0	4.5	4.5	15.7	13.9	13.9	0.1	(0.1)	1.0	3.6	4.3	4.5	4.3	(72.3)	(76.6)	(77.5)	(76.6)
Chg		R	(3.0)	(5.1)	(11.9)	(13.5)	(12.9)	(9.5)																	
WTW	339.15	A	(0.6)	1.5	12.1	27.8	29.8	3.2	1.5	1.7	1.7	19.9	17.1	15.5	4.3	3.1	2.6	4.5	4.6	4.0	4.6	(43.4)	(44.2)	(35.4)	(44.2)
Chg		R	(1.7)	0.2	10.5	19.0	20.6	(3.1)																	
			1.1	1.4	1.6	8.7	9.2	6.3	3.5	4.8	5.1	15.6	14.0	12.9											

Source: FactSet, Morgan Stanley Research

Model Update

Brown & Brown (BRO): We slightly adjust our compensation & expense ratio and operating expense ratio in 2027e. Our EPS remains largely unchanged at $4.86/5.18 for 2027e/2028e.

Risk Reward – Brown & Brown Inc. (BRO.N)

Maintain Execution on Strong Margins and Growth

PRICE TARGET $60.00

Valuation is based on a EV/EBITDA analysis where we apply a 9.7x multiple to our FY27E Adj. EBITDA estimate (derived from comparable peer multiples). Our PT implies a discount to a peer multiple average of 11.8x FY27E EV/EBITDA.

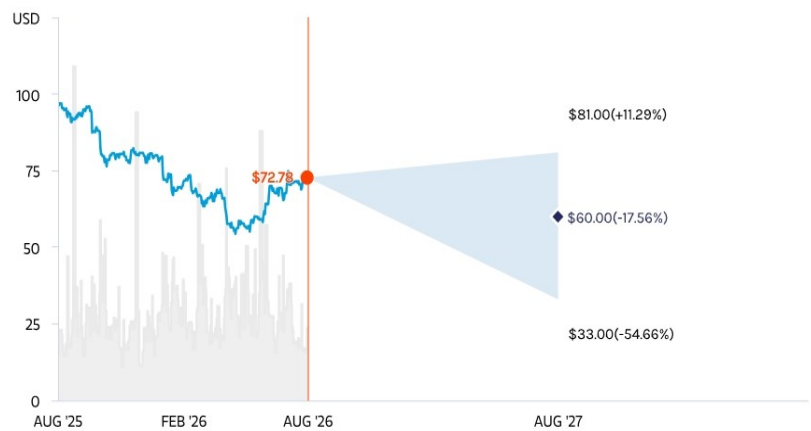
Consensus Price Target Distribution $32.89 — $73.69 — $90.00

MS PT

Source: Refinitiv, Morgan Stanley Research

◆ Mean ◆ Morgan Stanley Estimates

RISK REWARD CHART



Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research

UNDERWEIGHT THESIS

A difficult growth environment. Our underweight rating for Brown & Brown revolves around the investment thesis shifting from "quality compounder with M&A upside" to "quality compounder facing a lower-growth, more competitive, more talent-intensive cycle." The company is not broken, but the combination of flat organic revenue, softer property pricing, outsized Florida exposure, middle-market competitive encroachment, and producer disruption makes the stock less attractive relative to insurance brokerage peers. Until BRO proves that organic growth can reaccelerate sustainably, we believe the risk/reward skews negative.

Consensus Rating Distribution

18% Overweight

77% Equal-weight

5% Underweight

● MS Rating

Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Secular Growth: *Negative*

View descriptions of Risk Rewards Themes here

BULL CASE $81.00

11.1x 2027e Bull Case Adj. EBITDA

2027e: Growth and Margin Expansion Accelerates

Retail organic growth Y/Y: 6.5%

Retail Adj. EBITDAC margin: 31.4%

Specialty organic growth Y/Y: 7.0%

Specialty Adj. EBITDAC margin: 43.0%

Total company Adj. EBITDAC: $2,838m

Total company Adj. EBITDAC Margin: 36.5%

BASE CASE $60.00

9.7x 2027e Base Case Adj. EBITDA

2027e: Organic Growth and Margin Expansion Trend Continues

Retail organic growth Y/Y: 2.5%

Retail Adj. EBITDAC margin: 30.0%

Specialty organic growth Y/Y: 3.0%

Specialty Adj. EBITDAC margin: 41.5%

Total company Adj. EBITDAC: $2,588m

Total company Adj. EBITDAC Margin: 35.1%

BEAR CASE $33.00

7.3x 2027e Bear Case Adj. EBITDA

2027e: Lackluster Growth and Margin Headwinds

Retail organic growth Y/Y: 0.5%

Retail Adj. EBITDAC margin: 26.4%

Specialty organic growth Y/Y: 1.0%

Specialty Adj. EBITDAC margin: 37.8%

Total company Adj. EBITDAC: $2,256m

Total company Adj. EBITDAC Margin: 31.4%

Risk Reward – Brown & Brown Inc. (BRO.N)

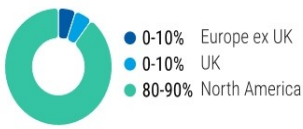
KEY EARNINGS INPUTS

Drivers	Dec 2025	Dec 2026e	Dec 2027e	Dec 2028e
Organic Growth (%)	2.8	0.7	2.7	3.0
Adj. EBITDAC Margin (%)	35.9	35.0	35.1	35.2
Operating ROE (%)	14.2	11.9	12.2	11.9

INVESTMENT DRIVERS

- Organic growth
- P&C pricing cycle
- Economic environment

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

4/5 BEST	24 Month Horizon	4/5 MOST	3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Stronger organic growth
- Faster margin expansion
- Larger buybacks
- Accretive acquisitions
- Improved interest rate environment should be earnings accretive

RISKS TO DOWNSIDE

- Economic slowdown
- Weaker organic growth
- Elevated expenses
- Declining interest rate environment would be a headwind

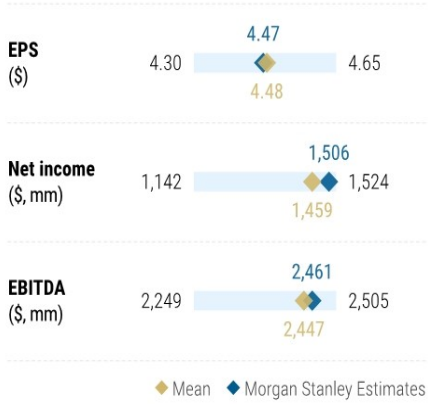
OWNERSHIP POSITIONING

Inst. Owners, % Active	59.1%
HF Sector Long/Short Ratio	1.4x
HF Sector Net Exposure	7.1%

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e



Source: Refinitiv, Morgan Stanley Research

Risk Reward Reference links

1. View explanation of Options Probabilities methodology - Options_Probabilities_Exhibit_Link.pdf

2. View descriptions of Risk Rewards Themes - RR_Themes_Exhibit_Link.pdf

3. View explanation of regional hierarchies - GEG_Exhibit_Link.pdf

4. View explanation of Theme/Exposure methodology - ESG_Sustainable_Solutions_External_Link.pdf

5. View explanation of HERS methodology - ESG_HERS_External_Link.pdf

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The following analysts hereby certify that their views about the companies and their securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report: Bob Jian Huang.

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Global Stock Ratings Distribution

(as of July 31, 2026)
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For disclosure purposes only (in accordance with FINRA requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Overweight, Equal-weight, Not-Rated and Underweight. Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold, and sell but represent recommended relative weightings (see definitions below). To satisfy regulatory requirements, we correspond Overweight, our most positive stock rating, with a buy recommendation; we correspond Equal-weight and Not-Rated to hold and Underweight to sell recommendations, respectively.

	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1529	42%	442	47%	29%	750	43%
Equal-weight/Hold	1582	43%	396	42%	25%	773	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	560	15%	97	10%	17%	217	12%
Total	3,674		936			1741	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

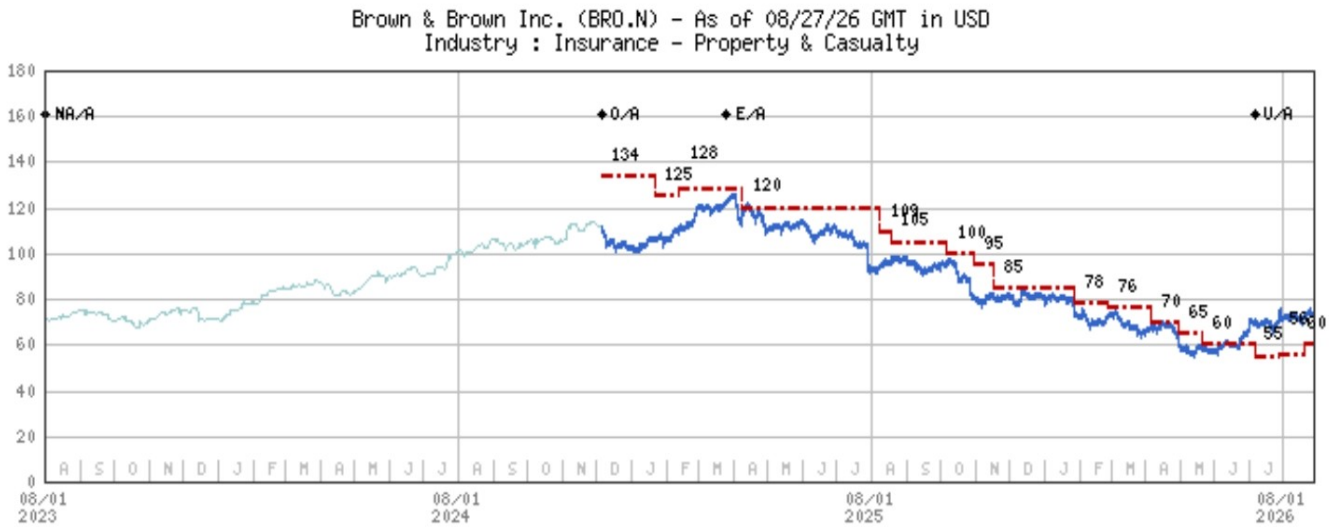
Analyst Stock Ratings

Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

Analyst Industry Views

Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.
In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.
Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.
Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 8/1/21 : E/I; 12/7/22 : NA/I; 6/20/23 : NA/A; 12/5/24 : O/A; 3/25/25 : E/A; 7/6/26 : U/A

Price Target History: 5/27/21 : 54; 8/16/21 : 56; 10/15/21 : 60; 10/27/21 : 65; 4/14/22 : 70; 5/23/22 : 64; 8/19/22 : 69; 11/22/22 : 65; 12/7/22 : NA; 12/5/24 : 134; 1/21/25 : 125; 2/12/25 : 128; 4/9/25 : 120; 8/8/25 : 109; 8/18/25 : 105; 10/7/25 : 100; 10/31/25 : 95; 11/17/25 : 85; 1/28/26 : 78; 2/26/26 : 76; 4/6/26 : 70; 4/30/26 : 65; 5/21/26 : 60; 7/6/26 : 55; 7/28/26 : 56; 8/19/26 : 60

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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COMPANY (TICKER)	RATING (AS OF)	PRICE* (08/26/2026)
Bob Jian Huang		
Accelerant Holdings (ARX.N)	++	$19.67
Allstate Corp (ALL.N)	E (12/16/2025)	$261.81
American International Group Inc (AIG.N)	E (06/20/2023)	$76.97
Aon PLC (AON.N)	O (09/11/2025)	$353.98
Arch Capital Group Ltd. (ACGL.O)	O (06/20/2023)	$100.72
Arthur J. Gallagher & Co. (AJG.N)	O (12/19/2025)	$265.03
Assurant Inc. (AIZ.N)	O (05/14/2026)	$288.51
Bowhead Specialty Holdings Inc. (BOW.N)	E (06/17/2024)	$33.61
Brown & Brown Inc. (BRO.N)	U (07/06/2026)	$72.78
Chubb Ltd (CB.N)	E (06/20/2023)	$343.77
Everest Group Ltd. (EG.N)	E (02/05/2025)	$379.78
Hamilton Insurance Group Ltd (HG.N)	E (08/19/2024)	$35.08
Hanover Insurance Group Inc (THG.N)	E (12/05/2024)	$228.41
Hartford Financial Services Group Inc (HIG.N)	E (06/20/2023)	$139.86
Intact Financial Corporation (IFC.TO)	E (06/20/2023)	C$266.14
Kinsale Capital Group Inc (KNSL.N)	E (04/06/2026)	$387.13
Lemonade Inc. (LMND.N)	E (07/08/2026)	$53.64
Marsh & McLennan Cos Inc (MRSH.N)	E (06/20/2023)	$193.26
Neptune Insurance Holdings, Inc. (NP.N)	O (08/19/2026)	$34.20
RenaissanceRe Holdings Ltd. (RNR.N)	E (02/26/2026)	$331.73
Ryan Specialty Holdings Inc (RYAN.N)	O (12/05/2024)	$43.26
Selective Insurance Group Inc. (SIGI.O)	U (08/05/2025)	$92.38
Slide Insurance Holdings Inc (SLDE.O)	E (07/06/2026)	$23.35
The Progressive Corp. (PGR.N)	E (07/24/2026)	$222.51
The Travelers Companies, Inc. (TRV.N)	U (07/15/2026)	$371.15
TWFG, Inc. (TWFG.O)	O (08/19/2026)	$30.90
W.R. Berkley Corp. (WRB.N)	E (12/05/2024)	$68.67

Willis Towers Watson PLC (WTW.O)	E (06/20/2023)	$343.12

Stock Ratings are subject to change. Please see latest research for each company.
* Historical prices are not split adjusted.

INDUSTRY COVERAGE: Insurance - Life/Annuity

COMPANY (TICKER)	RATING (AS OF)	PRICE* (08/26/2026)
Bob Jian Huang		
Aflac (AFL.N)	E (08/18/2023)	$117.45
Brighthouse Financial Inc (BHF.O)	E (11/06/2025)	$52.49
Corebridge Financial Inc (CRBG.N)	++	$32.53
Equitable Holdings Inc (EQH.N)	++	$49.87
Globe Life Inc (GL.N)	O (08/05/2025)	$175.55
Lincoln National Corp (LNC.N)	O (09/19/2025)	$43.32
Manulife Financial Corp. (MFC.TO)	E (11/13/2014)	C$59.97
MetLife Inc. (MET.N)	O (01/07/2020)	$96.52
Primerica, Inc. (PRI.N)	E (05/19/2022)	$301.09
Principal Financial Group (PFG.O)	E (10/23/2025)	$112.21
Prudential Financial (PRU.N)	U (05/04/2026)	$120.24
Reinsurance Group of America (RGA.N)	E (05/19/2022)	$246.55
Sun Life Financial Inc. (SLF.TO)	E (05/25/2012)	C$109.65
Unum Group (UNM.N)	E (02/17/2010)	$91.51
Voya Financial Inc (VOYA.N)	O (02/28/2025)	$101.54

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