

MERGERS & ACQUISITIONS



Dan Saulter

HGGC Backs Claims Provider Davies Group, Betting on Tech Upgrades for the Insurance Industry

Davies Group, led by CEO Dan Saulter, has made several add-on deals over the past four years, including motor claims specialist Core Insurance Services

By Kamaron Leach January 30, 2017

Private equity firm **HGGC** has completed a majority investment in **Davies Group**, a London-based provider of outsourced insurance services, for an undisclosed amount. The target, as apart of its growth strategy, has completed seven add-on acquisitions over the previous four years, now covering both North America and continental Europe.

“This is not your ordinary third party insurance administrator,” says Rich Lawson, CEO of HGGC. “Davies is at the forefront of innovative services within its industry and invests heavily in new technology—such as sophisticated workflow and analytics—that keep them ahead of the pack in the £1.5-billion U.K. and Ireland claims outsourcing market. They are leading the way in new applications like telematics, drones, and mobile imaging for advanced claims management.”

In December, HGGC closed its third fund with aggregate capital commitments of \$1.84 billion in December. The insurance industry is one sector particularly ripe for technology upgrades, says Lawson.

Davies provides a full range of bespoke claims management, loss adjusting, investigation, and fulfilment services to the United Kingdom insurance market. The target’s range of services includes property, casualty and motor claims. Davies’

technology-enabled software manages complex schemes involving multiple carriers and even allows clients to access online claims in real time. The target works with more than 100 clients and processes more than 160,000 claims a year across the U.K. and Ireland.

“This partnership will enable us to grow our business to the next level, by adding new specialty BPO (business process outsourcing) services for our clients and expanding our business internationally, as well as continuing our successful M&A strategy,” states Davies CEO Dan Saulter. In September 2016, Davies acquired motor claims specialist Core Insurance Services Ltd.

HGGC is a middle-market private equity firm based in Palo Alto, California with more than \$4.25 billion in capital commitments. The PE firm was founded in 2007 as Huntsman Gay Global Capital, named after two investors: Jon Huntsman Sr., chairman of chemical maker Huntsman Corp. (NYSE: HUN), and Robert Gay, a leader in the Church of Jesus Christ of Latter-Day Saints. Recently, HGGC acquired the online marketing research company Instantly Inc.

A variety of private equity firms and strategic buyers have shifted their efforts to expand into emerging and global markets. Recent middle-market deals include: AMC Entertainment Holdings Inc.'s (NYSE: AMC) purchase of Nordic Cinema Group to expand in Sweden; Kellogg Co.'s (NYSE: K) purchasing of Brazilian food company Parati Group, a maker of biscuits, pasta and powdered beverages, for \$430 million; Rupert Murdoch's 21st Century Fox Inc.'s agreement to buy European pay-TV

provider Sky Plc for nearly \$14.6 billion: Japan-based Sumitomo Corp.'s agreement to buy banana importer Fyffes Plc for 798 million in cash; and McCormick & Co.'s (NYSE: MKC) buying Enrico Giotti S.p.A., an Italian manufacturer of flavors and extracts, for nearly \$127 million in cash; and U.K.-based business information provider Informa plc's \$1.6 billion agreement to buy Penton Information Services to add professional services in the U.S. Globalization has made cross-border M&A attractive.

Kirkland and Ellis LLP served as legal counsel to HGGC and PricewaterhouseCoopers LLP acted as financial adviser. SunTrust Robinson Humphrey served as buy-side adviser to HGGC as well.