

Arthur J. Gallagher & Co.: Integrating AssuredPartners

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A policy question after a transformational acquisition

By September 2026, Arthur J. Gallagher & Co. (Gallagher) was still integrating AssuredPartners (AP), the large brokerage business it acquired in 2025. The company had also announced smaller acquisitions with different public descriptions of team location and leadership. Meanwhile, Gallagher's September investor materials put a number on expected AP synergies: approximately \$160 million of annual run-rate synergies by the end of 2026 and \$325 million by early 2028.

Those figures were management forecasts. They depended on revenue uplift and cost-saving assumptions and could differ materially from what Gallagher ultimately realized. Public disclosures did not show AP's actual client or employee retention by cohort, realized synergies, or whether service quality changed during integration. The numbers described an ambition and a timeline, not a result.

Gallagher's acquisition strategy had become a major source of growth. Its 2025 activity, however, was unusually large because of AP. At the same time, the company described risks that made integration design consequential: retaining clients and personnel, maintaining service, combining systems, and managing the demands of a large integration. What should Gallagher standardize, what should it preserve, and what evidence should guide the sequence?

Classroom assignment

For this exercise, assume a hypothetical strategy working group has been asked to recommend a repeatable integration policy for the ongoing AP integration and future brokerage acquisitions. No such policy approval, deadline, internal disagreement or specific management decision is disclosed in the public record. Your assignment is to recommend the policy and the evidence gates that would guide subsequent steps-not to approve a disclosed project.

The public evidence permits at least three plausible policy directions: faster standardization of shared processes and systems; preservation of more acquired-unit autonomy; or a staged design that combines selected activities while leaving others distinct. You may recommend one or a different design. State what should happen first, what should remain conditional, and what evidence would change your recommendation. Any thresholds you propose are your classroom assumptions, not Gallagher targets.

Gallagher's business and acquisition engine

Gallagher provides insurance brokerage, risk management and consulting services in about 130 countries. In 2025, Brokerage represented about 87% of revenue and Risk Management about 13%. Of the two segments' combined revenue, approximately 67% was domestic and 33% international. Its brokerage proposition depends on serving clients through insurance placement and related advice; the company also operates risk-management services. The breadth of the business makes acquisitions a route to expand client relationships, capabilities and geographic reach.

In its 2025 annual report, Gallagher described acquisitions as important to historical growth. It also warned that consolidation and competition could make targets harder to find or more expensive, and that larger deal volume could strain financing and integration capacity. These are management's assessments, not proof that every acquisition creates value.

Gallagher completed 33 acquisitions in 2025, compared with 48 in 2024. Acquired businesses had estimated annualized revenue of about \$3.562 billion in 2025, compared with \$387 million in 2024. Cash paid for acquisitions, net of acquired cash, was \$15.766 billion in 2025 and \$1.462 billion in 2024. The company reported \$16.348 billion of 2025 net acquisition consideration. These measures have different accounting definitions. The 2025 figures are dominated by AP and should not be read as a normal annual pace.

Growth remained acquisition-influenced in 2026. For Q2, Gallagher reported combined Brokerage and Risk Management revenue growth of 24%, including 6% organic growth. Segment organic revenue growth was 5% for Brokerage and 12% for Risk Management. Organic revenue is a company-defined non-GAAP measure; it is not a precise accounting decomposition of total growth into acquisitions and same-business growth.

The 2026 acquisition cohort was smaller than 2025's. For the first half of 2026, Gallagher reported 16 acquisitions in total: 14 in Brokerage and two in Risk Management. The six-month cohort had estimated annualized revenue of approximately \$122 million. Acquired entities reported \$27 million of revenue, a \$14 million pretax loss and a \$2 million EBITDAC loss for the period. These are partial-period results for a mixed cohort, not a steady-state forecast or a measure of AP.

Integration choices in public view

Gallagher's Q2 release reported \$84 million of Brokerage acquisition-integration cost adjustments, compared with \$30 million in Q2 2025. The company's definition for certain large deals includes items such as redundant workforce, retention-related compensation, extra space, duplicate services and IT assimilation. These are management-defined adjustment categories, not the full cost of integration and not a direct measure of savings. The company also reports GAAP results; an adjusted figure should be read alongside them.

Gallagher identifies client and personnel retention, cultural fit and management distraction among acquisition risks. That disclosure puts the integration question in context: a unified platform could coordinate work or reduce duplication, while disruption to local teams or routines could weaken client service and the relationships behind brokerage revenue. The available disclosures do not report AP's realized retention or service outcomes, so neither effect can be assumed to have occurred.

Three public arrangements illustrate different initial designs, though they do not reveal results:

- **AssuredPartners:** Gallagher described AP's integration and estimated synergy milestones in its September 23 CFO Commentary. The materials do not disclose target-level realized results, actual retention, or a complete integration plan.
- **Apollo Insurance Solutions:** Gallagher's August 5 announcement described a Canadian digital insurance broker/MGA and said its leader and team would remain in their location under Canadian retail property-and-casualty leadership. Apollo's own post described an agreement and continued operation under its brand, leadership and team. The public materials reviewed do not establish final close mechanics, consideration or subsequent performance.
- **Innovise Business Consultants:** Gallagher's September 15 announcement described a Colorado commercial brokerage and surety team that would relocate to Gallagher's Denver office under Western Zone P&C leadership. Terms and post-announcement results were not disclosed.

The arrangements differ in size, business, geography and transaction stage. They do not establish why Gallagher chose each design or which approach works better.

The hypothetical policy choice

The working group can recommend among three broad policies:

1. **Standardize early.** Move shared functions, systems and processes onto Gallagher's platform quickly. This could support coordination, common controls and cost removal. It could also create transition costs or disrupt client-facing teams if dependencies and readiness are misunderstood.
2. **Preserve more autonomy.** Keep acquired businesses' structures and routines distinct for longer, while coordinating selected functions. This could protect local relationships and capabilities. It could also delay common processes and make it harder to capture company-wide economies.
3. **Stage integration by activity.** Identify which activities need close coordination and which depend on local knowledge or relationships; integrate the former first and make later steps conditional on evidence. This may fit varied acquisitions, but requires clear accountability and disciplined measurement.

These are classroom alternatives, not Gallagher proposals. The company has not disclosed a pending choice among them. The group's recommendation should address both the ongoing AP integration and the principles to apply to future deals, while recognizing that the evidence differs by transaction.

Exhibits

Exhibit 1. Revenue mix and reported growth

Measure	Reported result	Definition or limitation
2025 revenue mix: Brokerage	Approximately 87%	Company segment presentation
2025 revenue mix: Risk Management	Approximately 13%	Company segment presentation
Q2 2026 combined Brokerage and Risk Management revenue growth	24%	Management-reported total growth
Q2 2026 combined organic revenue growth	6%	Company-defined non-GAAP measure
Q2 2026 Brokerage organic revenue growth	5%	Company-defined non-GAAP measure
Q2 2026 Risk Management organic revenue growth	12%	Company-defined non-GAAP measure

Sources: 2025 Form 10-K, Item 1, lines 1075-1077; Q2 2026 earnings release, pp. 1-3 and 5. Organic growth definitions and reconciliations appear in the release. The combined growth figures are not an additive decomposition.

Exhibit 2. Acquisition scale and reported cohort contribution

Period / cohort	Completed acquisitions	Estimated annualized acquired revenue	Other reported measure
2024	48	\$387M	Cash paid, net of acquired cash: \$1.462B
2025	33	\$3.562B	Cash paid, net of acquired cash: \$15.766B; net acquisition consideration: \$16.348B
First half 2026 acquisitions (16 total: 14 Brokerage, 2 Risk Management)	16	Approximately \$122M	Six-month actual revenue: \$27M; pretax loss: \$14M; EBITDAC loss: \$2M

Sources: 2025 Form 10-K, Item 7, pp. 60-62, and auditor's acquisition accounting discussion; Q2 2026 Form 10-Q, Item 7, lines 2243-2244 (16 acquisitions; approximately \$122M annualized acquired revenue) and Note 3, lines 627-638 (\$27M revenue, \$(14)M pretax loss and \$(2)M EBITDAC); Q2 2026 earnings release, pp. 3 and 5 (14 Brokerage and two Risk Management acquisitions). The first-half 2026 cohort excludes AP and reflects partial-period contributions. Annualized acquired revenue is an estimate; it is not the same as realized revenue. The 2025 cohort is heavily affected by AP.

Exhibit 3. Integration burden and disclosed risk

Evidence	Reported information
Q2 2026 Brokerage acquisition-integration cost adjustment	\$84M; Q2 2025: \$30M
Example categories for certain large deals	Redundant workforce, retention-related compensation, extra space, duplicate services and IT assimilation
Risks identified by Gallagher	Client/personnel retention, cultural fit, management distraction, and the demands of larger integrations

Sources: Q2 2026 earnings release, pp. 1 and 9-10; 2025 Form 10-K, Item 1A, lines 505-511. Costs are company-defined adjustments, not full integration cost, realized savings, or an AP-only total. Read adjusted measures alongside GAAP results.

Exhibit 4. AssuredPartners management synergy estimates

Milestone	Estimated annual run-rate synergies
By year-end 2026	Approximately \$160M
By early 2028	Approximately \$325M

Management described revenue-uplift assumptions, including cross-selling and internal-wholesaler use, net of related estimated costs. Cost-saving assumptions included real estate, Centers of Excellence utilization and procurement. The commentary cautions that the estimates depend on assumptions and may vary materially or not be realized. These are forecasts, not achieved savings, audited results or independent deal valuation.

Source: September 23, 2026 CFO Commentary, printed pp. 1 and 6. See the source register for the official event and report links.

Exhibit 5. Publicly described integration arrangements

Business	Publicly described initial arrangement	What remains unknown
AssuredPartners	Active integration; management published estimated synergy milestones	Actual realized synergies, target-level retention, service effects and detailed integration outcomes
Apollo Insurance Solutions	Leader and team to remain in place under Canadian retail P&C leadership; Apollo described continued brand, leadership and team	Consideration, final close mechanics and subsequent performance
Innovise Business Consultants	Colorado team to relocate to Gallagher's Denver office under Western Zone P&C leadership	Consideration, post-announcement integration results and retention

Sources: Gallagher announcements dated August 5 and September 15, 2026; Apollo's August 5 post; September 23 CFO Commentary. These businesses differ in size, business and transaction stage; the descriptions do not prove comparative success.

Questions for discussion

1. What is Gallagher trying to preserve and what is it trying to combine through acquisition integration? Which parts of the public evidence support each interpretation?
2. Which integration policy would you recommend for AP and future brokerage acquisitions? Where should the policy allow deal-specific variation?
3. What evidence should govern the sequence of integration steps? Identify measures for client and employee continuity, operating coordination, costs and expected benefits. Distinguish leading indicators from realized outcomes.
4. How should Gallagher assess progress against the \$160 million and \$325 million AP synergy estimates without treating them as achieved results? What would you need to know before interpreting a variance?
5. Which additional internal information would most change your recommendation? Explain how you would use it and what decision it would inform.

All thresholds, targets or timing rules proposed in class are student-created assumptions. Public sources do not disclose an internal approval schedule or the private operating data needed to calibrate them.