

INDUSTRY OVERVIEW

The insurance industry is currently facing a period of significant change and uncertainty. The COVID-19 pandemic has had a profound impact on the industry, leading to a sharp decline in new business and a corresponding decline in revenue. This has led to a period of consolidation and restructuring, with many companies seeking to improve their operational efficiency and reduce costs. The industry is also facing a period of intense competition, with new entrants and established players alike vying for market share. This has led to a period of innovation and product development, with companies seeking to differentiate themselves in a crowded market. The industry is expected to continue to face challenges in the coming years, but it is also expected to remain a strong and resilient industry.



TREND TRACKER

Three month NOLVs	Consistent
Sales Trends	Mixed
Gross Margin	Mixed
Discounting	Mixed

KEY INDUSTRY DRIVERS

The key drivers of the insurance industry are the economic environment, regulatory changes, and technological innovation. The economic environment is a major driver, with the industry's performance closely tied to the overall health of the economy. Regulatory changes are also a key driver, with new regulations and amendments to existing regulations impacting the industry's operations. Technological innovation is another key driver, with the industry embracing digital transformation and new technologies to improve its efficiency and customer experience. The industry is also driven by the need to remain competitive in a global market, with companies seeking to expand their reach and improve their service offerings.

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SALES TRENDS

	Most Recent Quarter	Prior Quarter	Two Quarters Ago	Three Quarters Ago
Overall Sales	100%	95%	90%	85%
Life Insurance	105%	100%	95%	90%
Health Insurance	102%	98%	93%	88%
Auto Insurance	100%	95%	90%	85%
Property & Casualty	103%	98%	93%	88%

OUTLOOK

The outlook for the insurance industry is positive, with strong growth expected in the coming years. The industry is expected to continue to embrace digital transformation and new technologies, leading to improved efficiency and customer experience. The industry is also expected to continue to face challenges in the coming years, but it is also expected to remain a strong and resilient industry. The industry is expected to continue to be a major driver of economic growth and a key component of the financial services industry.

Monitor Information

GA's Retail Monitor highlights key industry drivers within the retail sector and how they relate to GA's valuation process and current trends in recovery values. As the retail industry is impacted by consumer spending patterns and various macro and microeconomic factors, timely and accurate information is essential. GA strives to contextualize important indicators to provide a curated perspective of the market for our clients' needs. Such indicators include general industry trends, comparable store sales trends, gross margin changes, and discounting activity. Any comparable store sales illustrated in this monitor reflect figures as they have been reported by public retailers. The methodology for calculating comparable store sales may vary by company.

GA welcomes the opportunity to make our expertise available to you in every possible way. Should you need any further information or wish to discuss recovery ranges for a particular segment, please feel free to contact your GA Business Development Officer using the contact information shown in this and all *Retail Monitor* issues.

GA's *Retail Monitor* provides a brief overview highlighting specific sectors of the retail industry. The information contained herein is based on a composite of GA's industry expertise, contact with industry personnel, liquidation and appraisal experience, and data compiled from a variety of well-respected sources believed to be reliable. GA does not make any representation or warranty, expressed or implied, as to the accuracy or completeness of the information contained in this issue. Neither GA nor any of its representatives shall be liable for use of any of the information in this issue or any errors therein or omissions therefrom.

Experience

GA is one of the largest liquidators of retail inventory and has been involved in a variety of liquidations, ranging from the disposition of excess inventory and the closing of underperforming stores, to full-scale liquidations of national retailers with hundreds of stores. GA has experience with full and partial liquidations of companies throughout a variety of retail sectors, some of which are detailed below:

Target Canada	Cache	Office Depot/Max	Circuit City
Macy's	Fashion Bug	Mervyns	Tower Records
Fortunoff	Frederick's of Hollywood	Eddie Bauer	RadioShack
Linens 'N Things	Naartjie	Whitehall Jewelers	Borders
Jo-Ann Fabrics	Boot Town	A&P	Movie Gallery

These experiences, in addition to numerous others, provide GA with valuable insight into the market trends and the consumer response that can be expected in a liquidation. They give us an understanding as to recovery values that can be achieved for retailers within these industries. In addition to this liquidation experience, GA has worked with and appraised numerous retailers, including industry leaders within each sector. While our clients remain confidential, GA's extensive list of appraisal experience includes:

- Retailers of consumer electronics, including smaller, more localized chains, as well as regional, national, and international retailers with close to 4,500 store locations.
- Several e-commerce and multi-channel retailers, as well as flash sale websites and auction websites. In particular, GA has appraised 71 of the top 500 e-commerce companies as reported by *Internet Retailer*.
- Numerous retailers of apparel and accessories, including major department store retailers and a variety of specialty retailers that are found in malls throughout the country.
- Leading off-price retailers of apparel and accessories, including major national and regional chains.
- Many jewelry retailers, including one of the largest in the United States, with locations throughout the country and net sales exceeding \$1.4 billion annually.
- Major national and regional discount and dollar stores, including one of the country's largest chains, with over 10,000 stores.
- Leading book retailers, including one with over 700 store locations and sales of upwards of \$4.5 billion.
- Sporting goods retailers that specialize in a number of products, including those for outdoor sports, recreational ball sports, hunting, camping, and fishing, and a variety of other equipment for outdoor enthusiasts.
- Major regional grocery store chains including one with a store base of upwards of 800 and net sales in excess of \$10.0 billion, as well as smaller local grocery store retailers and pharmacies.

In addition to our internal personnel, GA maintains contacts within the retail industry that we utilize for insight and perspective on recovery values.

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About Great American Group

Great American Group is a leading provider of asset disposition solutions and valuation and appraisal services to a wide range of retail, wholesale, and industrial clients, as well as lenders, capital providers, private equity investors, and professional services firms. For more information, please visit www.greatamerican.com.

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