

M&A INSURANCE: QUARTERLY MARKET UPDATE Q2 2023

SLOWER MARKET CONTINUES BUT GREEN SHOOTS EMERGE

Whilst the M&A market continued to be dominated by smaller transactions, we have seen several transactions in the £1bn + EV range sign this quarter, giving an average deal size in Q2 of £195,879,411.

The final weeks of Q2 have shown a noticeable increase in enquiry volume, particularly in the upper mid-market for processes due to launch in Q3/Q4 2023. This increased activity aligns with conversations we're having with clients leading us to be cautiously optimistic of a return to a more typical M&A market in the second half of the year and early 2024, with a healthier level of mid-market deals in the pipeline.

Q2 saw a proliferation of corporate and sovereign wealth buyers, as institutional clients remained cautious. It remains to be seen whether the recent increase in base rate will feed into the wider M&A market but recent activity and pressure from LPs on institutional investors to deploy capital may mitigate its impact.

HWF have recruited Alex Hayes to lead our tax practice in North America. Alex has significant market experience, having led the global tax function at Softbank and spent a decade at Deloitte in M&A tax prior to that, and will work alongside our existing US team and European tax team to offer North American clients a leading domestic and international risk advisory service.

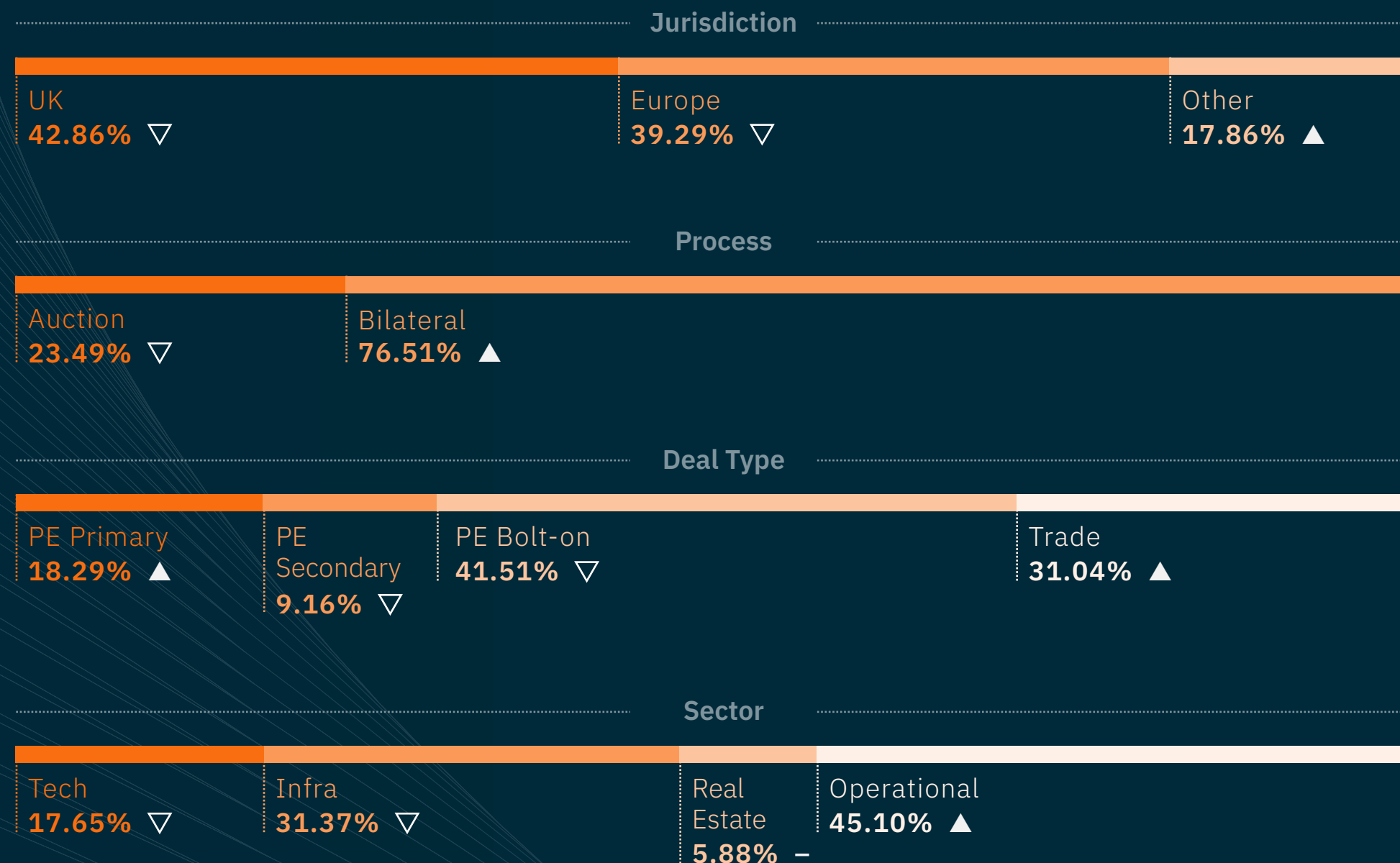
Alex's hire supports our continued growth in the tax and contingent risk space, as demand soars in light of increased scrutiny in DD with buyers pushing risks back on to sellers and insurance bridging the gap between the parties, creating increased value.

DEALS

13.23% decrease
on Q1 2023

AVERAGE DEAL SIZE

£195,879,411 ▲



	Tech	Infra	Real Estate	Operational
Av. Policy Limit (% of EV)	30.98% ▲	48.94% ▼	24.17% ▼	20.55% ▲
Av. Rate on Line (% of Limit)	1.17% ▲	0.75% ▲	0.69% -	1.65% ▲
Av. Retention (% of EV)	0.28% ▼	0.05% ▼	Nil	0.30% ▼

▲ Increase on Q1 2023 statistics ▼ Decrease on Q1 2023 statistics - No change to Q1 2023 statistics

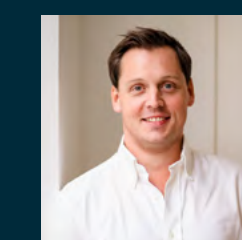
FUTURE CONSIDERATIONS

- HWF have seen increasingly fulsome vendor DD as sellers look to make assets / processes attractive to buyers. This has led to lighter touch buy side top-up exercises, including increased reliance on internal DD. This can be an efficient mechanism to help buyers move quickly, but confirming the scope and format of top-up DD with HWF remains important to ensure broad cover.
- Claims activity continues to increase with HWF seeing a number of claims filed during Q2. There are now several large claims progressing through the European market alongside high profile claims in the US garnering media attention.

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