

M&A INSURANCE: Q3 2023 QUARTERLY MARKET UPDATE

CONSISTENT DEAL FLOW AND AN INDEPENDENT CLAIMS STUDY

HWF acted on transactions with an aggregate value of c.£9.5 billion in Q3 2023. Activity continues to increase across sectors, albeit slowly, as interest rates stabilise and economic conditions settle.

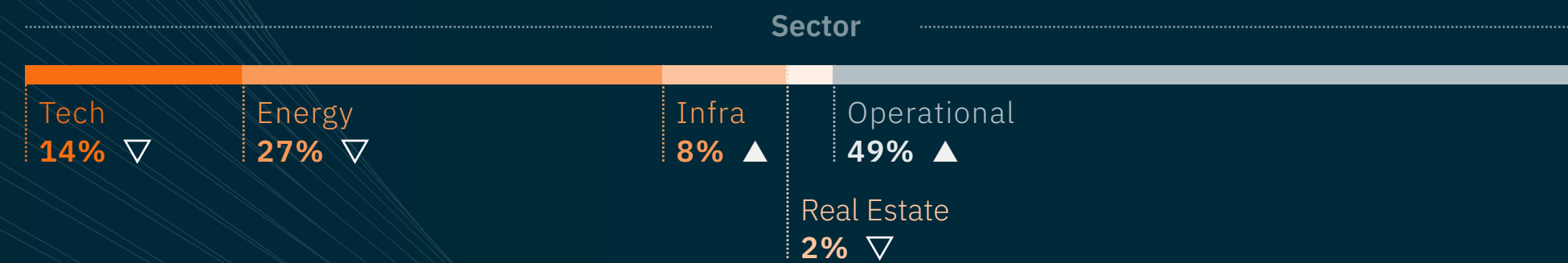
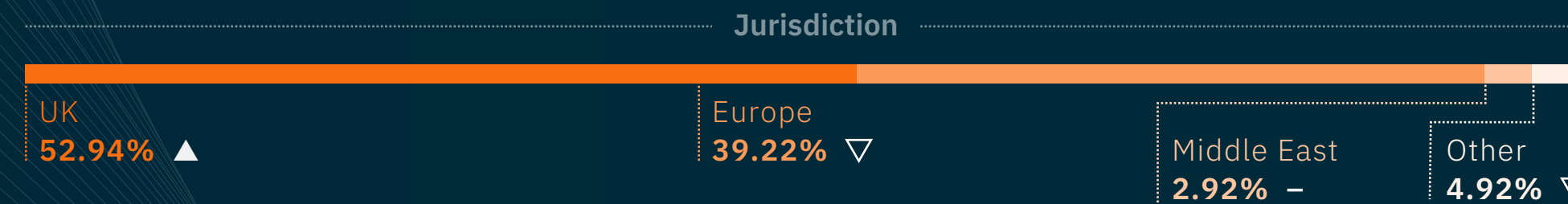
- **PE:** Noticeable but conservative increase in sell side auction enquiries, with notable enquiries in the upper mid-market where buyers are pre-empting auctions and securing assets in bi-lateral processes.
- **Energy / Infrastructure:** Operational energy and infrastructure transactions remain steady, with a large volume of greenfield development projects across all technologies. 2023 has seen a huge surge in development battery storage M&A.
- **Real Estate:** While overall activity remains muted, we have seen an increased number of enquiries in relation to distressed scenarios and the use of synthetic insurance.
- **Tax:** Noticeable increase in the number of specific tax insurance enquiries and placements on M&A transactions. Significantly more interest from tax insurers for risks currently in active discussion and/or challenge (or, in some cases, even in litigation) by tax authorities, provided there is a sufficiently defensible position.
- **Contingent:** As well as in M&A, contingent policies are increasingly being used to mitigate the risk of disputes, tax and other known risks that often arise in the context of insolvency and restructuring. In turn, the insurance allows vehicles to be wound-up with funds returned to creditors and/or shareholders.
- **Claims:** Slight uptick in claim notifications in Q3, particularly in respect of tax investigations and other third-party claims. HWF achieved a \$2.2 million settlement for a client for historic royalty underpayments by a target on a material contract in the oil and gas sector.

DEALS

5% increase on Q2 2022 ▲

AVERAGE DEAL SIZE

£184,235,871 ▼



Av. Policy Limit (% of EV)	Technology	Energy	Infrastructure	Real Estate	Operational
	27% ▼	79% ▲	25% ▼	30% ▼	29% ▲

Av. Rate on Line (% of Limit)	Technology	Energy	Infrastructure	Real Estate	Operational
	1.20% ▲	0.70% ▼	1.77% ▲	0.63% ▼	1.22% ▼

Av. Retention (% of EV)	Technology	Energy	Infrastructure	Real Estate	Operational
	0.32% ▲	0.07% ▼	0.32% ▲	0% -	0.33% ▲

▲ Increase on Q2 2023 statistics ▼ Decrease on Q2 2023 statistics - No change to Q2 2023 statistics

FUTURE CONSIDERATIONS

- HWF published the first independent European W&I market claims study, [which can be accessed here](#). The study collates claims data from 16 insurers to present the first independent study of European claims data. The HWF study goes further than claims reports which have been released to the market by other brokers and insurers, and builds on HWF's established reputation as an expert advisor in the transactional risk market.
- In a quieter year for M&A, insurer appetite for transactions across sectors remains broad and with the increased capabilities following recruitment over the last 12 – 24 months we do not envisage any capacity constraints as we move towards year end.

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