

M&A INSURANCE: Q1 2025 MARKET UPDATE

Following Q4 2024 which was a very strong quarter for deal volume, it's perhaps unsurprising that we've seen a dip in M&A activity in the first quarter of this year. However, the deals currently live in the market are, on average, over 50% higher in value in comparison to the previous quarter.

PE Despite global economic uncertainty, the lower-mid market remained active, with a continuing appetite for bolt-on acquisitions driving the market. The volume of auction processes being lined up has seen a sharp increase, with notable large-cap exits and processes in the technology and financial services spaces.

Energy/Infrastructure We have seen a healthy range of energy and infrastructure projects. However, we continue to see processes be protracted and we have placed several sell-side policies which indicates that a buyer's market continues to prevail. In the energy sector, retentions and rates have been skewed by larger multijurisdictional portfolio transactions but we do see rates slightly resetting following an extremely soft 2024.

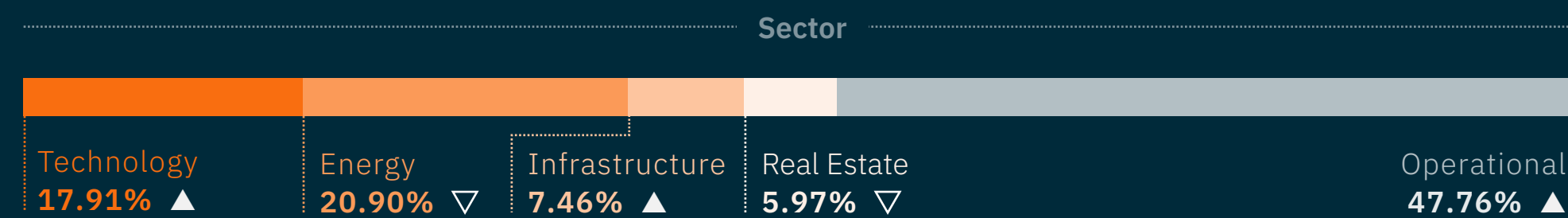
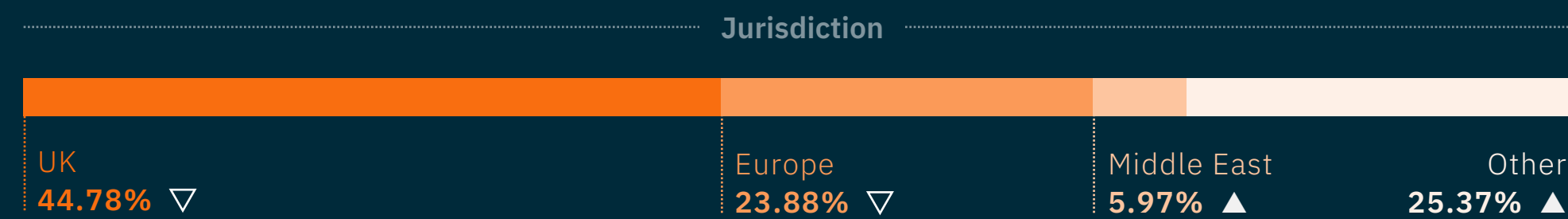
Real Estate Despite a downturn in the number of real estate deals during Q1, we have seen an increase in the number of enquiries. Interesting developments included structuring a W&I policy for an institutional real estate client to cover any loss of a non-refundable deposit paid on signing in the event that a transaction failed to complete for reasons outside of its control.

Tax There has been a notable rise in the use of tax insurance to cover risks stemming from historical group reorganizations and restructurings. As businesses prepare for transactions or respond to increasing scrutiny from tax authorities, there's growing concern around legacy positions that were taken years ago, often without formal rulings or with limited analysis. Tax insurance is being used to provide certainty for both buyers and sellers, particularly in competitive M&A processes.

Contingent Following the hardening of the litigation insurance market, we are currently active on novel and alternative deal structures in this space, including insurers taking security over policyholder assets and ratcheting retention mechanisms. What's driving these innovations is the use of insurance as collateral to unlock upside in commercial transactions, rather than a material concern about downside risk.

DEALS 40.71% decrease ▼

AVERAGE DEAL SIZE £160,946,567 ▲



Av. Policy Limit (% of EV)	Technology	Energy	Infrastructure	Real Estate	Operational
	39.01% ▲	31.32% ▼	37.92% ▲	39.44% ▼	22.34% ▼

Av. Rate on Line (% of Limit)	Technology	Energy	Infrastructure	Real Estate	Operational
	0.93% ▼	0.91% ▲	1.01% ▲	0.48% ▼	0.96% ▲

Av. Retention (% of EV)	Technology	Energy	Infrastructure	Real Estate	Operational
	0.10% ▼	0.13% ▲	0.10% ▼	0.00% -	0.17% ▼

Arrows show changes to Q4 2024 statistics

Claims The second edition of our W&I Market Claims Study, covering 8 years of data from 22 insurers, has found that PE buyers received 63.95% of successful claims payments, highlighting that PE clients remain active users and beneficiaries of W&I insurance. [Access the Study here.](#)

FUTURE CONSIDERATIONS

We remain cautious about the impacts of the Trump Administration's tariffs, having seen transactions in the consumer and industrial sectors being placed on hold until later in the year. We are actively working with insurers to ensure the impact on policy coverage is minimised, and we've written a short article on this topic. Please reach out to your usual HWF contact if you would like a copy.

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