M&A INSURANCE: Q2 2025 MARKET UPDATE

Q2 saw a decline in average deal values, reflecting ongoing economic uncertainty and instability in the M&A market. Despite those broader market challenges, the final weeks of Q2 saw a notable uptick in deal activity, demonstrating a renewed optimism even in a volatile environment.

PE We continue to see demand to deploy W&I insurance across preference share investment structures and placed a tailored policy during Q2 for a PE client. The mid-market saw a return of a volume of transactions which were placed on hold during the Q1 macroeconomic uncertainty. Coupled with an increase in enquiries for processes due to commence after the summer, there is cautious optimism for the year ahead. The HWF PE team was bolstered by the addition of Charlie Lord.

Energy/Infrastructure Q2 saw a notable slowdown in UK renewable energy M&A signings, but strong deal flow is expected across Europe for the rest of the year. We are seeing an increasingly broad variety of M&A occurring in energy transition including battery storage, offshore servicing, CCUS, biofuels and green hydrogen in addition to traditional energy projects including O&G. There continues to be strong appetite in the core infrastructure space. Rates continue to be competitive.

Real Estate Deal flow continues to increase across the real estate sector, particularly in the UK and continental Europe, in sub-sectors such as prime office (including redevelopments), logistics, hotels, and living. While W&I rates remain low, insured parties can still gain value by bundling policy enhancements to improve coverage. Insurers remain flexible in tailoring retention structures for operational real estate and continue to offer enhanced positions on issues including planned capital expenditure, Building Safety Act cover, and affirmative tax protection. HWF's Real Estate offering was bolstered by the addition of James Campbell.

Tax Throughout Q2 we placed several tax insurance policies for risks in various stages of dispute – from active audit, all the way through to courts of final instance. Placing these types of policies has been vital for clients seeking to unlock balance sheet provisions or monetise tax receivables under challenge through the use of insurance policies as loan collateral (against some or all of the value of tax receivable).

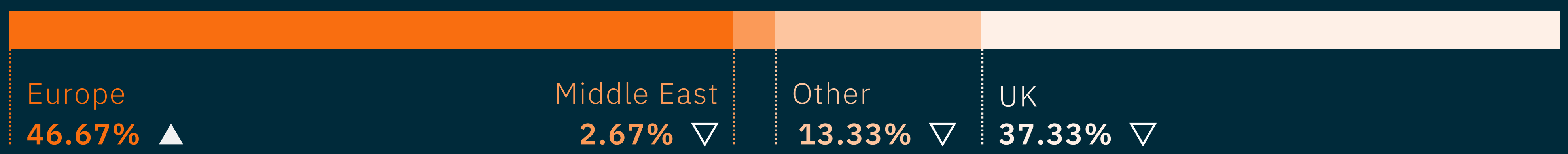
Contingent Contingent risk insurance continues to expand into and facilitate a diverse range of commercial transactions. Recently we've seen a particular focus on fund-wind ups. We're arranging policies to address residual risks that may crystallise post wind-up, which can create difficulties for officeholders and administrators once assets have been returned to LPs. These polices can address known risks, unknown risks or both.

Claims We have seen a notable increase in claims notifications during Q2 2025, with HWF recording a 40% rise in notifications compared to Q1. This trend appears to reflect a growing understanding of the W&I product, increased deal activity in higher-risk sectors, and the natural progression of a maturing claims cycle. We look forward to assessing whether these developments are echoed in the third edition of our European Claims Study, set for release in Q4.

DEALS 11.94% increase ▲

AVERAGE DEAL SIZE £97,162,539 ▽

Jurisdiction



Sector

	Energy	Infrastructure	Operational	Real Estate	Technology
Av. Policy Limit (% of EV)	35.38% ▲	30.13% ▽	26.33% ▲	29.03% ▽	25.09% ▽
Av. Rate on Line (% of Limit)	0.75% ▽	0.83% ▽	0.98% ▲	0.59% ▲	1.09% ▲
Av. Retention (% of EV)	0.03% ▽	0.09% ▽	0.19% ▲	0.06% ▲	0.11% ▲

Arrows show changes to Q1 2025 statistics

FUTURE CONSIDERATIONS

Q3 has already kicked off with strong momentum, with our team experiencing one of the busiest starts to July in recent memory. We anticipate a continued uplift in both deal volume and value through the quarter. While macroeconomic conditions remain fluid, early indicators suggest growing confidence among both strategic and financial buyers.

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