

M&A INSURANCE: Q3 2025 MARKET UPDATE

Q3 saw a further decline in average deal values, down 14.5% on Q2, reflecting a continued focus on bolstering existing platform investments through bolt-ons and a potential run of founder disposals ahead of the Autumn budget. However, overall deal activity remains robust, highlighting sustained appetite for well-structured, high-quality transactions despite broader market volatility.

PE Private equity activity rebounded sharply in Q3 2025, with transaction volumes rising across the UK and a strong pipeline of exits setting the stage for a busy Q4. The market showed signs of recovery with the narrowing of the valuation gap between buyers and sellers and increased investor confidence driving deal flow. We’re also seeing growing momentum in AI-related transactions, with insurers increasingly comfortable underwriting around evolving valuation metrics.

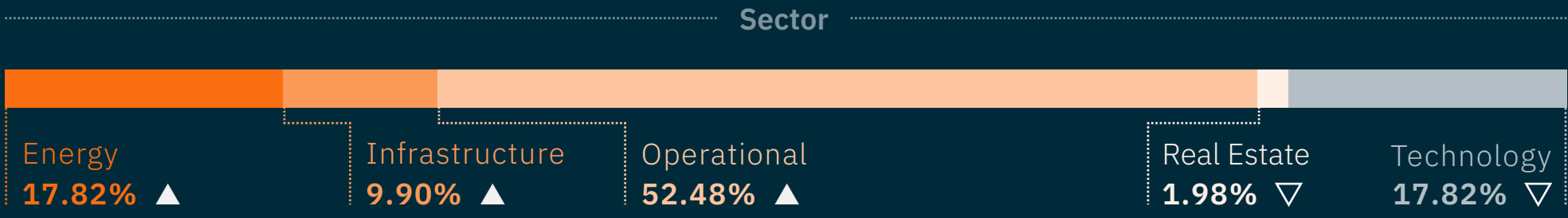
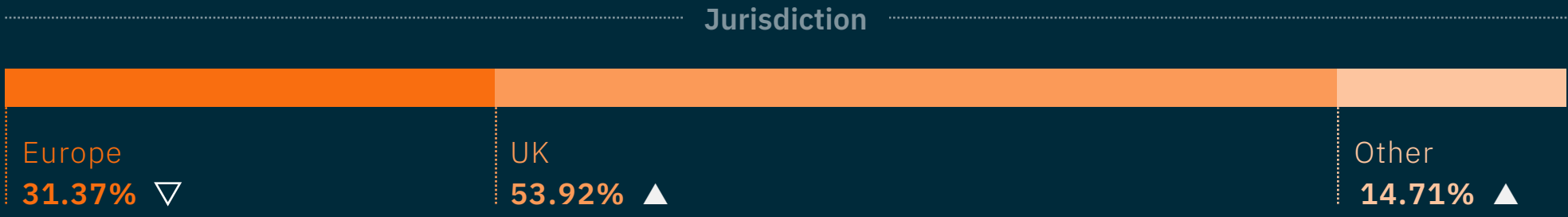
Energy/Infrastructure Deal activity across the renewable energy space accelerated in Q3, led by solar and battery storage projects as regulatory clarity improved, particularly around grid reform. HWF also structured a bespoke solution enabling clients to participate in Italy’s first battery auction tender. Infrastructure activity remains buoyant, with heightened interest in power, grid, education, defence, aviation, and digital sectors..

Real Estate Deal flow and enquiries across the real estate sector continue to rise as we move towards year-end. We’re seeing a resurgence in the UK office market, particularly in London, and sustained demand for prime logistics assets across the UK and Europe. W&I rates remain low but show early signs of hardening as we move towards the end of the year and an increasingly competitive market. Bundled policy enhancements continue to deliver strong value, offering insureds broader coverage at attractive pricing.

Tax Tax insurance continues to play a key role in unlocking value for clients, with a steady flow of placements across risks at various stages of dispute,from active audit through to the courts of final instance. Demand remains strong among corporates and funds alike, particularly where policies are being used to release balance sheet provisions or provide collateral for financing.

Contingent The contingent risk market continues to mature, with underwriting processes becoming faster and more sophisticated. As insurers gain deeper expertise in areas such as litigation, permitting, and regulatory matters, we’re seeing turnaround times shorten considerably.

DEALS	16.21% increase ▲	AVERAGE DEAL SIZE	£83,021,333 ▼
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Av. Policy Limit (% of EV)	Energy 35.64% ▲	Infrastructure 18.46% ▼	Operational 26.42% ▲	Real Estate 31.29% ▲	Technology 30.74% ▲
Av. Rate on Line (% of Limit)	Energy 0.67% ▼	Infrastructure 0.92% ▲	Operational 1.20% ▲	Real Estate 0.76% ▲	Technology 0.95% ▼
Av. Retention (% of EV)	Energy 0.01% ▼	Infrastructure 0.14% ▲	Operational 0.13% ▼	Real Estate 0.00% ▼	Technology 0.11% –

Arrows show changes to Q2 2025 statistics

In Q3 2025, HWF arranged and negotiated cover for an Eastern European litigation exposure in under one week, which demonstrates both market agility and appetite for complex risks.

Claims This quarter has seen a number of claims, particularly in respect of renewables transactions on a range of warranty breaches. HWF is in the process of compiling data for our annual claims study. This year the HWF claims study is based on an analysis of 18,563 W&I placed by 24 European insurers since 2016, making it the most authoritative study on the state of the European W&I claims market.

FUTURE CONSIDERATIONS

The outlook for Q4 is cautiously optimistic. Subject to the outcome of the Autumn budget, with pricing stabilising and investor sentiment improving, we expect deal volumes to hold firm into year-end. Our focus will be on maintaining execution speed and structuring flexibility to help clients capitalise on emerging opportunities.

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