MARSH

Transactional risk insurance 2025

Year in review



M&A surged in 2025, with a significant increase in deal value alongside steady growth in the number of transactions completed globally. As in prior years, transactional risk insurance remained a vital tool for mitigating risk and enhancing deal certainty for both strategic and financial buyers.

Craig Schioppo | Global Head of Transactional Risk

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Global merger and acquisition (M&A) activity saw a resurgence in 2025, which featured significantly larger and more complex transactions than the prior year. This shift drove increased demand for representations and warranties (R&W),* warranty and indemnity (W&I), and tax insurance, as dealmakers relied more heavily on insurance to support greater execution certainty, manage risk, and facilitate increasingly sophisticated transactions.

*Representations and warranties (R&W) insurance is the term used in the US and Canada; elsewhere, the term warranty and indemnity (W&I) insurance is used.

Global M&A snapshot

At a glance

Aggregate global M&A value

Nearly US$5 trillion

Year-on-year change in global M&A deal value

+37%

Year-on-year change in global M&A deal count

+12%

Mega deals (>US$10B)

70 transactions (almost 80% ↑)

Large deals (>US$1B)

617 transactions (+28% year-on-year)

Transactional risk limits placed by Marsh

US$91.6 billion (+34% year-on-year)

Transactional risk policies placed by Marsh

3,811 (+37% year-on-year)

Unique transactions with programs brokered by Marsh

1,785 (+15% year-on-year)

Global deal activity: scale and complexity drive insurance demand

Global M&A deal value surged to near-record levels in 2025, approaching US$5 trillion, as aggregate deal values grew materially faster (up 37%) than deal count (up 12%) compared to 2024. Fueling the rise in M&A volume was a large increase in "mega deals" across regions, with 70 transactions exceeding US$10 billion (an almost 80% increase) and 617 transactions exceeding US$1 billion (a 28% increase year-on-year).

Supported by increased investor appetite for scaled transactions and a more favorable deal environment in the US, these mega deals drove global demand for higher insurance limits, more structured and layered insurance towers, and coordinated programs underwritten across jurisdictions.

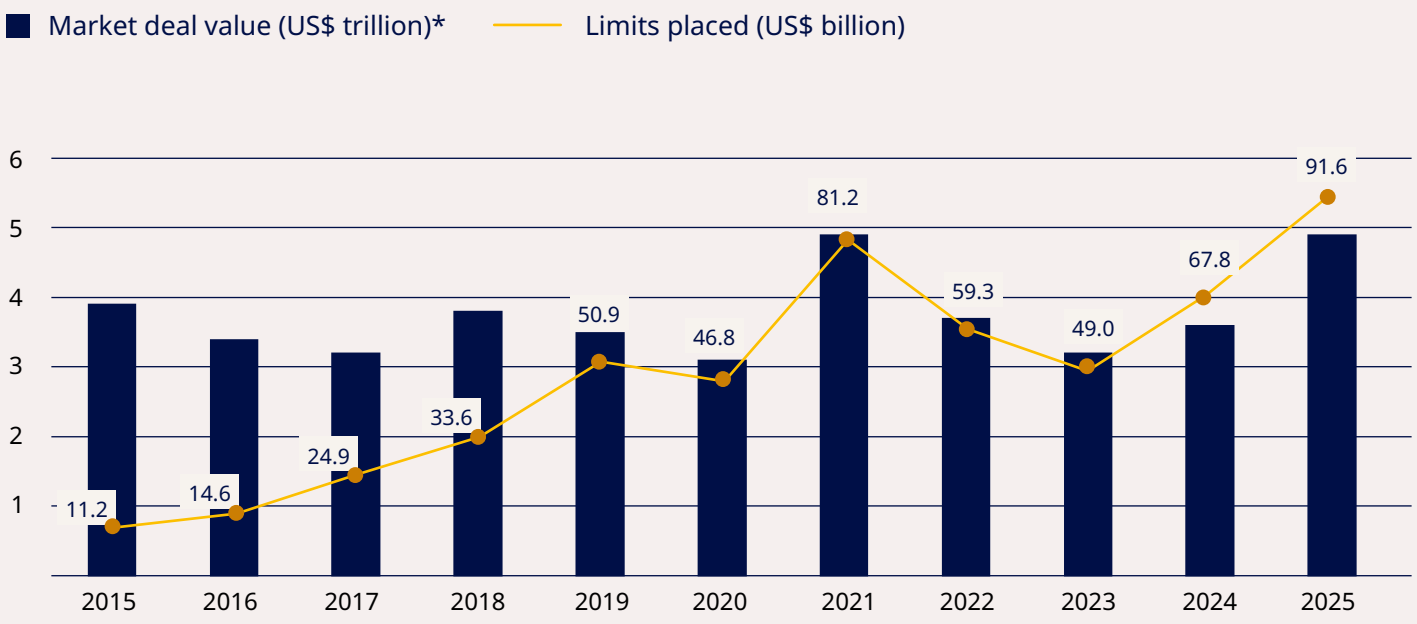
At the same time, insurers continued to manage aggregate exposure more selectively. This reinforced the importance of early engagement and thoughtful structuring, as transactional risk insurance has increasingly become a core component of deal architecture, rather than an optional enhancement.



Marsh achieved a record year for transactional risk placements

Against this backdrop, Marsh's Transactional Risk Practice achieved its strongest year on record, placing more transactional risk insurance limits globally on behalf of clients than in any year in our history (see Figure 1).

Figure 1: Global M&A deal value vs. transactional risk limits placed by Marsh globally, 2015-2025

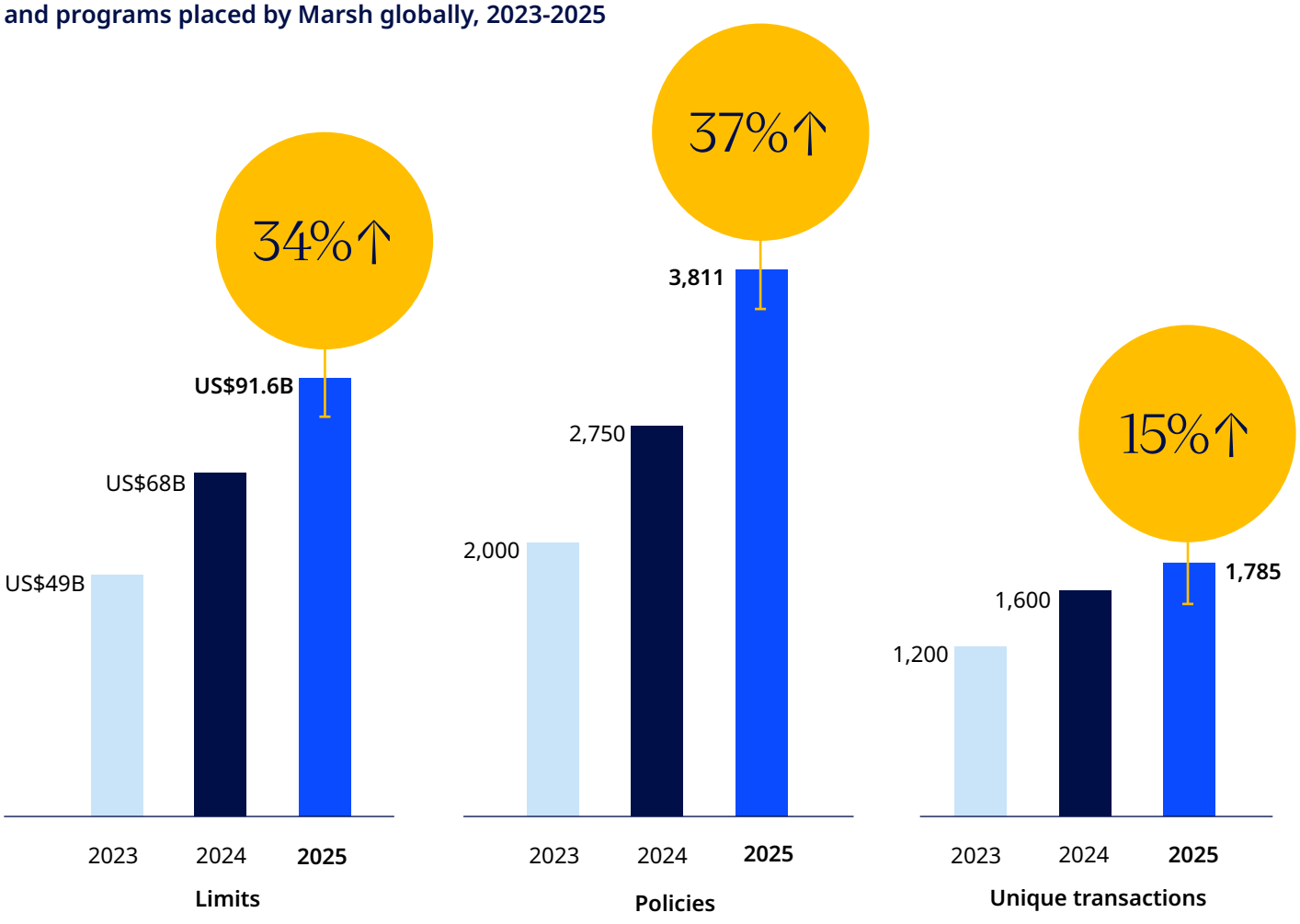


Source: Data sourced from Pitchbook as of announced date for global M&A market

Key global transactional risk insurance trends in 2025

Limits, policies, and insured transactions reached near-record levels. In 2025, Marsh placed a record-breaking US$91.6 billion of transactional risk insurance limits globally (up 34% from the prior year). This included over 3,800 policies (up 37% from the prior year) across nearly 1,800 unique transactions with programs brokered by Marsh (up 15% from the prior year), representing an aggregate enterprise value exceeding US$550 billion (see Figure 2).

Figure 2: Transactional risk insurance limits, policies, and programs placed by Marsh globally, 2023-2025



Pricing increases emerged following a period of rate decreases

Our transactional risk team observed rising rates from insurers across most regions in 2025, reversing the sustained period of decreases seen during the post-pandemic period. North America experienced the most profound shift, with average primary layer R&W premium rates increasing 16% year-on-year and exceeding 3.3% (of the policy limit of liability) by Q4. Europe followed a similar trajectory, with average premiums rising 5% year-on-year (operational M&A premium rates rose by 8%) and Q4 pricing was approximately 29% higher than Q1 levels. Asia recorded an 8% year-on-year increase in premium rates, while rates in the UK and the Pacific regions remained broadly flat, ending a multi-year trend of declining prices in those regions.

Corporate buyers continued to outpace private equity globally

For the third consecutive year, Marsh completed a greater share of insurance programs for corporate and strategic insureds (54%) than for private equity firms (46%), signaling a sustained shift in buyer behavior. Corporate buyers increasingly used transactional risk insurance to seek to enhance bid competitiveness, manage execution risk, and streamline post-closing outcomes.

Insured deal sizes increased materially across regions

Rising mega deal activity drove significant growth in insured deal sizes across most regions in 2025. In North America, the average insured deal size increased by 20% to US$412 million, the highest level recorded in the region, while the UK average deal size increased by 42% to US$553 million. Average deal size in Asia increased by 18% to US$329 million. Median deal size increased sharply in the Pacific (up 78% to US$103 million) and in MEA (up 34% to US$390 million), even where average deal sizes declined, reflecting greater insurance utilization on mid-sized transactions.

Underwriters cautiously offered limits for large transactions

Continuing a trend first observed in the second half of 2024, most insurers on large transactional risk towers — for both R&W/W&I and tax insurance placements — increasingly reduced the amount of limits they were willing to deploy on a single risk. This appears to be a product of increased claims severity. Despite this shift, available limits for a single transaction remained at approximately US$1 billion globally, though the cost of excess layer insurance increased, particularly in North America.

Tax insurance surged globally

Tax insurance usage continued to accelerate across all regions, driven by a broader understanding of the product and increased underwriting appetite. In North America, the number of tax policies placed by Marsh's transactional risk team increased by 82% year-on-year, supporting a record number of transactions (31% above the prior year). In Europe, tax insurance activity reached new highs, with policy counts increasing more than 50% and total insured limits more than doubling year-on-year.

Claims frequency and severity signaled a maturing market

Claims frequency and severity continued to increase globally in 2025, reflecting both higher insurer deal volumes and greater confidence in the claims process.

The UK recorded historic levels of notifications and insurer payouts, while Europe saw claim notifications double year-on-year. Asia experienced a sharp increase in claim notifications alongside rapidly rising payments. In North America, claim notifications declined modestly, but total loss payments reached a record high.

For a more comprehensive analysis of claims trends, see the Global Transactional Risk Insurance Claims Report 2025.

Key takeaways: Global

- **Global M&A activity rebounded in 2025**, driven by a pronounced shift toward larger and more complex transactions, with deal value growth materially outpacing deal count.
- **The surge in mega deals increased demand** for greater transactional risk insurance limits, more structured insurance towers, and coordinated programs underwritten across jurisdictions.
- **Premium rates generally increased and insurers deployed limits selectively**, reflecting an apparent focus on aggregate exposure and claims severity.
- **Corporate and strategic buyers continued to outpace private equity** globally in their use of transactional risk insurance, signaling a sustained shift in buyer behavior.
- **Tax insurance adoption accelerated across regions**, expanding beyond traditional use cases as dealmakers sought greater certainty amid evolving regulatory and tax regimes.
- **Claims frequency and severity increased globally**, reflecting increased market maturity and highlighting the importance of early engagement, thoughtful structuring, and experienced claims support.
- **Looking ahead to 2026,** easing financing conditions, ample private capital, and renewed cross-border activity are expected to support continued demand for transactional risk solutions — though geopolitical uncertainty may adversely affect M&A activity during the year.



"As M&A activity in the region skyrocketed in 2025, transactional risk insurance remained a vital tool for mitigating risk and enhancing deal certainty."

Craig Warnke | Chief Operating Officer, North America

US and Canada

North America

Robust deal activity, marked by record-breaking transaction volumes and renewed market confidence, drove strong demand for transactional risk insurance in 2025, underscoring its essential role in supporting complex and high-value transactions.

At a glance

Total limits placed

US$31.1 billion

Median deal size

US$98 million

Average deal size

US$412.1 million

Pricing

16%↑ year-on-year

Top sectors

Energy, power, and utilities and communications, media, and technology

Median limits placed as % of enterprise value

10%

Average limits placed as % of enterprise value

16%

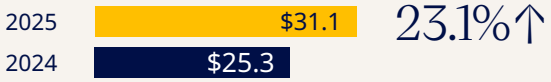
Mergers and acquisitions (M&A) activity in North America surged in 2025, with deal volume topping US$2.99 trillion, a 52% year-on-year increase and representing 55% of global M&A.

2025 saw the return of mega deals, setting a record with 47 transactions exceeding US$10 billion. Private equity-backed M&A also hit record heights, soaring 69% year-on-year to in excess of US$1 trillion. These factors boosted demand for transactional risk insurance in North America, further cementing its vital role for dealmakers in the region.

As the region's M&A activity increased, demand for transactional risk insurance remained strong. This included the placement of multiple representations and warranties (R&W) and tax insurance towers exceeding US$750 million in limits, reflecting organizations' efforts to mitigate risks on very large deals. Marsh's transactional risk team placed a record $31.1 billion in transactional risk limits on behalf of clients, a year-on-year increase of more than 23%. Marsh views itself as the leading transactional risk insurance broker in the US and Canada.

North America snapshot

Limits placed by Marsh in North America (US$B)



Limits placed as a percentage of enterprise value



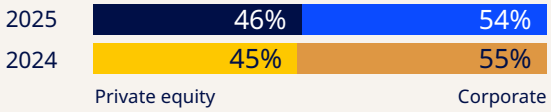
Number of deals



Enterprise value (US$M)



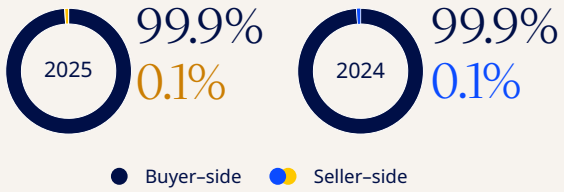
Private equity vs. corporate



Aggregate enterprise value (US$B)



Buyer-side/seller-side policies (as a % of total policies)



Number of policies placed



Key takeaways

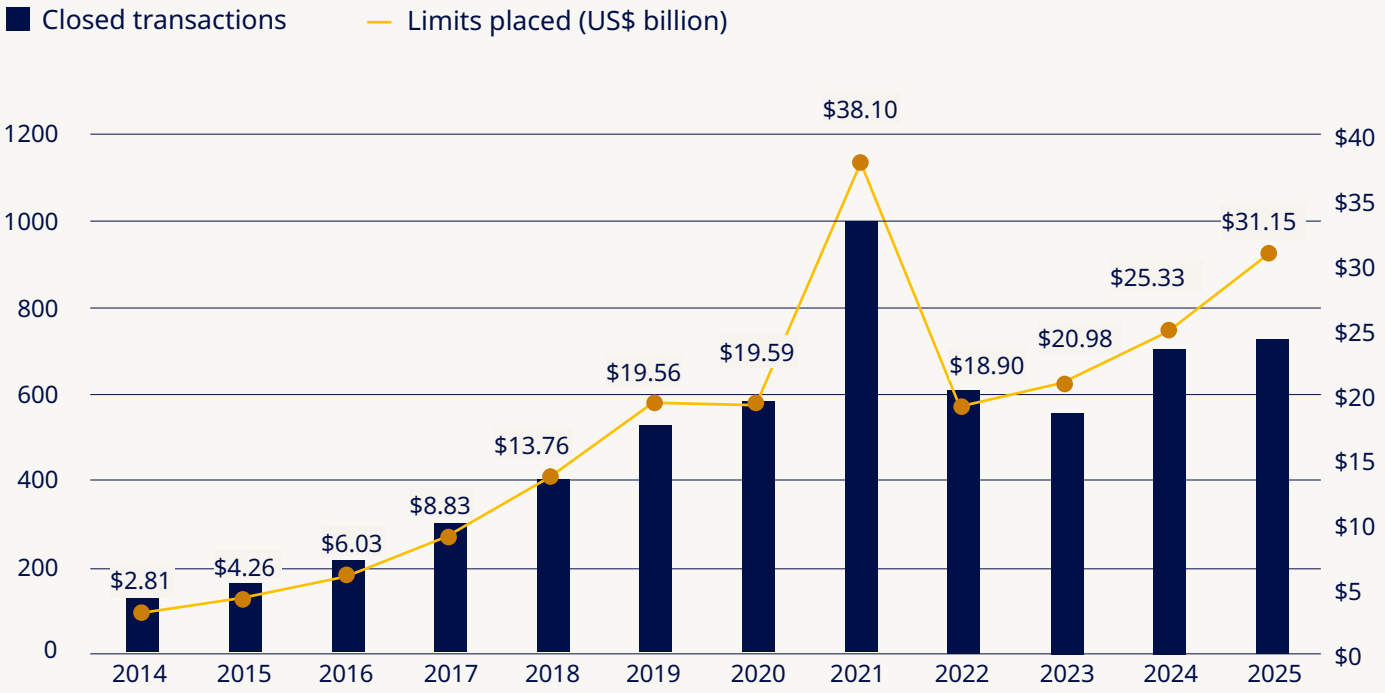
- **Mergers and acquisitions activity in North America surged in 2025.** Deal volume topped US$2.9 trillion, a 52% year-on-year increase and represented 55% of global M&A.
- **Demand for transactional risk insurance continued to increase.** R&W policy count grew by over 32% and tax insurance policy count grew by 82% year-on-year.
- **Transactional risk insurance was increasingly used beyond traditional private company M&A**. This includes (i) the use of R&W insurance on real estate deals, minority investments, general partner-led secondary transactions, take-private transactions, and by corporates; and (ii) the use of tax insurance by pass-through businesses, asset managers, and family offices.
- **Average primary R&W policy premiums increased 16% year-on-year.** Terms and conditions remained insured-friendly.
- **Average primary R&W policy limits purchased increased, driven by transaction value.** Median policy limits as a percentage of enterprise value remained steady at 10% with average limits purchased increasing to 16%, from 14% in 2024.
- **The outlook for transactional risk insurance in North America remains positive,** with expectations of increased M&A activity, although geopolitical uncertainties may pose challenges.



Transactional risk insurance usage continued to steadily increase

The number of transactional risk policies placed by Marsh in North America grew substantially in 2025. R&W policy count grew by over 32% with the number of closed transactions increasing by 3% in 2025 despite continued geopolitical uncertainty and economic headwinds (see Figure 3). Tax insurance policy count grew by 82% with the number of unique transactions increasing by 31%.

Figure 3: Closed transactions and limits placed by Marsh in North America, 2014-2026



Figures are based on the policy effective date. Data as of January 7, 2026.

By deal size

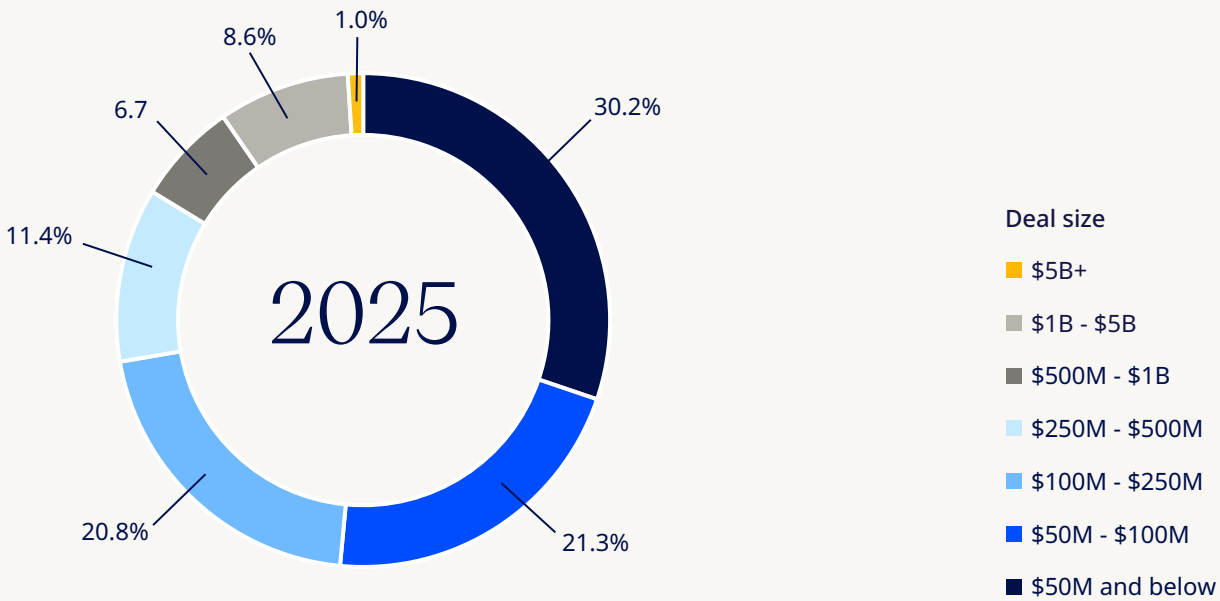
While transactional risk insurance continued to be used across all transaction sizes (see Figure 4), such usage exhibited a barbell distribution, with reduced mid-market activity.

The overall average deal size of transactions placed increased by 20% to US$412 million, becoming the highest single-year average deal size for Marsh in the region. This growth was driven principally by a significant uptick in the number of large deals (those with an enterprise value of over US$1 billion), which increased by 20% from 2024, and represented almost 10% of our closed transactions.

While the volume of large and small transactions increased significantly, we saw a material drop in mid-size deals — between US$100 million and $500 million — that represented 32% of our insured transactions in 2025, down from 41% in 2024.

Also in 2025, we saw the lowest median enterprise value for insured deals in our history, at US$98 million, down 22% from 2024. This dynamic was driven by small deals (below US$100 million) making up over half (51%) of our insured transactions in 2025. In recent years, new insurer entrants have focused on insuring small transactions to gain a toehold in the marketplace, a space that had historically attracted less interest from more established insurers. That said, numerous established insurers have now expanded their underwriting appetite for these smaller transactions, including setting up dedicated teams for the segment, resulting in increased insurer appetite and competition for these deals.

Figure 4: Deals of all sizes are utilizing transactional risk insurance



Figures are based on the policy effective date. Data as of January 7, 2026.

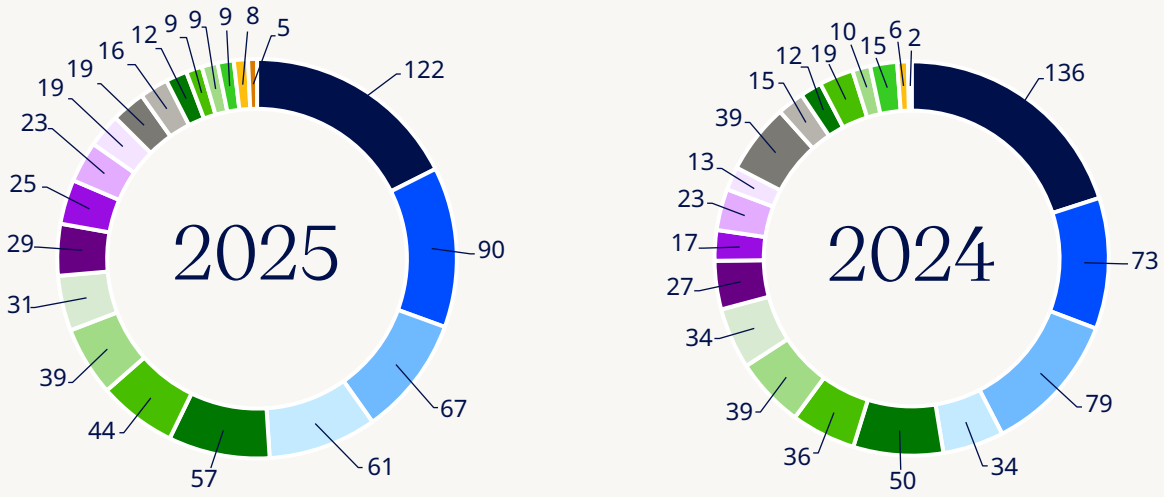
By industry sector

While transactional risk insurance remains widely utilized by nearly all industries, the largest sector by deal volume was technology, accounting for nearly 28% of overall transaction value in the region (see Figure 5).

Insured transactions in the energy and power sector, which had already doubled in 2024 from 2023 levels, continued to rise, with our team placing more than 130 deals in this sector. This growth reflects strong regional deal activity supporting both traditional energy businesses and green energy efforts amid increased power demand.

Healthcare transactions also saw significant growth in 2025, with deals placed almost doubling year-on-year. This increase was driven by strong dealmaking activity for care-providing targets (including behavioral health, dental, and physician practices) and healthcare-adjacent targets (such as healthcare IT and technology platforms).

Figure 5: Number of deals by top 20 industry sectors in North America, 2024 vs. 2025



- Communications, media, and technology
- Power and utility
- Manufacturing
- Healthcare
- Professional services
- Energy
- Other services
- Food and beverage
- Financial institutions
- Misc/other
- Life sciences
- Transportation
- Construction
- Real estate
- Automotive
- Retail/wholesale
- Aviation and aerospace
- Chemical
- Entertainment
- Education

Reflective of top 20 industries by deal count;
Figures are based on the policy effective date. Data as of January 7, 2026.

By deal type and buyer

Beyond traditional private company M&A, transactional risk insurance was increasingly used for real estate deals, minority investments, general partner-led secondary transactions, and take-private transactions, which together accounted for almost 10% of our insured deals in 2025.

Corporate and strategic buyers represented approximately 54% of all policies placed in the region, with private equity firms accounting for the remaining 46%. Given historic "dry powder" levels and generally favorable deal conditions, private equity's use of transactional risk insurance is expected to grow in 2026.

Rise in transactional risk insurance in general partner-led secondary transactions

The private equity landscape has evolved significantly over the past decade, with general partner-led secondary transactions becoming an ever-more mainstream liquidity solution in a challenging exit environment, particularly for investments during the active 2020-2021 M&A markets. These deals often take the form of continuation funds, or continuation vehicle deals, where the private equity fund (original fund) sells some or all of its portfolio assets to a newly created fund (the continuation fund managed by the same general partner). Investors of the original fund can exit for cash, roll their interests into the continuation fund, or a combination of the two. New investors can subscribe to the continuation fund, providing cash to purchase assets from the original fund.

Because the general partner acts on both the buy and sell sides, potential conflicts of interest may arise. To mitigate this risk, parties have increasingly used R&W insurance, which provides the continuation fund and/or the new investor(s) with coverage for breaches of the representations and warranties contained in the purchase agreement, which are generally more limited than in a standard "buyout" purchase agreement and are typically knowledge-qualified. In addition, R&W insurance has expanded to cover certain excluded obligations, including claw-back risks, breach of fiduciary duties, and portfolio tax obligations, to provide broader coverage. R&W underwriters typically price general partner-led secondary transactions lower than standard buyout transactions, often below 2% of policy limits, reflecting insurer perceptions of a reduced risk profile.

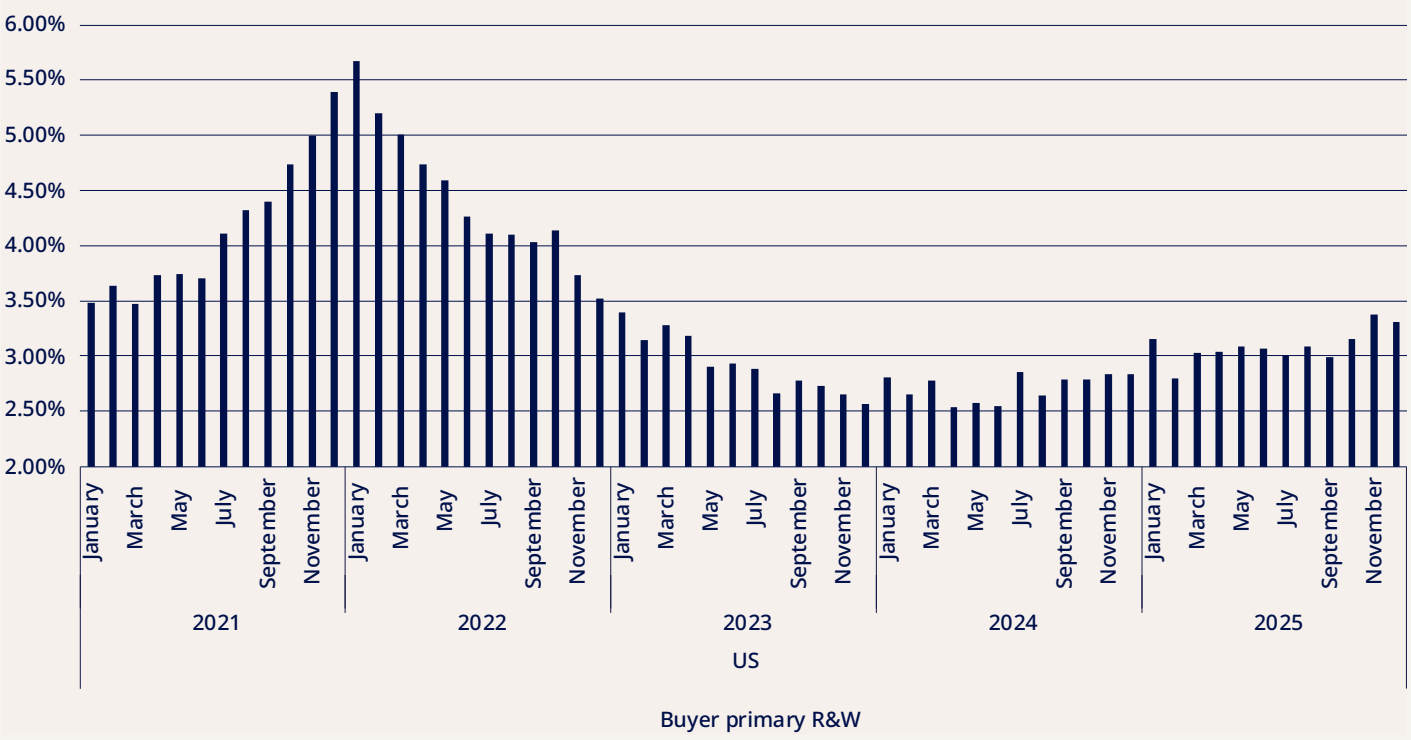
R&W insurance pricing on the rise

Following multiple years of pricing declines, R&W insurance rates rose in 2025. Average primary policy premiums increased 16% year-on-year, reversing the decreases observed in 2023 and 2024. Pricing momentum accelerated at the end of the year, with average rates in November and December exceeding 3.3% of policy limits across our portfolio for traditional M&A transactions (see Figure 6).

Larger deals (between US$1 billion and US$5 billion) saw higher rate increases, with rates exceeding 3.9% in the fourth quarter. Increased pricing was seen across all industry sectors and deal sizes. However, categories of transactions perceived by insurers as lower risk, such as real estate transactions and general partner-led secondary transactions, had notably lower premium rate increases.

The rate increases stem from concerns over R&W insurance portfolio profitability due to increased claim frequency and severity in recent years.

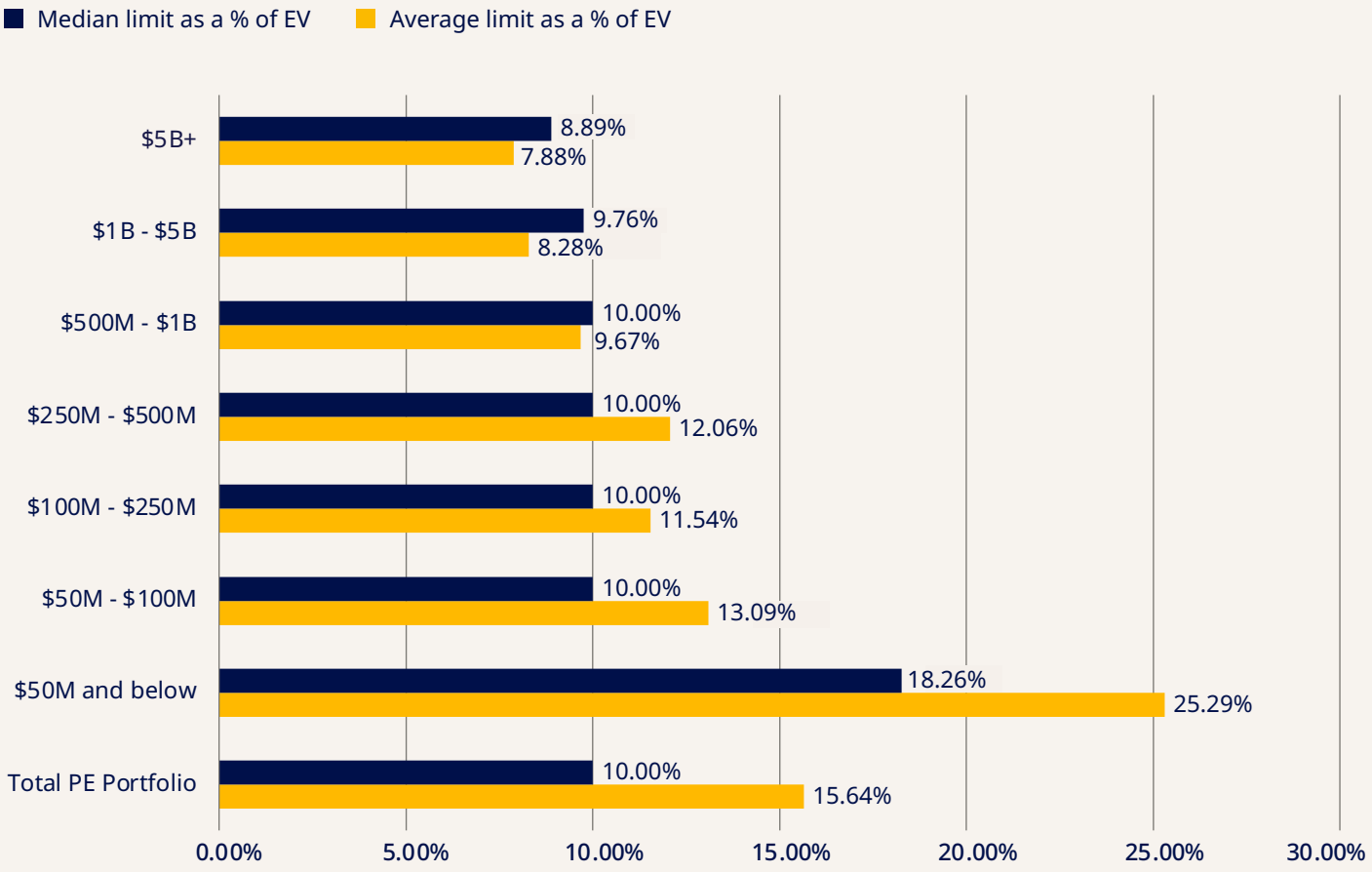
Figure 6: Primary policy average rate on line by month in North America, 2021-2025



Average primary policy limits purchased increased, driven by transaction value

Median policy limits as a percentage of enterprise value remained steady at 10% across our portfolio in 2025, consistent with prior years. However, average limits purchased (expressed as a percentage of enterprise value) increased to 16%, from 14% in 2024, driven by a significant rise in the number of smaller transactions (US$50 million enterprise value and below) being insured. Smaller transactions tend to buy higher limits relative to deal value (see Figure 7) due to (i) the relatively low overall cost for these policies; and (ii) insurer minimum premium requirements, which result in higher limits being purchased on micro transactions (US$20 million enterprise value and below).

Figure 7: Median and average primary limits purchased as % of enterprise value by deal size in North America, 2025



Figures are based on the policy effective date. Data as of January 7, 2026.

Retentions continue to fall, but depend on deal size

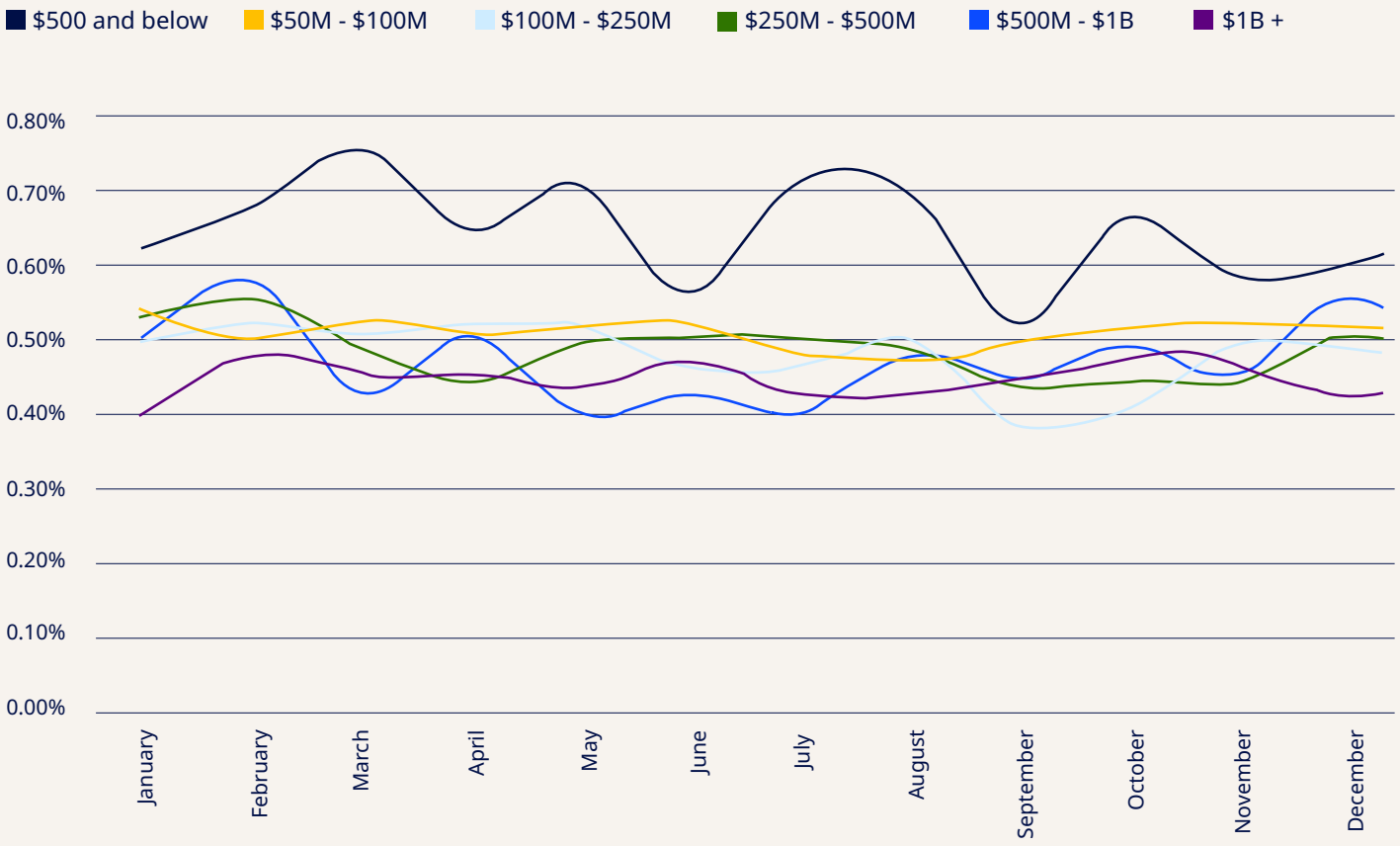
The trend of reduced retentions on R&W insurance policies, which began in late 2022, continued through 2025. The historical norm of a 1% enterprise value minimum initial retention on R&W policies, with a 0.5% dropdown feature, no longer applies.

For deals over US$100 million, average initial retentions fell to below 0.5% of enterprise value.

For transactions below US$50 million, initial retentions averaged 0.65% of enterprise value, still well below historical averages, although insurer minimum retention levels led to deal-by-deal variations (see Figure 8).

Many insurers initially used lower retentions to differentiate their offerings, which then quickly became the market norm. Now, many insurers are offering nil retention structures in respect of breaches of certain fundamental representations and warranties, covering losses from the first dollar in the event of a covered breach.

Figure 8: Average R&W insurance policy retention by enterprise value in North America, 2025



Figures are based on the policy effective date. Data as of January 7, 2026.

Terms and conditions remained insured-friendly

Notwithstanding price increases, R&W insurance policy terms and conditions remained generally insured-friendly throughout 2025. Since late 2022, insurers have commonly offered "clean" quotes with minimal comments on covered representations and warranties and few exclusions. This trend continued throughout 2025, with insurers opting to raise rates to improve portfolio profitability rather than restrict coverage.

No seller indemnity structure persisted for the fourth consecutive year

In 2025, approximately 69% of deals placed had no seller indemnity, up 10% from 2024 and well above the sub-25% prevalence recorded a decade ago. For the fourth consecutive year, the vast majority of insured transactions in the region featured no seller indemnity, meaning that the seller did not assume contractual liability for breaches of representations and warranties, except in cases of fraud. Once rare in private company deals and typically only seen on large transactions (those valued at US$1 billion or more), this "public-style" deal structure has become increasingly popular in recent years on smaller transactions, many valued under US$50 million.

Capacity challenges emerge in response to claims activity

Marsh placed a record $31.1 billion in transactional risk limits on behalf of clients during 2025, a more than 23% increase from the prior year. However, capacity constraints emerged. Two insurers — Volante and The Hartford — exited the transactional risk space in the region. Their departure was offset by new entrants, including Distinguished Transactional Risk, Icen Risk, and Longbrook Insurance. Although about 30 markets currently offer primary R&W insurance and around 20 currently offer primary tax insurance, total available capacity per transaction declined and securing US$1 billion in limits for a single risk, once routine, is now more challenging than it was previously.

A marked increase in claims frequency and severity on large tower placements has led insurers to restrict available limits on a single risk, a trend that began in the second half of 2024. Also, when excess capacity is available on large towers, it tends to be more expensive than in prior years. This trend is expected to continue throughout 2026 and beyond as insurers seek to limit their exposure to any single risk and adjust pricing in response to adverse claims experience — a significant consideration for all industry stakeholders.

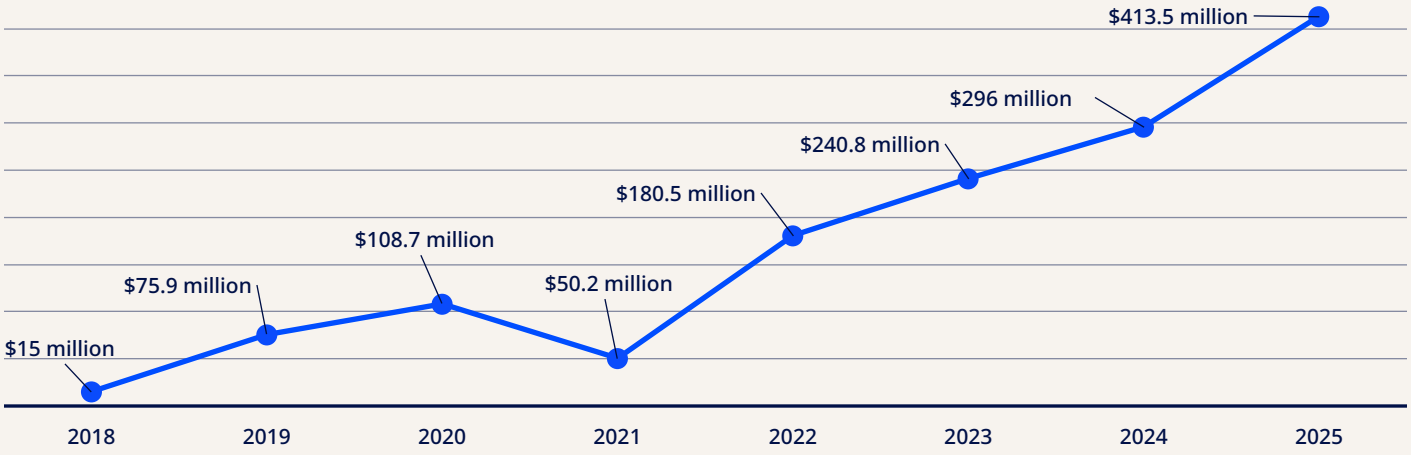
Demand for tax insurance surges

2025 was a year of significant growth and change in the US tax insurance landscape — akin to the R&W market in 2021. Tax insurance policy count grew by 82% with the number of unique transactions increasing by 31% over the prior year. Limits placed by Marsh hit an all-time high of $8.2 billion, a 13% increase over 2024.

Demand for tax insurance in the renewable energy sector again hit an all-time high, fueled by coverage needs for investment tax credit projects, predominantly in solar and battery storage, and various forms of production tax credits. The Inflation Reduction Act of 2022 (IRA) created or enhanced several renewable energy credits and authorized the transfer of these credits to unrelated parties. The passage of the One Big Beautiful Bill Act was beneficial for some tax credits and restricted others, creating additional uncertainty for the financing of certain technologies. Additionally, it has become more difficult to place coverage for more complicated transaction structures, such as portfolios of distributed generation assets (excluding residential solar) that ramp up over time.

In addition, tax insurance was increasingly used by corporates and pass-through businesses to manage M&A-related tax risks and balance sheet tax risks, while asset managers and family offices are increasingly using tax insurance, alongside traditional corporate taxpayers, to address a wide variety of event-driven tax issues (including those related to estate and gift planning).

Figure 9: Total claim payments to clients in North America, 2018-2025



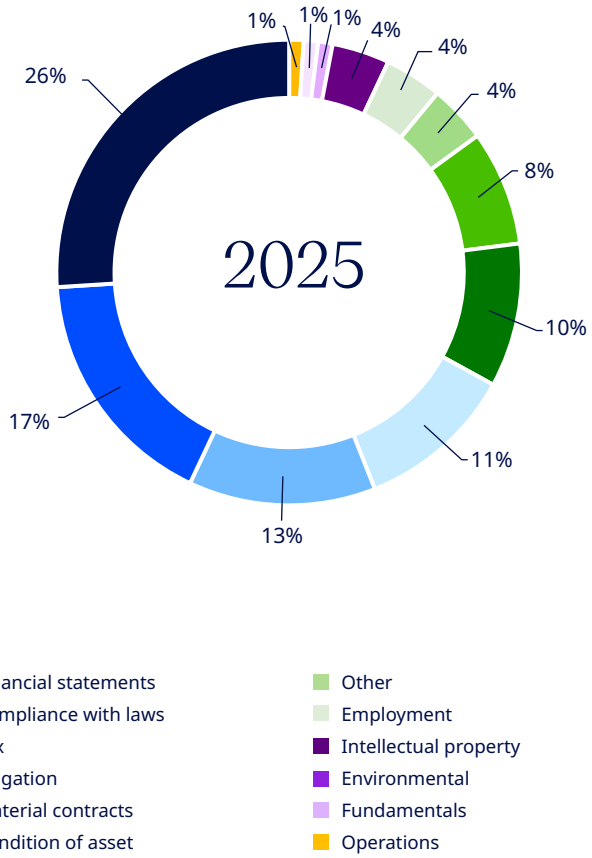
Claims payments continued to increase

In 2025, transactional risk insurers recognized over US$480 million in covered losses, paying more than US$410 million (after retentions) to Marsh clients in the region (see Figure 9). Most payments — 49% — stemmed from claims involving breaches of financial statements or compliance with laws, with first-party losses accounting for 59% of the total payments.

From a frequency standpoint, the number of transactional risk claims reported decreased by 10% compared to 2024. Financial statements breaches remained the most common but dropped from 32% in 2024 to 26% in 2025 (see Figure 10). Claims asserting first-party losses also declined in 2025 to the lowest level since 2021.

Transactional risk insurance claims commonly take years to develop after a deal closes, once audits, integration, and regulatory scrutiny reveal pre-closing issues — with tax and regulatory claims often emerging several years later. It will therefore take time to see whether the reduction in the frequency of claims reported impacts the severity of the claims payments made in years ahead.

Figure 10: Representations and warranties claims reported by breach type in North America, 2025





Outlook for the year ahead

Dealmakers anticipate a stronger regional M&A market in 2026, driven by an expectation of reduced US regulatory scrutiny for M&A transactions and a declining interest rate environment. This should facilitate dealmaking by private equity firms, which have more undeployed capital than ever before. However, ongoing global geopolitical uncertainties may dampen both global and regional dealmaking, as has occurred in recent years.

Irrespective of M&A market conditions, transactional risk insurance is expected to remain a vital component of deals as its use expands across sectors, deal sizes, and buyers. Available capacity, pricing, terms and conditions, and retention levels will remain dependent on a host of market forces, as well as on buyer preferences.

"In 2025, Latin America and the Caribbean saw fewer deals but larger opportunities. Transactional risk insurance was a key tool in helping dealmakers close complex transactions with greater confidence."

Felipe Escallon | Regional Leader, Latin America and the Caribbean

Latin America and the Caribbean

The Latin America and Caribbean region saw high-value deal activity in 2025, driven by strategic sector focus and evolving transactional risk solutions.

At a glance

Median deal size

US$32.5 million

Pricing

5% ↓
year-on-year

Limits placed as % of enterprise value

10%

Top sectors

Renewables, manufacturing, technology, pharmaceuticals

Mergers and acquisitions activity in Latin America and the Caribbean was selective but higher-value in 2025 despite fewer deals. Transactions in the region increased by around a third, with deal volume above US$114 billion*.

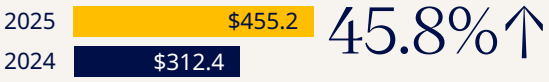
Investors focused on quality assets in sectors like energy/infrastructure, IT, and financial services. Focus on valuations increased, financing conditions remained occasionally constrained, and strong cash resilience and protection mechanisms, such as transactional risk insurance solutions (representations and warranties, tax/title insurance) were used to bridge valuation gaps and accelerate closings.

Insurers responded by deepening regional capabilities and streamlining underwriting processes, including through increased use of Spanish- and Portuguese-speaking underwriters to help improve response times. Active insurers in the region collectively added approximately 25%, with notable capacity growth in Brazil, Mexico, and Chile. New market entrants added approximately US$150 million in available limits.

*According to Marsh and Mergermarket data

Latin America and the Caribbean snapshot

Limits placed by Marsh in LAC (US$M)



Limits placed as a percentage of enterprise value



Number of deals



Enterprise value (US$M)



Key takeaways

- **Mergers and acquisitions activity in Latin America and the Caribbean was selective but higher-value in 2025 despite fewer deals.** Deal volume in the region rose by approximately a third, pushing the total deal volume past US$114 billion*.
- **Demand for transaction risk insurance continued to increase.** The number of insured deals increased by approximately 50% year-on-year, with both average and median enterprise values rising, indicating a continued focus on higher-quality transactions.
- **Tax insurance inquiries rose by 40%,** driven by complex cross-border transactions and restructuring activity.
- **Insurers expanded local underwriting capabilities,** resulting in a 35% increase in policies governed by local law and named insureds.
- **Retentions generally ranged between 0.5% to 0.75% of enterprise value,** with 15% of deals securing reduced or nil retentions through tailored underwriting.
- **The outlook for transactional risk insurance in Latin America and the Caribbean remains positive,** supported by expanding insurer capacity, growing sector diversification, and continued investor focus on high-quality assets.

*According to Marsh and Mergermarket data



Strong growth in transactional risk insurance use

Transactional risk insurance usage across Latin America grew materially in 2025, driven by rising deal values, more complex transaction structures, and greater insurer familiarity with regional risks.

The number of insured deals increased by approximately 50% year-on-year, with both average and median enterprise values rising, indicating a continued focus on higher-quality transactions. From a product perspective, warranty and indemnity insurance remained the key transactional risk product, accounting for 85% of policies placed. Demand for tax insurance increased by 40%, particularly in restructuring and cross-border deals.

By industry sector

Transactional risk insurance continued to be used across a broad range of industry sectors in 2025:

- Renewable energy projects, including onshore wind, accounted for approximately 25% of total limits placed. Three transactions secured US$94.5 million in combined limits.
- Manufacturing represented 15% of total limits, including a US$50 million placement under US governing law, supported by nearshoring and supply chain diversification trends.
- Technology deals accounted for 10% of total limits placed, reflecting growing investor confidence in digital transformation and regional innovation hubs.
- Healthcare-related transactions saw increased insurance adoption, including a limit of US$18.3 million placed under US governing law, supported by rising healthcare demand and regulatory harmonization.

Noteworthy deals

Large-scale chemical engineering deal secures cost-effective coverage

A US$820 million chemical engineering transaction in Mexico featured a US$100 million policy placed under Mexican law, reflecting insurers' ability to support large and complex local transactions. Early insurer involvement and comprehensive due diligence enabled the company to secure favorable pricing in comparison to similar transactions.

Panama transportation deal navigates complexities through insurance

A transportation deal in Panama, backed by a US$70 million policy governed by US law, illustrates how transactional risk insurance can assist in more effectively managing multi-jurisdictional complexities and enabling timely deal execution.

Key takeaway

Early engagement with insurers and clear articulation of risk mitigants can help to improve overall outcomes, including pricing, coverage, and execution. Tailored underwriting approaches for local law transactions can help to attract insurer appetite and result in greater insurer confidence with the risk.

Purchasing trends: pricing, limits, retention, and coverage

As insurers expanded local underwriting capabilities, 35% more policies were governed by local law and named insureds in 2025.

Rate on line decreased by approximately 5% from 2024, driven by high levels of competition and higher policy volume.

While total limits placed rose over 45% year-on-year, the limits placed as a percentage of enterprise value declined slightly, from an estimated 11% in 2024 to 10% in 2025. This appears to be primarily the product of larger average deal sizes.

Retentions generally ranged from 0.5% to 0.75% of enterprise value, with approximately 15% of transactions having reduced or zero retentions. This appears to reflect greater insurer confidence in deal quality and underwriting discipline.

Terms and conditions also evolved, leading to generally enhanced policies. Coverage enhancements included expanded anti-corruption warranties and greater use of contingent risk products. On the whole, insurers imposed fewer exclusions.



Outlook for the year ahead

Cross-border M&A activity is expected to increase as investors seek to diversify, with larger deals coming to market. The growing sector diversification and continued investor focus on high-quality assets, as well as expanding insurer capacity, are expected to increase demand for transactional risk insurance. Pricing is expected to remain stable or improve marginally as competition increases, absent a marked shift in circumstances.

Tax insurance is anticipated to become a more standard component of transactional risk programs, particularly in renewable energy, restructuring, and cross-border transactions. Ongoing regulatory developments will continue to shape insurer appetite and client demand, and proactive risk assessment and insurer engagement are likely to remain important.

Marsh's transactional risk team will continue to support clients across the region with market-leading advisory, placement, and claims capabilities to facilitate successful deal execution and long-term risk mitigation.

"Despite a mixed underlying UK M&A landscape, demand for transactional risk insurance continued unabated in 2025, with the market offering innovative solutions to complex transaction structures and record claims pay-outs."

Alastair Lowry | Head of Transactional Risk, United Kingdom

United Kingdom

The deal market in the UK was marked by fewer but larger transactions, with rising demand for transactional risk insurance and evolving market dynamics setting the stage for 2026.

At a glance

Average deal size

US$553.2 million

Median deal size

US$133.3 million

Median limits placed as % of enterprise value

20%

Average limits placed as % of enterprise value

34.7%

Top sectors

Energy and power, infrastructure, technology, financial services

Pricing

Flat on prior year (estimated 0.01% growth)

The UK mergers and acquisitions market presented a complex picture in 2025. While deal volume declined year-on-year — from 3,485 to 2,960 transactions* — and total deal value dropped by 16% compared to 2024, the market saw a notable rise in large-cap and mega deals. Deal activity rebounded in the fourth quarter, signaling greater confidence. However, the anticipated broad M&A recovery many had anticipated at the start of 2025 did not fully materialize, reflecting ongoing market uncertainties and selective deal-making.

The title insurance market grew significantly as transactional risk carriers expanded capacity and expertise beyond the traditional real estate insurance segment. Approximately US$2 billion in title limit per deal is now available through M&A specialists for real-asset-heavy businesses.

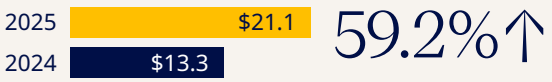
Overall, market capacity remained stable, with no significant new entrants or exits. After rapid growth in headcount and limits over the prior three years led to oversupply amid declining deal activity, the 2025 rebound in insured deals saw more balanced supply and demand and stabilized premium rates without impacting coverage breadth. This is supporting greater market confidence and buyer expectations.

The impacts of recent events in the Middle East on UK M&A activity are not yet clear. The extent of disruption will depend on the duration of the conflict and its effects on energy supply chains and the cost of debt. The expected strengthening of the UK M&A market this year hinges on a swift stabilization of the geopolitical environment. Notwithstanding recent global events, continued demand for transactional risk insurance solutions is projected, supported by an expanding range of tailored products that cover a broader spectrum of transaction-related risks.

*Mergermarket

UK snapshot

Limits placed by Marsh in the UK (US$B)



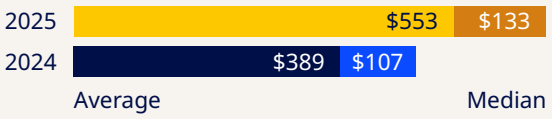
Average limits placed as a percentage of enterprise value



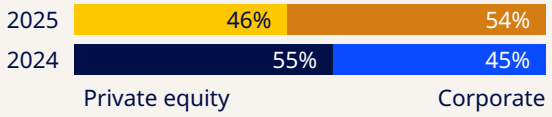
Number of deals



Enterprise value (US$M)



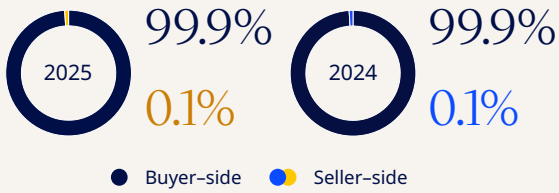
Private equity vs. corporate



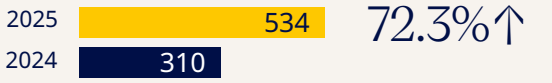
Aggregate enterprise value (US$B)



Buyer-side/seller-side policies (as a % of total policies)



Number of policies placed



Key takeaways

- **The UK mergers and acquisitions market presented a complex picture in 2025.** Deal volume declined and total deal value dropped by 16% compared to 2024, but the market saw a notable rise in large-cap and mega deals.
- **Demand is at its highest level since the post-pandemic boom**, with policy count growing by 72% and insured deal count growing by 20% year-on-year.
- **Strategic buyer utilization of transactional risk solutions grew**, with 54% of UK policies being placed for corporate buyers in 2025, up from 45% in 2024.
- **The energy and power sector recorded the highest deal volume**, driven by energy security concerns and the ongoing energy transition.
- **The London market continued to expand its risk appetite and innovate** by offering a wider range of insurance solutions for both traditional and non-traditional transactions. Use of US representations and warranties (R&W) policies has increased as capabilities in the London market grow.
- **The UK registered record-setting claims activity,** with notifications reaching unprecedented levels and claims payments surpassing US$105 million.



Demand for transactional risk insurance increased amid M&A slowdown

Despite tempered M&A activity, demand for transactional risk insurance accelerated in 2025, with policy count growing by 72% and deal count growing by 20% year-on-year. This is the highest level of demand since the pandemic-era boom of 2021-2022, seen mostly in the second half of the year.

By deal size

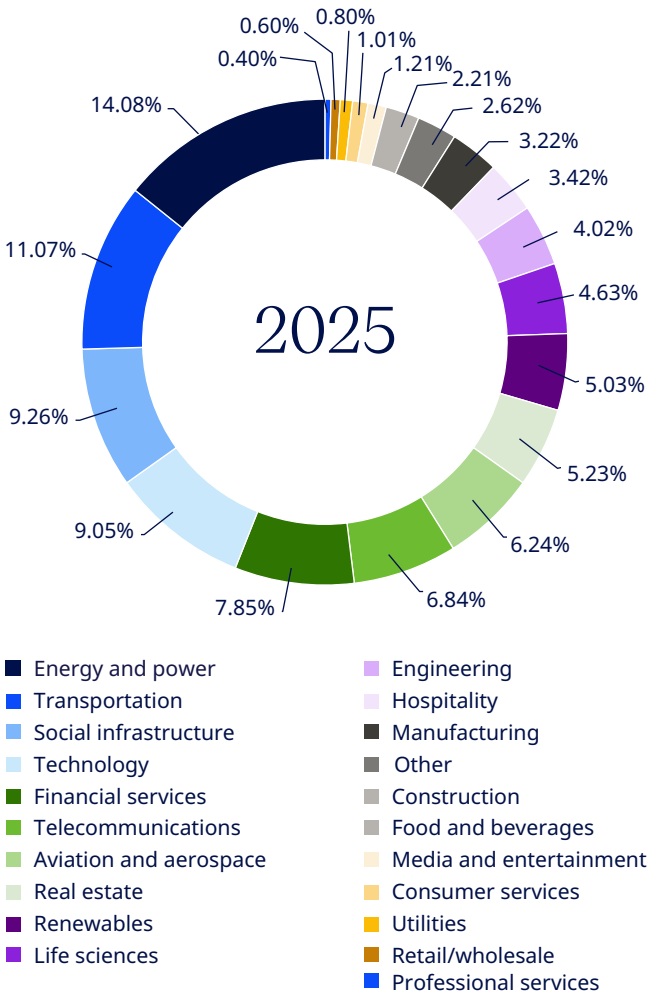
Transactional risk insurance remained widely utilized across all industries (see Figure 11).

The energy and power sector had the largest deal volume, driven by energy security concerns and the ongoing energy transition. Buyers increasingly used transactional risk insurance to protect and mitigate risk in investments, with tax insurance playing a growing role in safeguarding tax reliefs.

Transportation, social infrastructure, and technology ranked second, third, and fourth in terms of policies placed, with deal concentration in digital and managed IT services and aviation infrastructure. There was a significant rise in defense and dual-use technology transactions, alongside an increase in AI technology businesses. Despite general historical caution about these sectors, led by reputational and valuation concerns, insurers showed increased appetite for these risks over the past year.

Financial services ranked fifth, the same as in 2024, with activity value rising 93% year-on-year, driven by multiple high-value transactions exceeding US$1 billion. This is up from fifteenth in 2023, reflecting growing insurer appetite for regulated sectors and strong deal flow.

Figure 11: Percentage of deals by industry sector in the UK, 2025



By deal type and buyer

Corporate and strategic buyers represented approximately 54% of all policies placed in the region, with private equity firms accounting for the remaining 46%. This was a shift from 2024 when the proportions were reversed and private equity firms were involved in the majority of deals.

The private equity secondaries market continued to mature, with record volumes of US$47 billion in general partner-led deals and US$55 billion in limited partner-led deals in the second half of 2025. Correspondingly, London's transactional risk market saw record growth in secondary transactions, with warranty and indemnity (W&I), contingent risk, and tax insurance becoming standard structuring tools.

Noteworthy deals

Tax insurance safeguards corporate merger

A corporate merger involved entities holding significant tax losses into which profitable businesses were transferred. This raised concerns that the UK tax authority might deem it a "major change in the nature and conduct of trade," risking loss of tax relief. To mitigate this risk, three tax insurance policies were arranged with the largest combined limit ever placed in the sector. These included a "flexibility clause" allowing coverage adjustments if commercial circumstances evolved after inception. This protection gave the parties greater confidence to proceed with the transaction.

Insurance facilitates major healthcare acquisition

A client pursued four simultaneous acquisitions in the UK healthcare sector, totaling approximately US$10 billion, including one of the largest transactions ever in this sector. These deals involved significant real estate complexity and cyber risk exposure, leading to title insurance placements and cyber and insurance due diligence. Marsh secured transactional risk insurance for all four acquisitions, placing three R&W policies and one W&I policy, enabling the transaction to proceed.

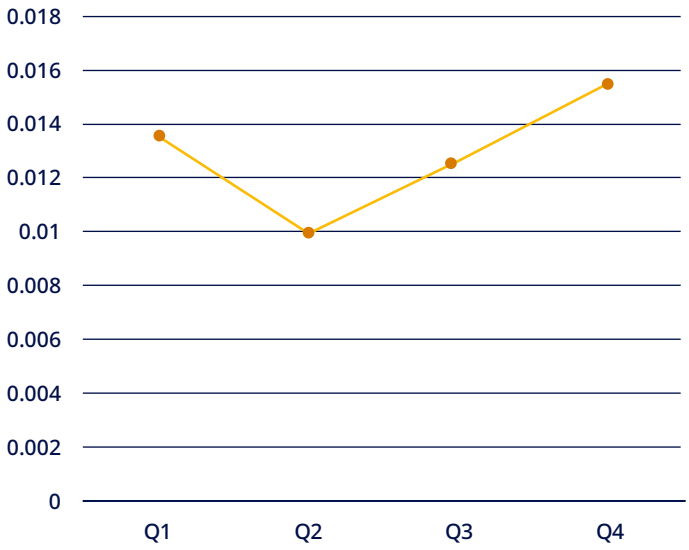
Pricing dynamics shifted notably

Average W&I primary layer premium rates rose by 20% in the latter half of the year, compared to 2024, reversing the downward premium trend observed during 2023 and 2024 (see Figure 12).

However, overall blended premium costs across syndicated W&I placements remained broadly stable compared to 2024, driven by higher levels of insurer competition for excess layer placements and lower excess layer insurance capital costs. Consequently, the average rate on line edged up slightly, to 1.13% from 1.12% in 2024.

On the other hand, tax insurance saw a significant drop in premium rates, reflecting higher levels of competition as multiple insurers entered the space, boosting capacity and diversity.

Figure 12: W&I average rate on line, 2025



Average limits as a percentage of enterprise value decrease

Average policy limits as a percentage of enterprise value dropped, from 37.7% in 2024 to 34.7% in 2025. This is believed to be due to increased enterprise values in 2025, with insureds in larger deals tending to opt for lower insured limits as a percentage of enterprise value.

Retentions experienced minimal shifts

Retention levels saw minimal changes in 2025 despite rising demand for transactional risk insurance. Average retentions increased slightly, from 0.31% of enterprise value in 2024 to 0.32% in 2025. Policy de minimis thresholds remained consistently and significantly below the historical norm of 0.05% of enterprise value, reflecting insurers' continued willingness to offer favorable terms. Strong insurer competition across these economic metrics helped maintain attractive retention and de minimis levels for buyers.

Coverage and innovation in the London market continued to evolve

The London market continued to expand its risk appetite and innovate by offering a wider range of insurance solutions for both traditional and non-traditional transactions. Several London-based insurers began offering full US R&W packages on UK deals, moving beyond the previous US-UK hybrid approach. This included broader policy forms and streamlined processes, even for transactions without a US nexus. Features like audit-standard cover for unaudited accounts warranties (carrier-dependent), and no deemed disclosure of diligence materials or data rooms enhanced coverage breadth and execution efficiency.

Fully synthetic W&I solutions — where sellers provide no warranties or formal disclosures — were supported in several private, solvent M&A transactions. Coverage and pricing were comparable to traditional W&I, although insurer participation remained selective, signaling expanding insurer appetite for alternative risk profiles.

Expanding capacity and broader use of tax insurance

The UK tax insurance market continued to demonstrate its strength as a global center for complex tax risk underwriting. Insurers maintained a strong outward-looking focus, with increasing willingness to underwrite risks in traditionally challenging jurisdictions, including Latin America, the Middle East, Asia, and Africa.

Capacity for large and complex transactions continued to expand, with increasingly large policy limits available and multiple placements exceeding hundreds of millions of US dollars. In 2025, Marsh arranged tax insurance for a single underlying transaction with a total insured limit of approximately US$1.7 billion, underscoring both the depth of available capacity and growing insurer confidence in underwriting sophisticated tax risks.

While historically focused on insuring traditional tax risks in M&A transactions, tax insurance is now routinely deployed across a broader range of non-M&A scenarios. These include internal restructurings, refinancing and debt restructurings, wind-ups and liquidation planning, preservation of tax losses, and capital gains tax relief strategies.

With expanded insurer capacity and product offerings resulting in higher levels of insurer competition, tax insurance is a key structuring and risk-transfer tool within complex UK and cross-border transactions.

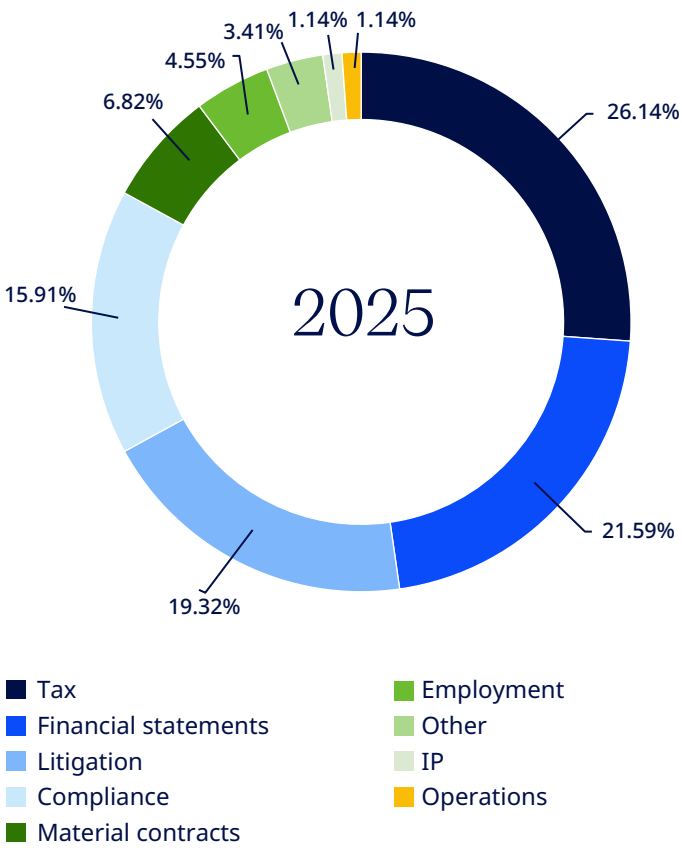
Record claims activity reflects growing confidence in insurance

In 2025, the UK transactional risk market experienced record-setting claims activity. Notifications reached unprecedented levels and claims payments surpassed US$105 million.

As anticipated in our Global Transactional Risk Insurance Claims Report 2025, W&I notifications surged dramatically, increasing by 150% year-on-year, alongside a significant rise in standalone tax policy notifications. This increase in notifications is thought to result from several factors, including the higher volume of W&I insurance policies issued and greater product knowledge and familiarity among insured parties.

Tax breaches were the most frequent type of breach notified, followed by claims related to financial statements and litigation (see Figure 13).

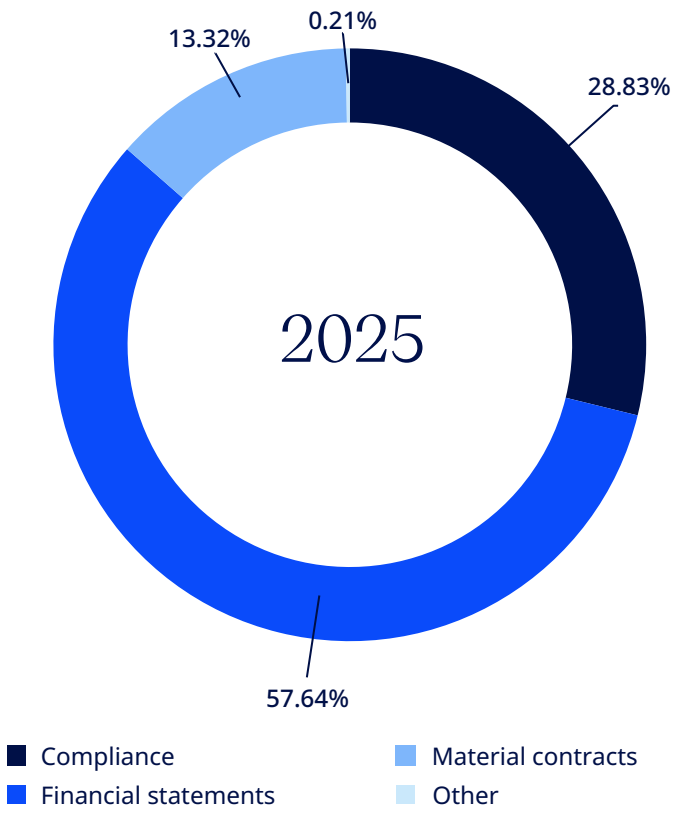
Figure 13: Claims reported by breach type in the UK



Financial statements breaches saw the largest claim payments, followed by compliance and material contracts (see Figure 14). While many tax notifications are precautionary, financial statement claims are generally made after a loss has been identified, leading to larger overall claim payments even though a larger proportion of claims filed relate to tax notifications.

In 2025, insurers have generally improved their claims payment efficiency, resulting in a shorter interval between claim notification and coverage confirmation and payment. There has been an observable shift toward earlier notifications. In our *Global Transactional Risk Insurance Claims Report 2025*, we noted that in 2024, 18% of notifications occurred between 24 and 36 months after policy inception, while 29% were made 36 months or more after inception. This trend somewhat reversed in 2025, with over 70% of notifications occurring between 24 and 36 months, and only about 3% made at 36 months or later.

Figure 14: Claim payments by breach type in the UK



Outlook for the year ahead



The UK remains an attractive M&A destination for domestic and international investors given its large and diverse market and relatively stable political and economic climate, providing a solid foundation for deal-making activity. Easing inflationary pressures, which should lower borrowing costs, improve access to financing, and revive deals previously delayed due to high capital costs, may encourage active participation from both buyers and sellers. In addition, private equity firms are looking to deploy record levels of unspent capital, likely fueling increased deal activity and competition for high-quality assets.

As a result, demand for transactional risk insurance solutions is projected to remain strong, supported by an expanding range of tailored products covering a broader spectrum of transaction-related risks. Moreover, the market's ability to respond to claims has boosted confidence among buyers, sellers, and lenders alike, setting the stage for transactional risk insurance to continue to play a critical role in facilitating deals and providing protection and greater certainty in an evolving M&A landscape. We anticipate 2026 will continue to be a busy year for claims, with increasing focus on insurers' claims management.

Marsh's transactional risk team will continue to support clients across the region with market-leading advisory, placement, and claims capabilities to facilitate successful deal execution and long-term risk mitigation.

"2025 was a strong and dynamic year for transactional risk in Europe, marked by higher deal volumes, broader coverage, and a record rise in claims activity."

Hans Swolin | Head of Transactional Risk, Europe

Europe

In Europe, 2025 was a year of increased deal activity, broadened coverage, stabilized premium rates rising, and claims emerging as a key theme for the year.

At a glance

Total limits placed

US$23.5 billion

Average deal size

US$238.7 million

Median deal size

US$62.5 million

Average limits placed as % of enterprise value

34.6%

Median limits placed as % of enterprise value

25.5%

Top sectors

Technology, real estate, life sciences, and renewables

Pricing

Up 5% year-on-year overall

Operational M&A rates rose by 8% year-on-year; increases accelerated throughout the year, with average rates in Q4 about 29% higher than in Q1 2025.

Following slower M&A activity in 2024 that extended into early 2025, deal activity started showing clear signs of recovery in the first quarter of 2025, with momentum building steadily into the second half of the year, resulting in a significantly more active second half.

Transactional risk insurance continued to become a common and established feature of M&A transactions. The number of deals advised by Marsh's transactional risk team in Europe increased by 22% (534 deals) and overall limits placed increased by 38% (US$23.5 billion) compared to 2024, allocated across 812 policies during 2025.

Total aggregated underlying enterprise value in respect of Marsh-placed deals in Europe increased by 20% to US$116.4 billion, supported by robust strategic corporate M&A activity and an increasingly more active private-equity M&A activity. Average limits placed as a percentage of enterprise value also increased to 34.6% and the median limit placed as a percentage of enterprise value increased to 25.5%.

The European transactional risk market in 2025 was defined by a meaningful rebound in deal activity, growing pricing divergence across asset classes, and continued coverage innovation. Intense insurer competition — particularly in the first half of the year — drove broader coverage and enhanced underwriting flexibility, even as rising claims frequency and reinsurer scrutiny began to influence pricing.

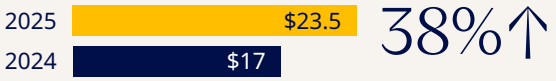
In some jurisdictions, contracted warranty and indemnity (W&I) capacity tightened and certain market(s) stopped quoting operational M&A deals altogether, focusing instead on real estate and renewable energy transactions, reflecting increasing underwriting selectivity.

Tax insurance experienced a record year of scale, sophistication, and strategic use, evolving from a mostly specialist tool for M&A transactions into a more mainstream risk-transfer solution for corporates, investors, and high-net-worth individuals.

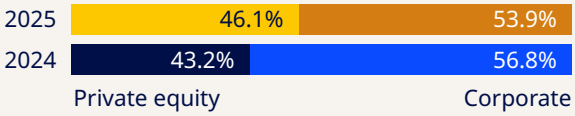
Despite geopolitical headwinds, continued M&A momentum, improved financing availability, and rising private equity-driven deal flow are expected to drive further growth in the European transactional risk market in 2026, as higher claims and reinsurer scrutiny potentially contribute to pricing stabilization with moderate premium increases while broad coverage remains available.

Europe snapshot

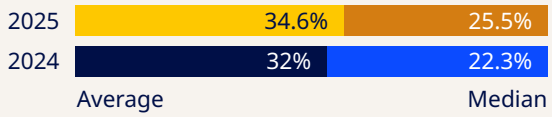
Limits placed by Marsh in Europe (US$B)



Private equity vs. corporate



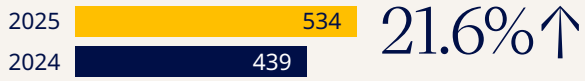
Limits placed as a percentage of enterprise value



Aggregated enterprise value (US$B)



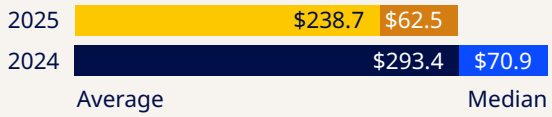
Number of deals



Number of policies placed



Enterprise value (US$M)



Key takeaways

- **The European transactional risk market is expected to grow during 2026,** fueled by continued high M&A volumes, improved financing availability, and a projected rise in private equity deals, despite geopolitical turbulence.
- **Pricing hit its lowest point in early 2025 and then increased throughout the year**, particularly for operational M&A transactions across Europe.
- **Real estate and renewable energy M&A pricing remained flat for the first half of the year**, with some insurers reducing rates as they pursued perceived lower-risk asset classes. However, pricing for those asset classes later followed the overall pricing trend, increasing in the second half of the year.
- **Aggregated limits placed increased by 38% year-on-year.** Deal activity increased by approximately 22%, with policy count rising by approximately 36%.
- **Focus grew on selecting appropriate limits, particularly among several key private equity sponsors,** with lesser emphasis on retentions and heightened focus on catastrophic risk scenarios.
- **New breach cover (NBC) expanded materially,** with an increasing uptake not only in real estate but also in operational M&A transactions. NBC is designed to cover risks that occur and are discovered between signing and closing, which traditionally were carved out from the coverage.
- **US-style coverage enhancements and underwriting gained traction,** driven by a growing number of US buyers using US-style share purchase agreements (SPAs) and looking for US-style W&I/R&W coverage offerings.
- **Coverage generally continued to broaden**, with multiple enhancements becoming standard market practice.



- **Public W&I for take-private transactions continued to grow as a viable solution for listed public company acquisitions**, offering synthetic or semi-synthetic warranty protection in transactions where traditional warranties are typically unavailable.
- **Continuation vehicle and secondaries transactions continued their strong momentum** and remained a relevant part of the European deal landscape.
- **Claims activity rose substantially**, including a higher number of large claims, with several insureds seeking coverage up to the full limit.
- **Overall, 2026 is expected to remain favorable for insureds both in terms of coverage and pricing**, with early signs of a more balanced and long-term sustainable pricing environment emerging to accommodate the substantially increased claims volume.

Deal activity increased, with market highs for tax insurance

Deal momentum picked up in the first quarter of 2025 and accelerated throughout the year, resulting in a significantly more active second half. Marsh's transactional risk team in Europe reported a 22% increase in deals and a 38% rise in limits placed compared to 2024, with 534 deals and US$23.5 billion in limits placed across 812 policies.

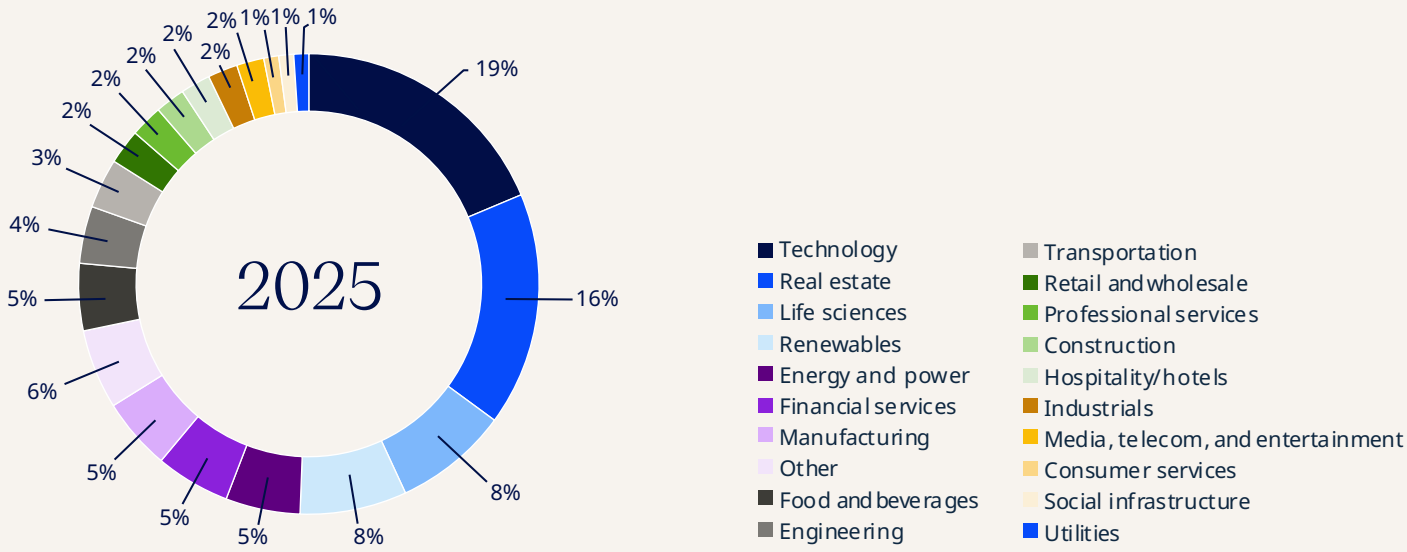
By deal size

Growth was seen across all deal sizes, including several transactions valued over US$1 billion and multiple large deals exceeding US$5 billion. This reflected improved financing conditions and greater valuation alignment between buyers and sellers. Total aggregated underlying enterprise value increased by 20% to US$116.4 billion, supported by robust strategic corporate M&A activity and a surge in private equity M&A activity.

By industry sector

W&I utilization remained strongest in technology, real estate, life sciences, and renewable energy (see Figure 15).

Figure 15: Percentage of deals by industry sector in Europe, 2025



A distinct industry sector theme in 2025 was the rise of defense and dual-use M&A in Europe. Historically, these businesses attracted limited investor appetite and very little interest (or rather clear reluctance) from W&I insurers. That changed in 2025.

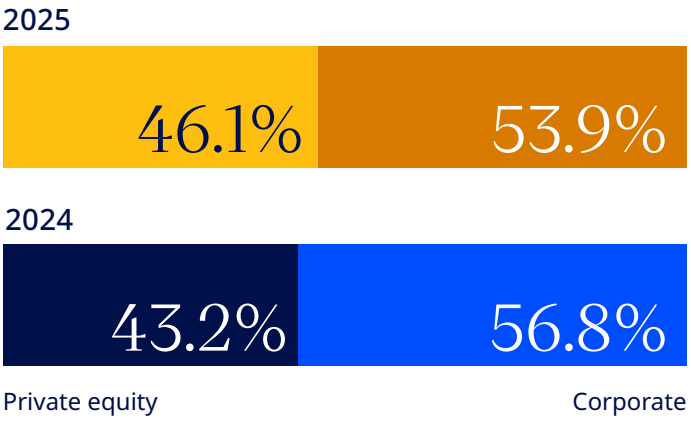
Heightened geopolitical tensions, increased defense spending, and the need for more secure and resilient supply chains led investors — including private equity funds — to actively pursue targets supplying defense-related components, technology, or services.

W&I insurers, previously cautious or unwilling to underwrite defense-adjacent risks, developed a measured appetite for these transactions, focused mainly on non-offensive, dual-use, and perceived lower-risk segments, such as specialized manufacturing, sensors, communications technology, cyber, and logistics. Core defense deals, including products for offensive use, also became insurable with certain markets. Underwriting scrutiny was higher, particularly around export controls, sanctions, government contracting risk, and end-use, but several insurers were able to support defense-adjacent deals, more so than in any previous year. This trend is expected to continue as European governments expand defense budgets, dual-use technologies proliferate, and private equity increasingly views defense as a resilient and strategic investment class.

By deal type and buyer

More than half of European W&I policies placed in 2025 involved corporate buyers, underscoring the strategic use of W&I insurance to support carve-outs, complex integrations, and transformational acquisitions (see Figure 16). Private equity activity increased, with new deal flow recovering meaningfully from the subdued levels of 2023 and 2024 in parallel with the continuing trend of secondaries transactions and continuation vehicle deals.

Figure 16: Private equity vs. corporate policyholders, 2025



Noteworthy deals

Innovative W&I insurance secured for a landmark general partner-led secondary/ continuation vehicle transaction

Marsh's transactional risk team in Europe advised a leading global private equity sponsor on placing W&I insurance in connection with a landmark general partner-led secondary/continuation vehicle transaction — believed to be the largest insured secondary transaction in Europe during the year.

The transaction involved a complex continuation vehicle structure with an enterprise value of approximately US$10 billion and a syndicated W&I insurance program of approximately US$1.2 billion. The deal presented a number of structural and execution challenges that are characteristic of large general partner-led secondary transactions, including alignment of various interests between rolling limited partners, incoming secondary investors, and the sponsor, as well as heightened scrutiny around disclosure, valuation, and recourse.

Structuring complexity and solution design

A key challenge was that the parties were considering two alternative deal structures in parallel up to a very late stage of the process:

- A true secondaries structure, relying on a tailored and narrower warranty set reflecting the nature of the asset transfer
- A traditional buyout-style structure, incorporating a more comprehensive warranty catalogue akin to a customary primary M&A transaction

Our team structured a tailored W&I solution capable of responding, in a timely manner, to both structures, enabling the sponsor to preserve flexibility in deal execution without compromising insurance certainty or coverage quality. This required close coordination with legal advisors, underwriters, and investors to ensure that the insurance program would respond appropriately, irrespective of which structure was ultimately implemented.

Insurer engagement and underwriting execution

Given the size of the transaction and the unprecedented scale of the insurance program for a secondary transaction, our team conducted a highly controlled underwriting and syndication process, engaging a select group of global insurers with proven appetites for large secondary transactions and complex general partner-led structures.

Particular focus was placed on:

- Ensuring consistency of coverage across a large insurer syndicate.
- Aligning warranty scope with the agreed disclosure mechanics and diligence workstreams.
- Addressing secondary-specific risk considerations, including knowledge qualifiers, disclosure standards, and loss calculation mechanics.

Despite the size and complexity of the transaction, the final program delivered broad, insured-friendly coverage on commercially competitive terms, reflecting the growing sophistication and maturity of the W&I market in this segment.

Strategic significance

This transaction highlights several key trends in the European transactional risk market, including:

- Continuation vehicles and general partner-led secondary transactions are now core use cases for W&I insurance, rather than exceptions.
- Insurers are increasingly willing to deploy significant capacity to complex secondary transactions, provided that structuring, diligence, and disclosures are appropriately tailored.
- W&I insurance continues to play a critical role in aligning stakeholders by providing clean and reliable recourse where traditional indemnity solutions are impractical or unavailable.

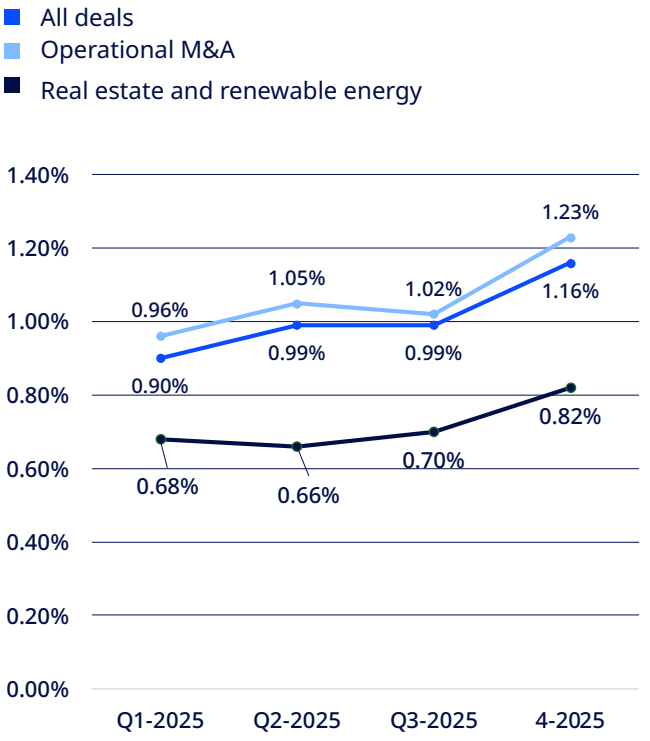
The successful placement further underscores Marsh's position as a leading advisor on transactional risk solutions for complex private equity transactions, including large-scale secondaries and continuation vehicle structures — an area expected to remain a key driver of deal activity in the years ahead.

Pricing shifted amid accelerating deal volumes

Overall pricing in 2025 rose 5% year-on-year, with operational M&A deals experiencing an average 8% increase (see Figure 17). Some insurers raised rates in response to rising claims and reinsurance pressures. Quarterly data shows an even sharper rise, with average rates climbing by 29% from the first to the fourth quarter. For certain jurisdictions, we even saw contracted capacity and certain market(s) ceasing altogether to quote operational M&A deals and only quoting real estate and renewable energy transactions going forward, reflecting increasing underwriting selectivity.

In contrast, real estate and renewable energy M&A pricing remained flat in the first half of the year, with some insurers reducing rates for perceived lower-risk asset classes. However, pricing for those asset classes rose in the second half of the year, aligning with the broader market.

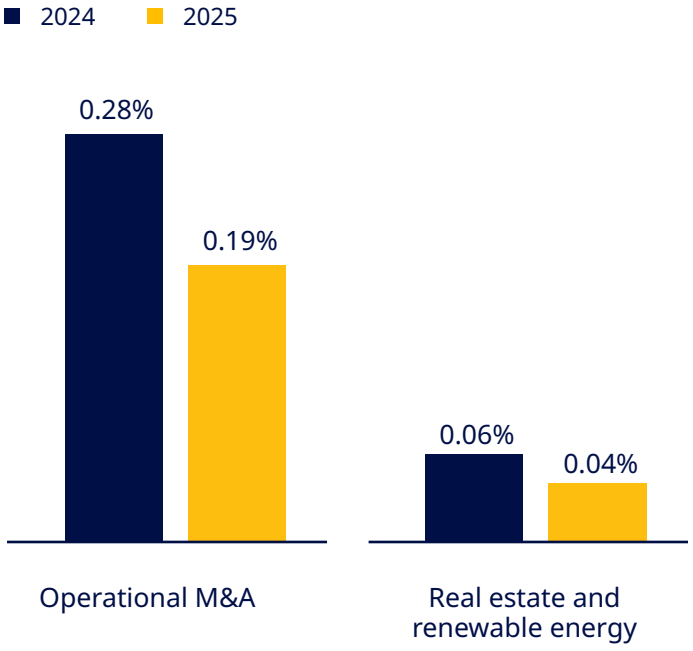
Figure 17: Average premium rates by quarter in Europe, 2025



Retentions declined

Retentions continued to decline for both operational and real estate and renewable energy policies, with nil retention becoming the most common option for the latter in many jurisdictions (see Figure 18).

Figure 18: Retentions as percentage of deal value in Europe, 2024-2025



Innovative coverage and hybrid models shaped underwriting landscape

Intense insurer competition, particularly in the first half of the year, resulted in broader coverage, fewer proposed exclusions, and greater willingness to remove seller-friendly limitations.

The continued trend of key "synthetic" coverage improvements included:

- Removal of seller knowledge and materiality qualifiers
- Extended warranty periods, with business warranties often extended to 36 months from closing and environmental/IP warranties to 60 months from closing
- Broader blind-spot coverage for less material jurisdictions
- Willingness to remove multiple-loss exclusions and synthetically enhanced loss definitions

US buyer activity significantly influenced coverage developments, with many seeking US-style W&I/R&W insurance, including more extensive warranty suites, non-disclosure of diligence materials, broader knowledge-scrape functionality, and hybrid underwriting approaches that blended US and European market standards. This gave rise to a US-Europe hybrid W&I/R&W model, with several insurers creating dedicated underwriting playbooks for these hybrid structures that are particularly attractive for deals involving transatlantic buyers.

Public W&I continued to gain traction in 2025, particularly for take-private transactions and acquisitions of listed targets where sellers typically cannot provide warranties. These fully synthetic or semi-synthetic policies allowed buyers to secure meaningful warranty protection in public M&A settings, often increasing deal certainty.

The use of NBC surged, with a greater number of policies including pre-closing breach cover for operational targets. NBC expanded beyond real estate, becoming more common in operational M&A deals. The number of W&I placements including NBC tripled year-on-year, demonstrating clear buyer interest to obtain coverage for interim period risks typically excluded from standard W&I policies.

Fully synthetic W&I policies also continued to gain traction, driven by a rise in distressed M&A, public-to-private transactions, and situations with limited seller recourse.

Tax insurance became a standard strategic tool for European corporates, investors, and advisors to assist in closing transactions, managing capital, increasing deal certainty, and resolving structural tax questions across the business lifecycle. As insurers deepen their local European underwriting capabilities and organizations increasingly seek broader, faster, and more predictable tax outcomes, product expansion, including more sophisticated coverage, is expected for forward-looking tax risks, complex factual positions, such as transfer pricing and valuation, and large-limit programs for corporate restructurings. With demand rising and the market maturing at pace, 2025 may well be seen as the year in which tax insurance became a key part of Europe's financial and transactional toolkit.

A record year of scale, sophistication, and strategic use for tax insurance

In 2025, tax insurance in Europe continued its evolution from a specialist tool for M&A transactions into a mainstream risk transfer solution for corporates, investors, and high-net-worth individuals. The number of policies placed by Marsh in Europe increased by more than 50%, and total insured limits more than doubled year-on-year, with Germany and Spain driving much of this growth and other European markets rapidly following suit.

While M&A remains a core driver of tax insurance, 2025 saw significant growth in the insurance of non-M&A tax risks, including coverage for:

- Intra-group restructurings
- Operational tax exposures
- Transfer pricing risks
- Domestic tax positions with limited clarity

Notably, tax insurance was increasingly used as an alternative to advance tax rulings, offering faster and broader protection amid under-resourced tax authorities that are often unable to provide binding guidance within commercial timelines. This shift is expected to accelerate as taxpayers demand predictability in increasingly complex regulatory environments.

A sharp rise in demand from high-net-worth individuals was another defining theme, with tax insurance used to secure business and wealth succession structures, protect against exit taxation, manage incentive plans, and address classification of income. A major driver of uptake in this segment was the availability of advance tax payment mechanisms within tax policies that enabled insureds to cover tax payments upfront in the event an insured risk occurred, reducing liquidity impact and financial uncertainty.

Pricing trends reflect greater market sophistication

Due to the unique nature of tax risks, average rate on line pricing can vary widely, depending on the individual risk profile of the underlying tax risk as well as the risk appetite of the insurance market for such risk.

A comprehensive analysis of the pricing development over recent years for tax risks revealed two key trends:

- Standard risks that occur more frequently in the market can often be placed with a rate on line well below 2%.
- Complex and challenging risks with elevated risk profiles attract a higher rate on line, typically starting from 3% to 4%.

For both categories of risk, policyholders typically benefitted from favorable conditions for standard tax risks or from the increased appetite for more complex tax risks (see Figure 19).

Figure 19: Percentage of tax insurance policies placed by rate on line segments in Europe, 2024-2025

Rate on line	2025	2024
0-1%	0.0%	4.2%
1-2%	48.3%	52.1%
2-3%	19.0%	27.1%
3-4%	15.5%	12.5%
4%+	17.2%	4.2%

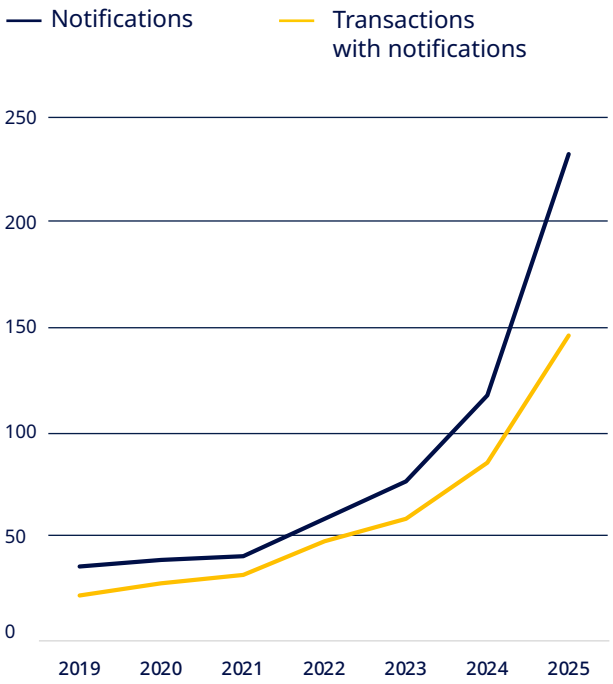
Controversial and disclosed tax and contingent risks remained challenging despite shifts, however. Already disclosed risks and ones under active audit, litigation, or controversy remained the most challenging to receive terms due to recent large claims. However, early signs of renewed appetite appeared in late 2025, driven by increased underwriting expertise across European hubs, refined risk selection models, and rising demand from policyholders requiring balance-sheet certainty, and we hope for selective but meaningful innovation in this segment in 2026.

Rising claims activity reflects growing market maturity

Claims activity in 2025 offers critical insights into the sustainability of premium pricing, coverage breadth, and underwriting practices in Europe's transactional risk market.

Following a record number of claim notifications in 2024, notifications nearly doubled in 2025, representing more than a threefold increase over the past two years (see Figure 20).

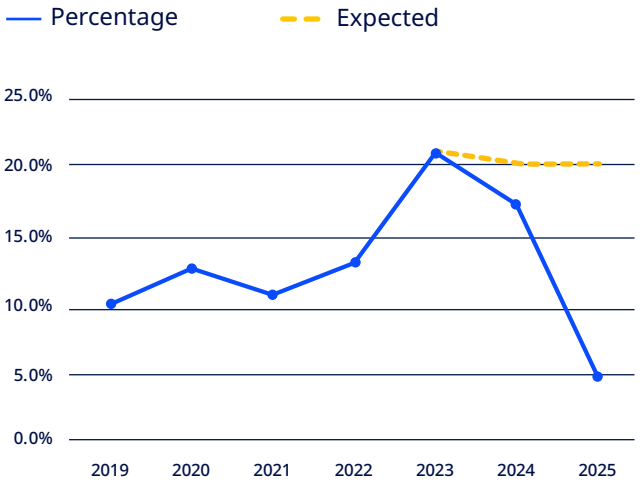
Figure 20: Total number of claims notifications and number of transactions with notifications in Europe, 2019-2025



This notable rise must be viewed in the context of Marsh's growing number of policy placements. Not only has the absolute number of notifications grown, but the average policy hit ratio — the percentage of policies under which one or more claims notifications have been received — has also increased substantially (up until and including 2023) and is expected to remain stable around that level (see Figure 21).

While policy year 2023's 20.9% hit ratio may, at first glance, appear to be an outlier, given typical notification periods of two to three years for business warranties and seven to ten years for tax and fundamental warranties, 2024 and 2025 may also reach a hit ratio around 20%, which appears increasingly representative for recent policy years.

Figure 21: Percentage of transactions placed with one or multiple notifications in Europe, 2019-2025



Several factors have likely contributed to the substantial increase in claims notifications, including broader coverage driven by intense insurer competition and growing sophistication and understanding among insureds and their advisors in identifying and actively pursuing claims. Regardless of the cause, this upward trend is expected to continue in the coming years.

The vast majority of claims notifications (97%) relate to W&I policies, with the remaining 3% pertaining to title insurance, standalone tax risks, and contingent risk policies.

Although the claims payments processed in 2025 were somewhat lower than the prior record year, several large upcoming payments are expected as ongoing claims progress through assessment and resolution. The largest single payment in 2025 involved a financial statements claim and 2025 also saw the first significant payment under a standalone tax policy.

Tax warranties remained the most common breach type, as in prior years, followed by financial statements claims and claims related to material contracts warranties (see Figure 22).

However, despite tax claims being the most common breach type, the absolute majority of claims payments were related to financial statements breaches (see Figure 23). This difference is largely because many tax claim notifications are precautionary, often triggered by audits that do not always result in losses. In contrast, financial statements claims are typically made after a loss has been incurred and can be significant, especially if the policyholder's valuation of the target company is based on incorrect assumptions. Several significant multiple-based financial statements claims in our portfolio remain pending and are expected to result in further payments in the coming year, demonstrating the value of transactional risk insurance as an effective tool for risk transfer.

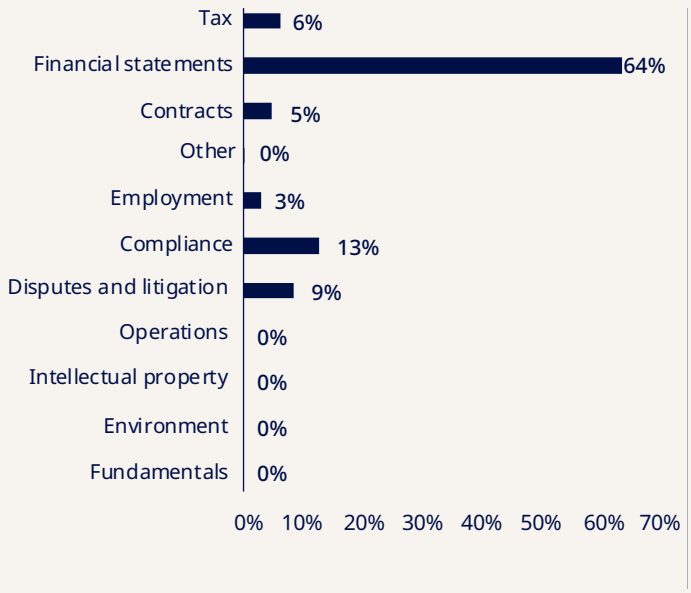
The claims developments observed in 2025 reinforce transactional risk insurance's role not merely as a deal-execution tool, but as a core component of investment protection and downside risk management across the transaction lifecycle.



Figure 22: Percentage of claims notifications by breach type in Europe, 2025



Figure 23: Percentage of aggregate paid amount per breach type in Europe, 2025





Outlook for the year ahead

Continued strong M&A activity, improved financing availability, and an anticipated increase in private equity-led transactions — despite geopolitical challenges — are expected to support further growth of the European transactional risk market in 2026. Rising claims activity and reinsurer scrutiny, combined with an expected robust deal flow, could maintain current market momentum, resulting in potential pricing stabilization, with continued gradual moderate premium increases over the short- and medium-terms in combination with sustained broad coverage.

In conclusion, 2026 is expected to remain favorable for insureds both in terms of coverage and pricing, although early signs suggest the market is shifting toward a more balanced and sustainable pricing environment emerging to support the substantially increased claims volume.

Marsh's transactional risk team will continue to support clients across the region with market-leading transaction advisory, placement, and claims capabilities to facilitate successful deal execution and long-term risk mitigation.

"2025 was a transformative year for W&I insurance in the MEA region, with attractive premium rates, higher deal volumes and values, and a diverse buyer base, establishing transactional risk solutions as a key deal-enabling instrument."

Nirav Modi | PEMA Leader, MEA

Middle East and Africa (MEA)

Growing deal complexity, increased insurer capacity, and strong adoption by strategic and sovereign wealth fund-backed buyers drove growth in 2025.

At a glance

Middle East* and Africa

Total limits placed

US$1.5 billion

Average deal size

US$438 million

Median deal size

$390 million

Buyer-side/seller-side policies

82% vs. 18%

Top sectors

Energy, technology, financial services, industrial, real estate, education, and healthcare

Private equity vs. corporate

39% vs. 61%

*excluding Israel

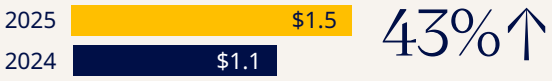
Transactional risk insurance continued its transition from a niche product to a mainstream transactional risk management tool in the Middle East in 2025, reflecting rising deal complexity, expanding insurer capacity, and increasing market sophistication. Adoption accelerated across both inbound and outbound transactions, with strategic buyers and sovereign wealth fund-backed entities playing a central role.

International advisory firms and law firms continued to establish their presence locally, contributing to an increased understanding and appreciation of W&I insurance benefits among dealmakers, investors, legal advisors, and other stakeholders.

More insurers also explored establishing a direct presence, including having underwriting teams physically located within the region. This development may contribute to higher levels of competition, expand the range of coverage options available, and improve service responsiveness. The direct engagement of underwriters with regional investors has also facilitated more tailored and efficient risk solutions.

MEA snapshot

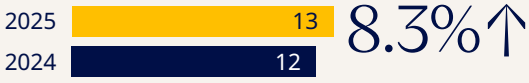
Limits placed by Marsh (US$B)



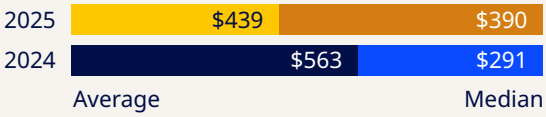
Average limits placed as a percentage of enterprise value



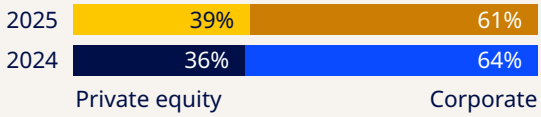
Number of deals



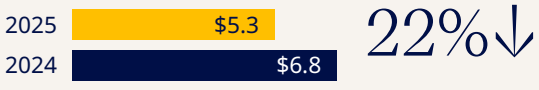
Enterprise value (US$M)



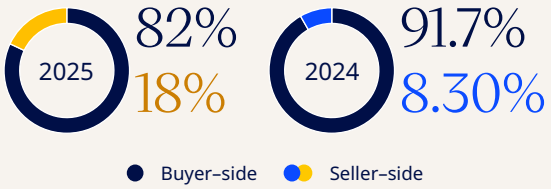
Private equity vs. corporate



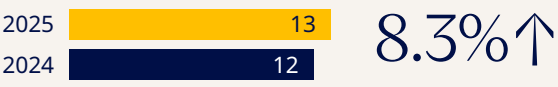
Aggregated enterprise value (US$B)



Limits placed as a percentage of enterprise value



Number of policies placed



Key takeaways

- **Transactional risk insurance continued its transition from a niche product to a core structuring tool** across MEA in 2025, supported by rising deal complexity, expanding insurer participation, and greater familiarity among advisors and investors.
- **Deal activity was concentrated in the Gulf Cooperation Council (GCC) countries,** with the UAE and Saudi Arabia driving regional growth through large-scale domestic and outbound transactions.
- **Strategic and sovereign wealth fund-backed buyers remained the principal users** of transactional risk insurance, reflecting the role of insurance in facilitating complex, state-backed, and cross-border transactions.
- **Insured deal sizes increased,** with the majority of transactions ranging between US$50 million and US$350 million, alongside a small number of large-cap outliers exceeding US$1 billion.
- **Africa's transactional risk market demonstrated resilience** despite macroeconomic headwinds, with inquiry volumes doubling year-on-year and South Africa continuing to anchor regional activity.
- **Attractive premium rates and increased underwriting capacity supported broader adoption,** of W&I insurance across both buyer-led and seller-initiated processes.

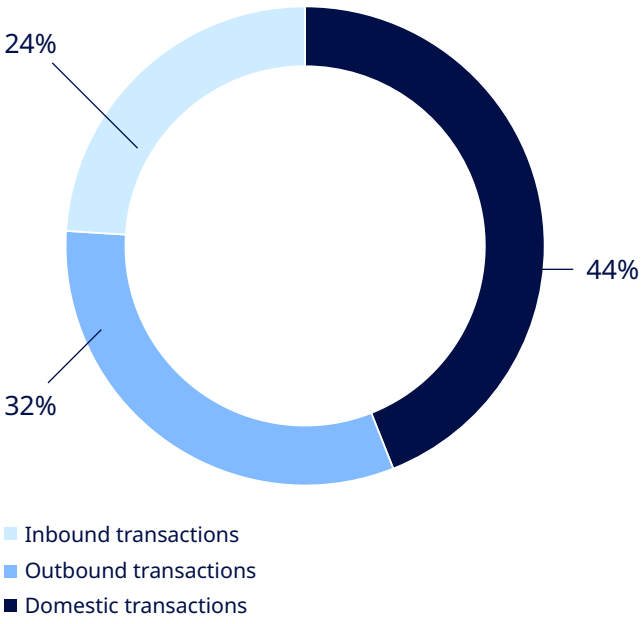


Market sees expansion in the Middle East and Africa

M&A deal value increased significantly, driven by activity in the GCC countries. The UAE and Saudi Arabia remained the frontrunners, propelled by economic diversification initiatives, such as the UAE Centennial Plan 2071 and Saudi Vision 2030.

In 2025, Marsh received over 100 W&I insurance inquiries alone for MEA region. Domestic transactions remained the most common, accounting for 44% of all deals placed. Outbound transactions and inbound transactions followed, with 32% and 24% of deals respectively (see Figure 24). This pattern highlights the active role of investors in the region in international deals.

Figure 24: Percentage of transactions by type in the MEA region, 2025



By deal size

Most deal values typically ranged between US$50 million and US$350 million, with notable large-cap outliers valued between US$1.5 billion and US$2.5 billion.

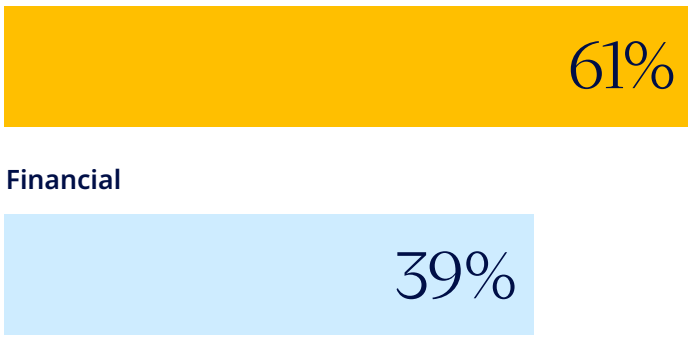
By industry sector

M&A activity continued to be concentrated in a number of sectors, such as energy, technology, financial services, industrial, real estate, education, and healthcare.

By buyer

Transactional risk insurance was most utilized by strategic investors, including sovereign wealth fund-controlled corporates (see Figure 25). This highlights the strategic nature of many transactions and underscores the key role of W&I insurance in facilitating complex transactions involving state-backed entities and multi-jurisdictional deals.

Figure 25: Strategic vs. financial buyers in the Middle East, 2025



The GCC region is also increasingly attracting significant attention from global private equity firms, reflecting its expanding economic opportunities and strategic importance. Noteworthy players have been actively investing in the area, with one notable office opening in Abu Dhabi.

A year marked by low premium rates in the Middle East

The W&I insurance market in the Middle East saw historically low premium rates in 2025. This favorable pricing enhanced the attractiveness and cost-effectiveness of W&I insurance as a risk mitigation tool for M&A transactions.



Africa's transactional risk market demonstrated resilience and growth despite uncertainty in 2025

Macroeconomic uncertainty dampened deal activity, but interest persevered

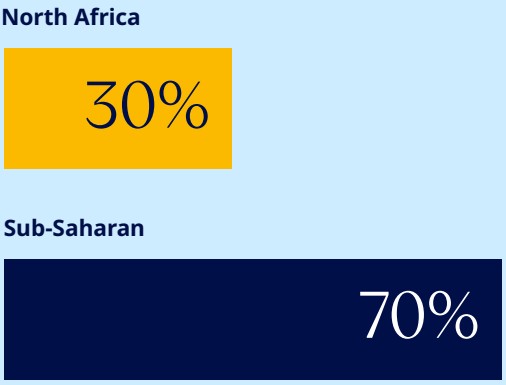
Macroeconomic challenges significantly contributed to a decline in African deal activity throughout most of 2025, ultimately leading to transactions being put on hold amid uncertainty. Specifically for South Africa, average deal values ranged between US$6 million and US$122 million (approximately R100 million to R2 billion).

Despite the turbulent landscape, interest in transactional risk solutions remained strong, with Marsh receiving more than 30 inquiries in Africa alone, doubling the 15 inquiries recorded in 2024. For dealmakers, W&I insurance has become a trusted tool for greater liability protection, particularly among corporates, which have driven deal activity, although private equity funds continue to play a central role.

South Africa dominated the growing W&I market

The South African M&A market accounts for roughly 70% of W&I policies placed (see Figure 26). Africa as a whole is emerging as a significant M&A player with Marsh's transactional risk team advising on W&I placements across Nigeria, Uganda, Côte d'Ivoire (Ivory Coast), and Botswana. The number of insurers willing to consider African submissions has also grown from around 10 to 17, reflecting increased market activity and greater familiarity with the W&I product.

Figure 26: Location of deals in Africa, 2025



Seller-initiated processes and cost-effective insurance drove market growth

Seller-initiated processes remained prominent in 2025, despite 99.9% of the policies being buy-side. The low cost of W&I insurance also continued to encourage more deals to be insured.

Consumer, fintech, and infrastructure led strategic investments

South Africa's consumer and fintech sector has been particularly active, reflecting a broader shift toward digitization. While overall deal volumes declined, high-value strategic investments, especially in digital infrastructure, remained strong. Infrastructure is viewed as a key driver for further capital flow, and with Africa's focus on infrastructure development, M&A in the region is expected to grow.

Outlook for the year ahead

Global M&A activity is on course to continue picking up momentum in 2026. Although geopolitical uncertainty in the region could impact M&A activity, the Middle East is expected to play an active role in key investment frontiers, including the energy transition, high technology, real estate, and the digital economy.

We may observe a shift in the outbound investment trends of sovereign wealth funds, particularly as Gulf states reassess their capital deployment strategies in response to losses caused by the ongoing conflict in the region. This could lead to potential reversals of investment pledges, increased divestments, and a re-evaluation of global sponsorship agreements as Gulf states seek to mitigate the financial impact of geopolitical uncertainties.

We anticipate that deal momentum in Africa will remain largely stable in 2026, with an increased focus on infrastructure development, securing critical minerals, and ensuring food security.

As such, transactional risk insurance will remain an important tool for dealmakers, providing greater protection against liabilities and facilitating smoother transactions. However, it is important to note that the W&I market still remains less mature than in other regions, with challenges including late-stage engagement in deals, diverse legal frameworks, and certain coverage exclusions. As familiarity with transactional risk insurance grows, the market will continue to mature.

"The transactional risk market in Asia accelerated its growth in 2025 as solutions evolved to address a broader range of risks and challenges, providing insureds with greater confidence in closing their deals."

Haoren Fu | Head of Transactional Risk, Asia

Asia

Asia's transactional risk insurance market experienced strong growth and continued diversification in 2025, driven by renewed M&A activity, expanded use of advanced coverage solutions, and increased sophistication across key industries and jurisdictions.

While investor caution showed in the early part of the year, activity accelerated meaningfully through the year, positioning transactional risk insurance as an enabler of both domestic and cross-border deals across the region.

At a glance

Total limits placed

US$10.7 billion

Average deal size

US$328.7 million

Median deal size

US$128.1 million

Top sectors

Manufacturing, real estate, communications, media, and technology, financial institutions

Pricing

Increase of 7.7% year-on-year, from 1.3% to 1.4%

The Year of the Snake marked a turning point for Asia's transactional risk market as renewed M&A activity replaced earlier investor caution. Marsh's transactional risk team in Asia closed 207 deals in 2025, a 40% year-on-year increase. Aggregate enterprise value rose sharply to US$55.2 billion, up nearly 70% from 2024, reflecting both higher volumes and larger transaction sizes.

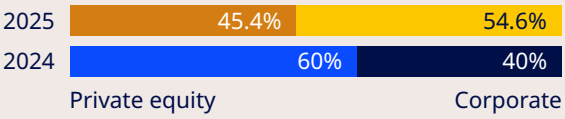
The outlook for 2026 is strong, with insurers looking to balance coverage and innovation with pricing adjustments.

Asia snapshot

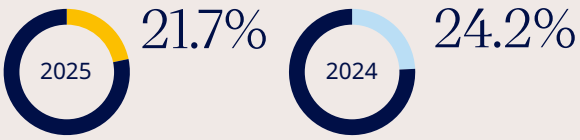
Limits placed by Marsh in Asia (US$B)



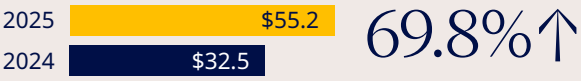
Private equity vs. corporate



Limits placed as a percentage of enterprise value



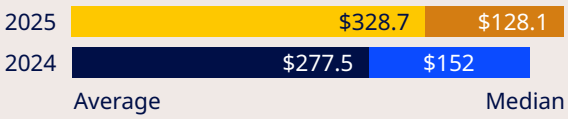
Aggregated enterprise value (US$B)



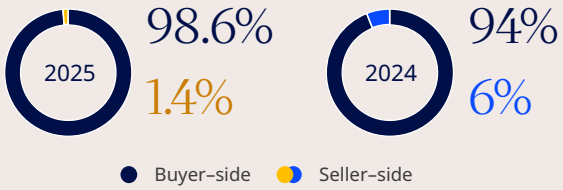
Number of deals



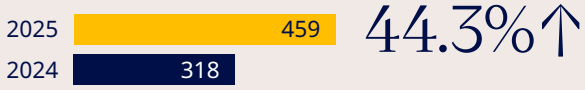
Enterprise value (US$M)



Buyer-side/seller-side policies (as a % of total policies)



Number of policies placed



Key takeaways

- **Asia's transactional risk market rebounded strongly in 2025** supported by renewed M&A activity and increased reliance on insurance to facilitate complex transactions.
- **Deal volumes, aggregate enterprise value, and average deal sizes increased materially,** with manufacturing and real estate leading sector activity.
- **Pricing increased modestly amid sustained capacity** while insured-friendly retentions and de minimis levels remained standard.
- **Policy enhancements and tailored coverage structures are increasingly common,** enabling more sophisticated transactions across jurisdictions.
- **Tax insurance adoption expanded meaningfully across Asia,** broadening beyond treaty-driven risks into domestic tax exposures and non-M&A use cases, such as restructurings, repatriation planning, and corporate reorganizations.
- **Higher notification volumes and rising claims payments reflect a maturing market,** reinforcing the importance of early engagement, diligence, and thoughtful structuring.
- **Local-language underwriting capabilities have emerged as a key differentiator,** particularly in North Asia.



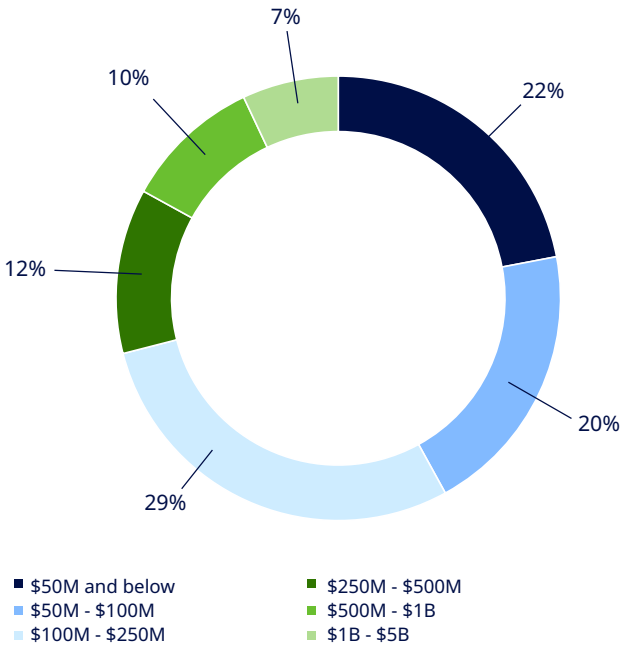
Deal activity rebounded as confidence increased

By deal size

Asia's insured deal portfolio in 2025 demonstrated broad participation across all enterprise value tranches. Transactions between US$100 million and US$250 million represented the largest share of activity, while deals exceeding US$500 million accounted for approximately 17% of total transactions. This distribution highlights the increasingly common use of transactional risk insurance across both mid-sized and large-cap transactions.

Average deal size increased 18.5% year-on-year to US$328.7 million, while median deal size declined by approximately 16% to US$128.1 million, reflecting increased activity across both mid-market and smaller transactions (see Figure 27).

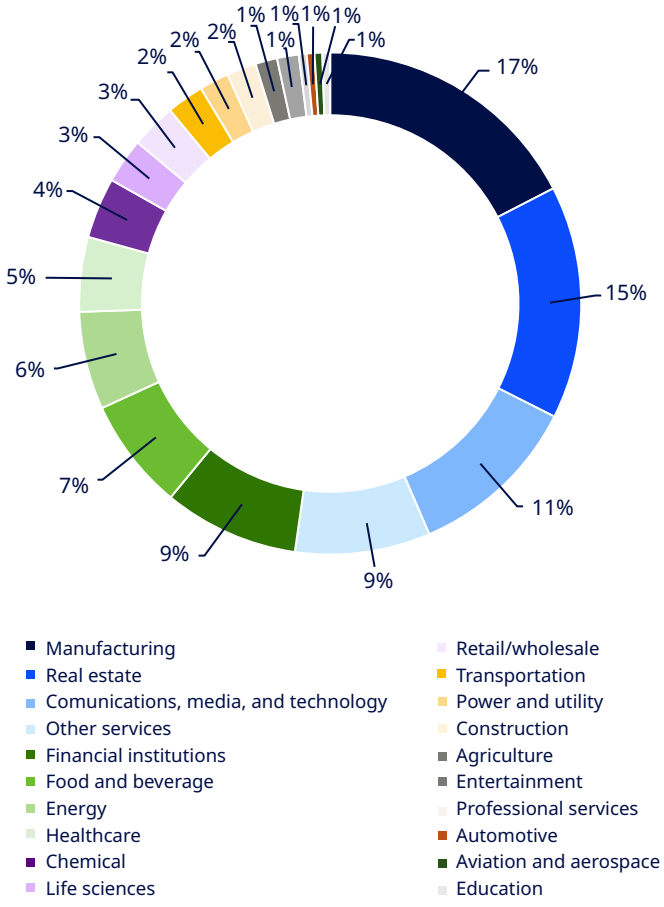
Figure 27: Deal portfolio by enterprise value in Asia (US$), 2025



By industry sector

Manufacturing remained the most active sector by deal count (see Figure 28), followed by real estate, communications, media, and technology, and financial institutions. Activity continued to broaden across healthcare, energy, food and beverage, chemicals, life sciences, and other sectors, illustrating the cross-sector application of transactional risk insurance across Asia.

Figure 28: Deal activity by industry sector in Asia, 2025



By deal type and buyer

Corporate buyers contributed significantly to insured transaction volume in Asia, accounting for 54.6% of deals in 2025, up from 40% in 2024, while private equity buyers represented 45.4% of transactions. These figures reflect the growing adoption of transactional risk insurance by strategic buyers, particularly in competitive auctions, carve-outs, and cross-border acquisitions. There was also heightened interest in the use of transactional risk insurance to support take-private and general partner-led secondary/continuation vehicle transactions.

Underwriting and pricing dynamics

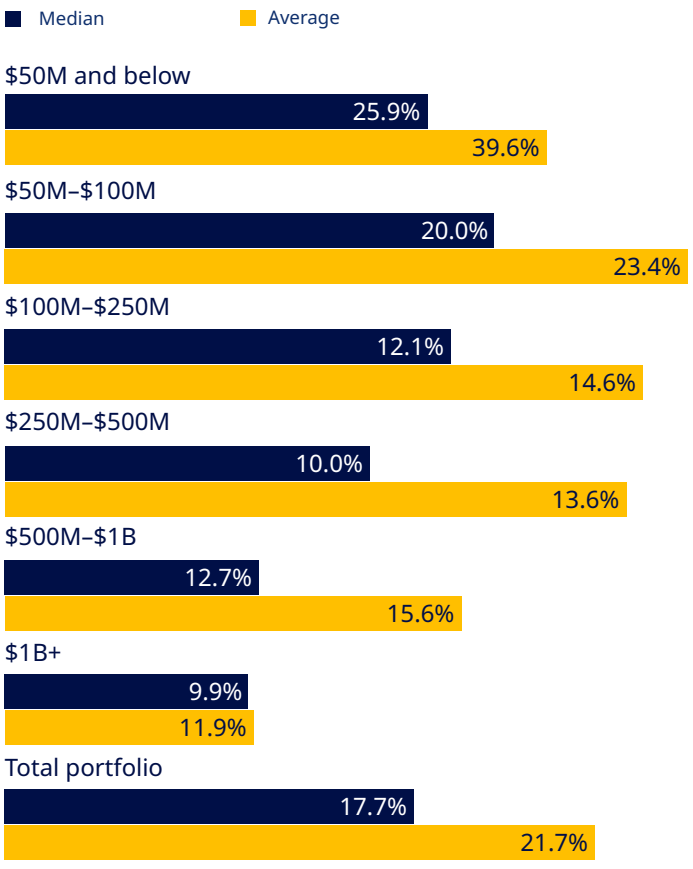
Insurer responses to evolving market dynamics varied in 2025. Some insurers invested in faster, more commercial underwriting processes to meet compressed deal timelines, while others tightened capacity and applied stricter underwriting standards in response to rising claims and to counterbalance what they viewed as low pricing.

Average W&I premium rates increased modestly, from 1.3% to 1.4%, a 7.7% year-on-year increase. Despite this shift, levels of competition remained high with typical primary policy pricing for operational targets landing in the range of 1% and 1.6% of the quoted limit, and for pure real estate or similar targets landing in the range of 0.6% and 0.8% of the quoted limit.

Capacity remained adequate, with constraints for larger transactions

Overall capacity remained adequate for most Asia-based transactions, but insurers became less willing to write primary lines above US$30 million, leading to more layered placements. Our data (see Figure 29) shows clients purchased substantially lower limits on average for transactions with enterprise values between US$50 million and US$1 billion compared with 2024, illustrating a notable shift in purchasing patterns. Contributing factors included regulatory and local-fronting constraints, particularly in India and the People's Republic of China (PRC), which restricted access to the full insurer pool for some large transactions, and insurers' reluctance to deploy large excess limits, which together constrained aggregate limits available to clients. These dynamics reinforce the need for early engagement and tailored placement strategies to secure appropriate coverage.

Figure 29: Asia limits purchased as % of enterprise value



Retentions and de minimis thresholds reflect insured-friendly economics

Insured-friendly economic terms remained common across Asia. Typical lowest-available retentions were approximately 0.25% of enterprise value, while de minimis thresholds were generally set at or below 0.05% of enterprise value. In 2025, insurers increasingly agreed to fixed, low de minimis thresholds that were independent of enterprise value. When market conditions and deal-specifics permitted, retentions dropped to as low as 0.1% or were structured to "tip to nil".

Advanced coverage structures and local-language underwriting

The baseline for W&I policy coverage changed significantly. Insurers continue to innovate in response to increasingly complex deal dynamics, allowing transactional risk insurance solutions to be tailored to more sophisticated and nuanced scenarios. Enhancements that were once considered niche in Asia — including due diligence report and data room disclosure scrapes, materiality scrapes, new (or interim) breach cover, and fundamental warranty top-ups — became increasingly common across placements.

Importantly, insurers are now carving back operational exclusions — including cyber, product liability, and pollution — and, where underwriting supports it, relaxing certain jurisdictional exclusions, such as anti-social forces, anti-bribery, and corruption, reflecting increased confidence in diligence quality and risk assessment.

Examples of innovative coverage structures in Asia during 2025 include:

- **Tailored blind-spot cover.** In a multi-billion-dollar transaction involving a target with operations in more than 10 jurisdictions, Marsh's transactional risk team worked with an insurer to design blind-spot coverage that assessed materiality at the entity level within each jurisdiction, aligning coverage with the target's actual operations rather than jurisdiction-level materiality thresholds.
- **Due diligence timing optionality.** For a joint venture buyout, our transactional risk team structured a three-pronged insurance solution to address commercial sensitivities that restricted the non-controlling joint venture partner's pre-signing access to target management, supporting transaction execution.
- **Multi-stage investments**. In a multi-stage continuation fund rollover, our team assisted with policy wording, allowing automatic post-inception adjustments to terms and parameters, expanding coverage to reflect the enlarged interest upon completion of each subsequent closing.

Reflecting past developments in the Japanese W&I market, demand for local-language underwriting has also expanded across other North Asian markets. This has ranged from acceptance of untranslated due diligence reports and deal documentation to full local-language underwriting conducted by fluent underwriters or facilitated by local counsel. Insurers are increasingly investing in these capabilities, which is expected to drive broader W&I insurance adoption in markets such as Greater China and Korea.

Sub-regional trends

Greater China



Greater China recorded the strongest relative growth in 2025, with deals insured by Marsh's transactional risk team nearly doubling from 10 to 18 transactions, an 80% year-on-year increase. Activity was driven primarily by domestic buyers and local private equity, while international sponsor activity remained relatively subdued. Manufacturing was the most active sector. Average premium rates increased modestly by approximately 8%, from 1.2% to 1.3%, and language frictions eased as bilingual underwriters, local counsel, and AI-enabled translation tools made non-English documentation and execution more acceptable to insurers.

Market capacity for China-centric deals also improved, with limits of up to US$400 million generally available. However, additional capacity will be required to support potential growth in mega-deal activity, and new insurance placement rules that came into effect in the People's Republic of China (PRC) in November 2025 are expected to limit capacity for PRC domiciled insureds in the near term. From a coverage perspective, insureds benefited from more attractive terms as some insurers began softening jurisdiction-specific exclusions. For example, where robust due diligence (including payroll testing) produced positive findings, some insurers were prepared to limit or remove social security and housing fund exclusions.

Japan



Japan experienced the largest absolute increase in deal count in 2025, rising from 48 to 73, a 52% year-on-year increase. This growth was driven by a surge in domestic W&I placements, which increased by 65%, from 31 to 51 transactions, alongside the product's expanding use in take-private transactions. Manufacturing remained the most active sector.

Average premium rates edged up slightly, from 1.6% to 1.7%, a 6.3% year-on-year increase. Sell-side initiated W&I processes increased materially from 25% to 43% of transactions, a 72% increase, as sellers increasingly expected bidders to utilize insurance to accelerate execution certainty in competitive auctions.

Local Japanese insurers continued to be preferred by buyers due to Japanese-language underwriting, quicker policy turnaround, and streamlined underwriting processes. Some international insurers have, in response, signaled plans to offer Japanese-language policies and local underwriting support.

Southeast Asia



Southeast Asia completed a record 59 deals in 2025, representing a 63.8% year-on-year increase. Average premium rates declined modestly, from 1.1% to 1%, a 9% drop.

Real estate and healthcare were particularly active, and there was a notable increase in Malaysia target transactions in general. The market showed signs of maturation, as some insurers identified sector "sweet spots" where they could quote and underwrite more competitively to entrench their position and grow their share of business in well-understood segments. However, an uptick in broken deals highlighted that despite higher transaction volumes, deal uncertainty remained elevated.

South Korea



Deal volumes in South Korea remained stable, increasing slightly from 14 in 2024 to 15 transactions in 2025. Average premium rates were unchanged at approximately 1.4% while deal sizes trended lower, including for high-profile transactions.

There was a relative increase in intra-Asia cross-border acquisitions. Korean language underwriting and a preference to avoid translated documentation became increasingly common, giving insurers with local language capabilities an advantage.

India



India's transactional risk market continued to grow in 2025, with our team in the region placing 42 transactional risk programs, compared to 40 in the prior year. Average premium rates increased modestly, from 1.3% to 1.34%, a 3% year-on-year increase, driven by increased uptake of policy enhancements and a sector mix led by financial institutions, renewables, communications, media, and technology, and real estate.

A notable milestone was our team's placement of W&I insurance on the first transaction involving a public sector undertaking, supporting one of the largest M&A deals in India in 2025 and marking the growing adoption of W&I insurance as an exit tool.

Regulatory amendments issued by the Insurance Regulatory and Development Authority of India (IRDAI), effective on April 1, 2025, materially reshaped the domestic underwriting landscape. While approximately 20 insurers historically participated in India W&I placements, as of January 2026 only seven insurers remain able to support India-domiciled insureds through local fronting and ceding arrangements. Aggregate maximum capacity for non-India insureds typically reaches US$800 million to US$850 million, while India-domiciled placements are now generally limited to between US$150 million and US$200 million. Deal teams should factor these limitations into transaction-structuring discussions.

Broader use cases and growing appetite drive Asia's tax insurance market

Tax insurance expanded rapidly across Asia in 2025, evolving into a core transactional risk solution rather than a niche or jurisdiction-specific product. While India remained the primary center of activity, significant expansion took place across the region as dealmakers increasingly used tax insurance to manage both transaction-related and non-transactional risks.

Notably, about 88% of tax policies placed outside of India were for Singapore-based clients, reinforcing Singapore's role as the regional hub for tax insurance placements. South Korea also emerged as a fast-growing market for both tax insurance inquiries and completed placements, reflecting increased sophistication among buyers and advisors.

The scope of tax insurance applications broadened meaningfully in 2025. Whereas treaty-driven risks dominated activity in 2024, coverage increasingly extended to domestic tax exposures, including goods and services tax (GST) and other operational risks. There was also a marked increase in the use of tax insurance outside traditional M&A, particularly for restructurings, repatriation planning, and other corporate reorganizations, as corporates and sponsors sought certainty amid evolving tax regimes and enforcement practices.

Insurer appetite expanded compared to 2024, with a greater number of insurers willing to underwrite risks in previously excluded jurisdictions, including Malaysia, China, and Vietnam. Larger programs attracted broader insurer support, although appetite for certain features, such as advance tax payment coverage, was limited due to heightened enforcement and rising claims activity.

Pricing remained generally attractive, but showed differentiation based on jurisdiction and risk profile. Premium on line ranges for Asian tax risks widened, expanding from roughly 2% to 5% in 2024 to between 2% and 6% in 2025. Capacity increased in certain areas, notably Singapore-led cross-border programs, though available limits continue to vary significantly based on domicile, structure, and the nature of the underlying tax exposure.

Our transactional team's consistent guidance to deal teams remains to engage tax insurance specialists early to support higher-severity, lower-likelihood tax risks with insurer-ready tax diligence, including local compliance analysis and testing where appropriate. Early engagement continues to be critical to securing terms and capacity, as well as enabling greater execution certainty.

Rising claims frequency, payments point to continually maturing market

Claims activity across Asia surged in 2025, reflecting both increased policy usage and the growing maturity of the transactional risk insurance market in the region. By year-end, Marsh's Asian clients had notified insurers of 40 transactional risk claims in the course of the year, out of a total of 281 transactional risk claims from 2014 to 2025.

While tax liability notifications increased year-on-year, W&I claims continued to account for the majority of notifications, representing 73% of all claims filed in 2025. Financial statement warranty misstatements remained the single largest breach category, representing 41% of notified claims. More than half of these claims are currently projected to exceed policy retention thresholds, reflecting the higher loss severity typically associated with financial statement-related breaches and their potential to materially impact valuations.

Alongside higher notification volumes, loss payments increased sharply. Claims payments totaling approximately US$100 million had, as of the end of 2025, been made under our Asian clients' W&I and tax liability policies. This included what is believed to be the largest-ever payment made on a transactional risk insurance program for an Asian risk, which arose from a tax liability insurance claim in Southeast Asia in 2025.

Outlook for the year ahead



Asia entered 2026 with a strong pipeline, particularly of medium-to-large transactions. Deal volumes and ticket sizes are expected to remain elevated as buyers and sellers experience improved market clarity and higher deal flow. While insurers are expected to continue innovating and pursuing new business — which is expected to drive better pricing, more attractive coverage features, and faster underwriting processes — rising claims activity and servicing costs may drive more selective capacity deployment and modest pricing adjustments.

In India, the recent Supreme Court ruling in the Tiger Global case has led to insurers adopting cautious behavior and more restrictive terms as the market adjusts. However, conditions are expected to stabilize in the coming months. Overall pricing is likely to increase across the Indian tax insurance sector, with higher retention levels and a selective approach to features such as advance tax payment coverage and defense cost coverage.

Marsh's transactional risk team in Asia will continue to lead through product innovation and deep local execution capabilities to support clients across the region.

"Across the Pacific region, M&A activity continues to be shaped by strategic realignment in addition to volume, with buyers generally prioritizing resilient assets, operational scale, and long-term growth. The Pacific M&A market remains fundamentally resilient, with strong strategic intent, sector-specific opportunities, and increasing cross-border interest."

Sam Thomas | Head of Transactional Risk, Pacific

Pacific

The transactional risk market in the Pacific maintained momentum in 2025, characterized by consistent deal activity, a revival of larger transactions, and continued strategic adoption of transactional insurance.

While headline volumes reduced marginally, the M&A market demonstrated structural maturity, with W&I firmly embedded as a default execution tool across Australian and New Zealand private M&A.

At a glance

Total limits placed

US$3.1 billion

Number of deals

50

Enterprise value

Majority of deals below US$500 million in enterprise value;

resurgence of US$2 billion to US$3 billion-plus deals

Private equity vs. corporate

Approximately 36% private equity, with the majority corporate

Buyer-side/seller-side policies

Predominantly buyer-side, with seller-side used selectively

Median deal size

Below US$500 million in enterprise value

Limits placed as a percentage of enterprise value

35.2%

The Pacific W&I market demonstrated mature resilience in 2025. Deal flow remained stable, supported by a resurgence of larger transactions alongside the substantial mid-market activity. While overall policy volumes decreased marginally year-on-year, W&I insurance penetration and strategic use remained strong, reinforcing its role as a key execution tool. Technology, defensive, and infrastructure-adjacent deals led sectoral activity in the Pacific in 2025, reflecting investor preference for earnings visibility and resilience amid ongoing macroeconomic uncertainty.

Total limits placed in the Pacific reached approximately US$3.1 billion in 2025, compared with US$3.3 billion in 2024. The number of deals rose from 40 to 50, reflecting a quieter start to the year followed by a significant pickup in activity in the second half. Policy count declined modestly, with 134 policies placed, compared to 128, primarily due to regulatory-related delays in deal completion, such as foreign investment, competition or tax authority approvals, rather than reduced reliance on W&I insurance.

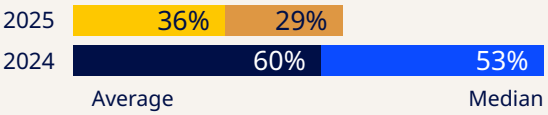
Despite fewer completed transactions, larger limits were purchased (see Figure 30), reflecting a perception of good value in excess layers and sustained appetite for meaningful balance sheet protection. Larger deals valued between US$2 million and US$3 million-plus returned to the market, reflecting renewed confidence in larger deal execution.

Pacific snapshot

Limits placed by Marsh in the Pacific (US$B)



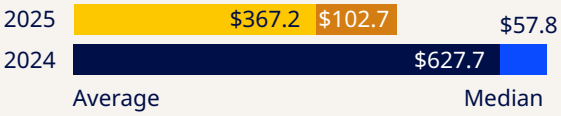
Limits placed as a percentage of enterprise value



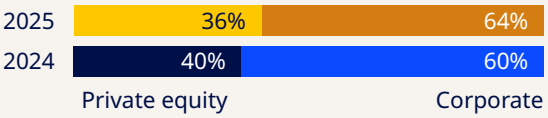
Number of deals



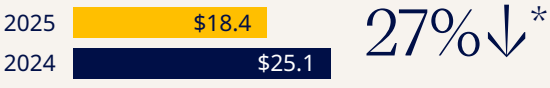
Enterprise value (US$M)



Private equity vs. corporate

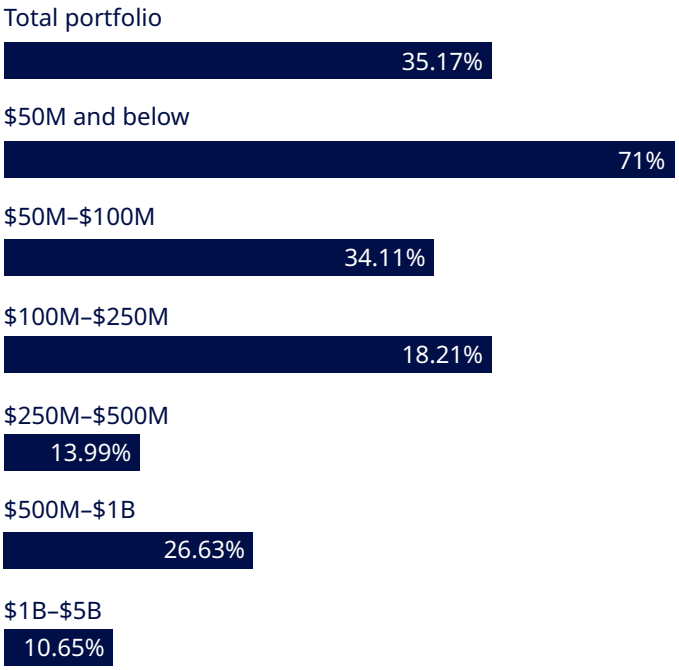


Aggregated enterprise value (US$B)



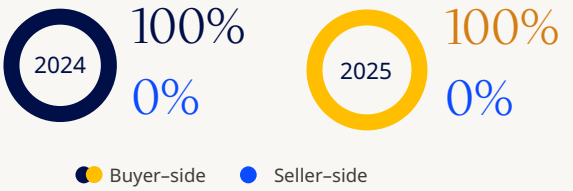
*The decrease in aggregate enterprise value is largely attributed to a single very large insured transaction in 2024, with an enterprise value in excess of $20B.

Figure 30: Larger limits purchased across the board



Unlike other jurisdictions experiencing cyclical recovery in 2024 and 2025, the Pacific M&A market continued to exhibit structural maturity, with W&I insurance firmly established as a standard practice.

Buyer-side/seller-side policies (as a % of total policies)



Number of policies placed





Key takeaways

- **Greater confidence in the second half of 2025** drove increased insured deal activity that is expected to continue through 2026.
- **Insurers are demonstrating a willingness to innovate** by better aligning coverage with insureds' risk appetite, offering previously unavailable options, such as interim breach cover, synthetic policies, expanded excess positioning, and broader sector appetite.
- **Pricing remained stable** supported by strong underwriting appetite and new market entrants.
- **Underwriting dynamics suggest the market is stabilizing,** with differentiation increasingly driven by diligence quality, complexity, and insurer execution capability rather than price alone.
- **The Pacific remains an area of geopolitical stability** with renewed interest from foreign investment. While some initial inflationary impacts from domestic and geopolitical events in the Middle East are being observed, M&A momentum is expected to continue in the region.



W&I insurance usage remained strong

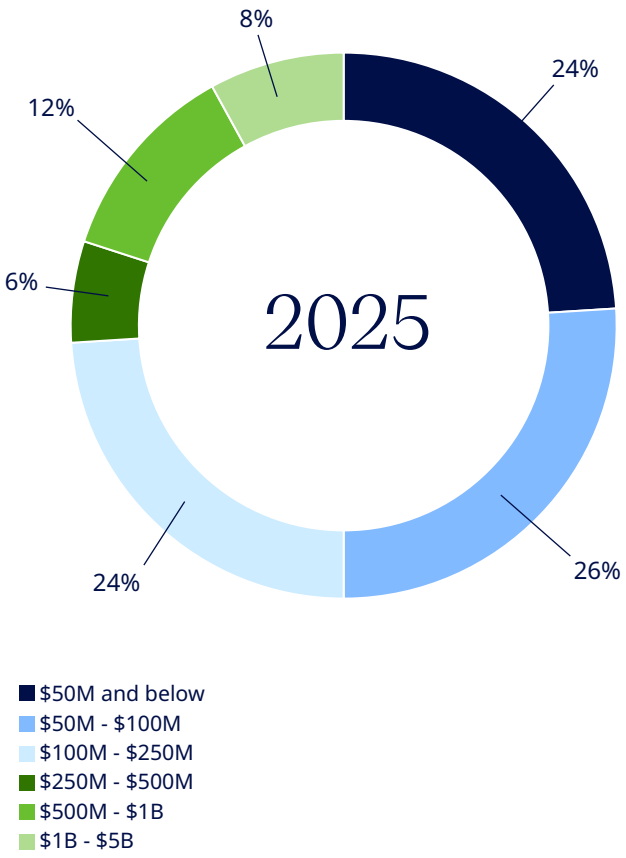
By deal size

Pacific W&I usage reflected large numbers of mid-market deals, with most insured transactions falling below US$500 million in enterprise value (see Figure 31). Despite smaller deal sizes, buyers consistently purchased limits representing a material proportion of enterprise value, reflecting a conservative approach to post-completion exposure.

Limits in the Pacific have historically trended higher than in the US, driven by a disclosure regime typically centered on data room disclosures rather than formal disclosure letters, combined with generally attractive rates. These dynamics continue to lead insureds to secure higher limits, including coverage up to full enterprise value in some cases.

Median enterprise values and limit-to-EV ratios remained broadly stable year-on-year, indicating dealmakers' continued focus on greater outcome certainty and balance sheet protection, even amid competitive bidding environments. This risk-transfer approach contrasts with European markets, where absolute limit size is increasingly driven by large-cap transactions.

Figure 31: Deal portfolio by enterprise value in the Pacific (US$), 2025



By industry sector

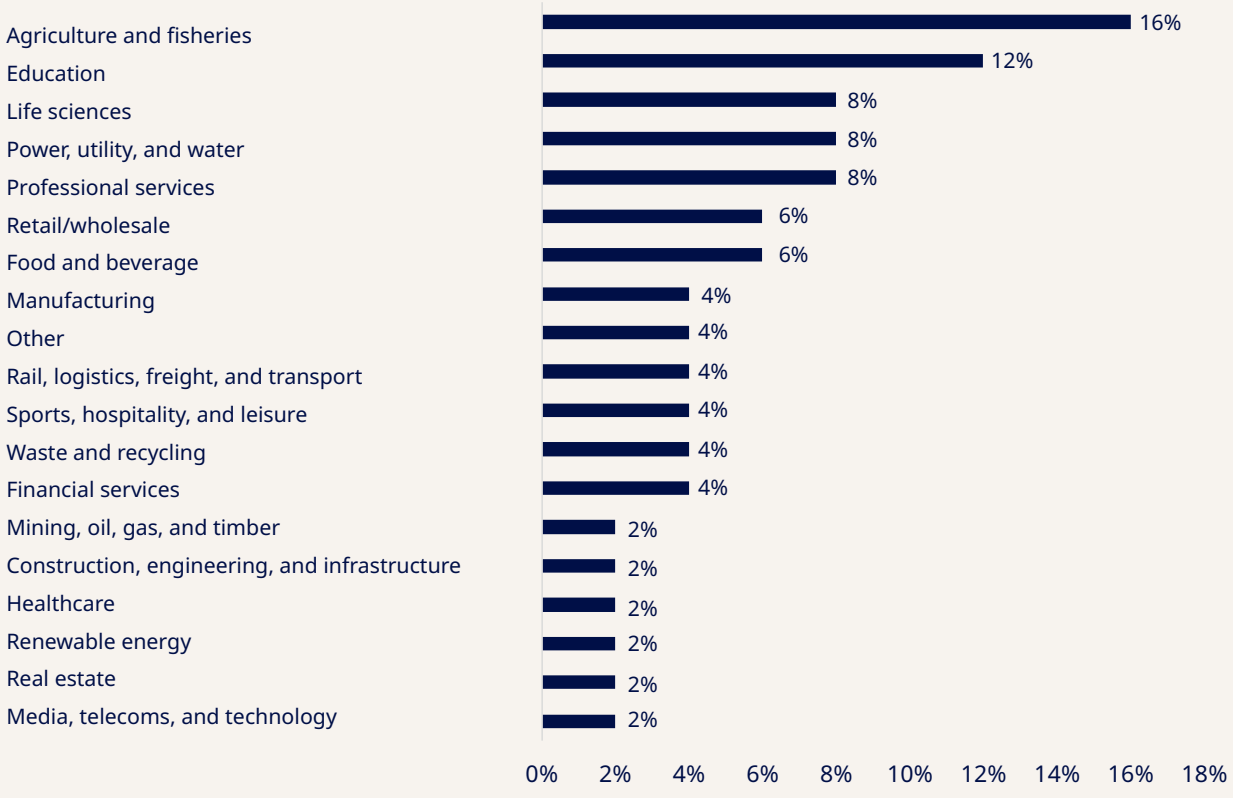
Demand for W&I in the Pacific is increasingly driven by risk complexity rather than deal size, reinforcing the product's value in addressing sector-specific exposures. Activity in 2025 concentrated on defensive and cash-flow resilient industries, reflecting macroeconomic caution and investor preference for earnings visibility (see Figure 32).

Key sectors included:

- Healthcare and life sciences, driven by platform consolidation, demographic trends, and regulatory complexity
- Technology and business services, characterized by asset-light, scalable models and diligence-intensive revenue recognition
- Infrastructure and energy transition services, featuring regulated revenues and long-term contracts
- Selective real estate, focusing on high-quality commercial real estate, logistics, healthcare, and essential services assets

These sectors demonstrated above-average W&I adoption, particularly where regulatory exposure, financial reporting risks, or operational complexity increased the value of synthetic protection. Use of synthetic W&I policies grew, including in strategic situations involving insolvent vendors or targets in administration.

Figure 32: Deal activity by industry sector in the Pacific, 2025



By deal type and buyer

Private equity sponsors accounted for approximately one-third of insured transactions, driven by sponsor exits, sponsor-to-sponsor trades, and structured bilateral processes. While private equity sponsors remained active in deploying capital, many continued to show reluctance to divest assets in uncertain market conditions.

Corporate buyers, by contrast, represented a clear and growing majority of insured transactions. Activity was particularly strong in divestments, bolt-on acquisitions, and joint venture restructurings. Corporates increasingly used W&I insurance to seek to reduce escrow and indemnity friction, address board-level risk governance, and enable cleaner exits and faster capital recycling.

This trend mirrors earlier developments in Europe and reinforces the view that W&I insurance in the Pacific has evolved into a governance and capital efficiency tool, rather than one used predominantly by private equity.

Pricing, coverage, and underwriting dynamics

Pricing in the Pacific remained highly competitive in 2025, with the sharp downward pressure observed in prior years largely stabilizing.

Insurers continued to offer:

- Lower retentions and de minimis thresholds, supported by thorough diligence
- Broad synthetic enhancements extending coverage beyond traditional W&I to operational risks, such as cyber, professional indemnity, and environmental liability
- Extended synthetic solutions, including coverage for tax indemnities, known issues, and indemnification of insolvent operators or targets in administration
- Pragmatic interim breach cover, with renewed appetite as insurers get more comfortable with interim periods despite regulatory uncertainty

At the same time, underwriters increased scrutiny on financial statement integrity, tax structuring, and employee underpayments. However, insurers demonstrated greater flexibility by enhancing coverage post-transaction for matters that could be further diligenced.

Overall, the Pacific market may not see further rate decreases, with signs of incremental rather than broad-based premium increases.

Claims activity

Claims notifications in 2025 remained consistent with 2024 levels. Approximately half of reported claims related to breaches of accounts warranties, highlighting ongoing sensitivity around financial misstatements. Intellectual property infringement, asset condition issues, and critical infrastructure repairs also featured among claims notices. Additionally, tax and contract warranty losses remained among the most commonly notified.

Stable claims volumes reflect growing confidence in W&I insurance as an effective M&A risk management tool, increased willingness to pursue claims in areas previously approached cautiously by insurers, and continued vigilance by insureds in identifying and addressing warranty breaches.

Outlook for the year ahead

Noting the global geopolitical uncertainty, the Pacific region remains well-positioned to play an important role in both domestic and inbound investment. Transactional risk insurance is expected to continue serving as a key tool for increasing execution certainty and supporting effective risk allocation in transactions.

The Pacific W&I market entered 2026 from a position of relative stability and predictability, supported by easing financing conditions, renewed sponsor engagement, and sustained corporate M&A activity. While broader geopolitical and macroeconomic developments may influence deal-making sentiment in certain regions, deal volumes in the Pacific are expected to remain broadly steady, with selective upside driven by improved access to capital, continued inbound investment, and measured confidence among both strategic buyers and private equity sponsors.

Transactional risk insurance is expected to remain a core execution tool, particularly for corporate buyers seeking to manage governance requirements, reduce post-closing friction, and enhance bid competitiveness in increasingly structured and bilateral processes. While pricing is expected to remain attractive overall, insurers may continue to take a selective approach to capacity deployment, particularly on larger towers and transactions with more complex risk profiles, reflecting both claims experience and a cautious response to evolving market conditions.

In addition, tax insurance usage is expected to broaden beyond traditional infrastructure and real asset transactions into carve-outs, restructurings, and other complex deal scenarios, as deal-makers seek greater certainty amid evolving regulatory environments and occasionally uncertain market dynamics.

Within the global context, the Pacific is expected to continue to be recognized as a developed and institutionalized transactional risk market, characterized by consistent execution quality, strong insurer engagement, and mature risk-transfer practices, which should support continued activity even amid periods of broader global volatility.

Global outlook for 2026

The transactional risk insurance market is positioned for continued growth in 2026, supported by easing financing conditions, ample private capital, and renewed momentum in cross-border dealmaking — although geopolitical uncertainty may have an impact on M&A.

Sponsors and strategic buyers are expected to re-engage with transactions deferred during periods of elevated borrowing costs, particularly larger and more complex deals.

R&W/W&I insurance adoption continues to expand beyond traditional sponsor-led M&A, with corporate buyers increasingly relying on insurance as they seek to enhance bid competitiveness, manage execution risk, and reduce post-closing friction.

Tax insurance usage is broadening structurally into carveouts, restructurings, and cross-border transactions, while growing cross-border activity is expected to further increase demand for coordinated, multi-jurisdictional insurance solutions.

Marsh's team of transactional risk specialists combines deep, cross disciplinary experience — spanning M&A, taxation, investment banking, and accounting — with established market relationships to design and place tailored transactional risk insurance programs that help organizations to better manage deal exposures. By coordinating insurance coverage globally and providing dedicated claims support, our team helps organizations as they seek to enhance deal value and protect returns amid rising M&A activity.



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Private Equity Mergers & Acquisitions (PEMA) at Marsh

In today's competitive business landscape, private equity firms, alternative asset managers, and corporations constantly seek growth opportunities and value creation through acquisitions, mergers, and divestitures. While these transactions hold immense potential for value creation, they also come with significant risks and complexities for buyers and sellers.

Marsh's PEMA Practice has been helping private equity firms and corporations navigate these challenges for more than 25 years. Our team of specialists has the industry knowledge and experience to provide strategic insights and risk management solutions across the entire investment lifecycle — from due diligence and transaction structuring to integration, portfolio management, and post-deal risk mitigation.

Our expertise

As a trusted risk advisor, Marsh's PEMA team delivers customized solutions to help clients mitigate risks, protect value, and maximize returns. Our offerings include:

- Transaction support. We assist buyers, sellers, and lenders with due diligence, valuation, deal structuring, financial modeling, and transaction execution, helping them make informed investment decisions.
- Transactional risk management. We offer tailored insurance solutions — including representations and warranties, tax liability, and contingent risk coverage — to help safeguard deals and enhance returns.
- Portfolio management. Our PEMA Portfolio Platform helps private equity sponsors and their portfolio companies optimize risk management, centralize insurance programs, and drive operational efficiency.

Through our global reach and deep industry expertise, Marsh's PEMA team empowers private equity firms and corporations to navigate the complexities of mergers, acquisitions, and divestitures with confidence.

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