

M&A Insurance Spotlight

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Shifting Deal Structures & Rising Insurance Demand: Compared to last year, transaction sizes have decreased, reflecting the continued focus on buy-and-build strategies and smaller add-on deals. Nevertheless, overall market momentum has improved. Despite ongoing volatility, the total value of completed transactions increased during 2025. High-quality targets remain in strong demand, and structured auction processes that attract a wider pool of bidders are becoming increasingly common. W&I insurance continues to be highly popular and is increasingly used to support and secure M&A transactions, also for smaller deals. Insurers are becoming more flexible regarding the due diligence requirements that underpin their underwriting. At the same time, we are seeing a trend toward a less precise disclosure process on the sell-side. While sellers continue to insist on M&A coverage, their willingness to provide a detailed disclosure package has generally decreased, making it more challenging to place W&I policies without exclusions. Additionally, demand for other M&A insurance products, such as tax or environmental insurance, has grown in recent months. This trend reflects sellers' increasing reluctance to accept purchase price adjustments or indemnities for known risks.

Increasing W&I insurance coverage

Due to intense competition across more than 40 European markets, insurers and MGAs are offering increasingly competitive coverage options. As a result, policies that traditionally included "standard exclusions" can now often be removed due to customized due diligence and broker requests or customized to better suit the needs of policyholders.

Market Overview

With 29 MGAs (Managing General Agencies) and 14 insurers, the European M&A insurance market has continued its growth in 2025, with several new market entries in recent months. While these new players are notable, many are building on existing, experienced teams from competitors, causing some market movement, increased competition, and more commercial pricing and coverage options.

The current trend of consolidation has now reached the M&A insurance market, with private equity firms and existing brokers acquiring MGAs and integrating new MGAs into their portfolios.

In this context, Pollux takes pride in remaining fully independent, with no corporate entanglements with any insurer or MGA.

Granular W&I Insurance Pricing

The cost of W&I insurance has become increasingly granular. With a low base premium of around 0.8%, insured parties can select from a variety of additional coverage options, such as broader loss definitions or synthetic cover elements, each of which adds to the premium. This flexibility is highly valued, resulting in an overall average rate on liability (RoL) slightly above 1%.

Risk Appetite

As a consequence of the increasing number of claims and a higher proportion of claims reaching full policy limits, insurers and MGAs have reacted by reducing their risk appetite, resulting in lower limits being offered. While previously a reasonable number of insurers provided limits above EUR 100 million per policy, most market players have now reduced their maximum limits to EUR 35–40 million, leading to a growing demand for so-called "Tower Policies."

This trend has highlighted the importance of the quality of tower policies, where the policy wording, the chosen broker, and the interaction with local procedural laws are critical. These elements form the real stress test of a W&I tower policy in case of a claim that spans multiple layers.

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