

M&A Insurance Spotlight

April 2026

M&A Market Update: Activity Picking Up Toward the End of Q1

Throughout January and February, many investors remained cautious with deals developing slowly, with a noticeable tendency to pause transactions while waiting for improved market conditions.

Toward the end of the first quarter, however, activity began to increase, culminating in a particularly busy period shortly before Easter. While the market remains selective, the recent uptick in processes suggests that deal momentum is gradually returning. At the same time, the number of insured transactions increased again across all deal sizes in Q1, ranging from very small limits to larger mid-market deals

Rising Number of W&I Claims: Importance of Effective Claims Handling

Over the past months, we have seen a growing number of claims reported under W&I policies. Most of these claims relate to breaches of the balance sheet warranty and have, in some cases, resulted in significant losses, including full-limit claims.

During the claims processes, we observed notable differences in both the quality and speed of claims handling. These differences were particularly visible in older policies placed through Managing General Agencies (MGAs), especially where it had not been clearly defined in advance which of the underlying insurers is the lead insurer with claims-handling authority. These differences were particularly visible in older policies placed through Managing General Agencies (MGAs), especially where it had not been clearly defined in advance which of the underlying insurers is the lead insurer with claims-handling authority.

In practice, this can create challenges where multiple insurers participate in a policy but assess claims independently, sometimes reaching different views or progressing at different speeds. In several cases, we were able to play an important role as a broker by coordinating

communication between insurers, moderating questions from appointed legal advisers, and helping to streamline the overall process.

In general, our experience confirms that claims-handling tends to become more complex the more insurers are involved in a placement. As a result, clients and their legal advisers increasingly look closely at how insurers behind an MGA have historically handled claims, and at the level of support the MGA itself provides in a claims scenario.

Tax Insurance: From Niche Product to Established Tool

In recent months, we have also seen a growing number of tax risks being brought to the insurance market and a corresponding increase in the placement of tax insurance policies.

While tax insurance was considered a relatively niche product only a few years ago, it is increasingly becoming a standard tool in complex transactions and restructurings. This development is reflected not only in the rising number of insurers and MGAs that have established dedicated tax underwriting teams—often including German tax experts—but also in the broader market dialogue around tax risk solutions.

In March 2026, Pollux had the opportunity to participate as a panelist at the WIN Tax Conference in Berlin, alongside a representative of the German tax authorities. The discussion focused on practical tax risks related to cross-border restructuring and exit taxation (“*Entstrickung*”) and explored how tax insurance can serve as an alternative to seeking a binding tax ruling. One key takeaway from the discussion was the increasing breadth of the tax insurance market. In many situations, while some insurers may decline a risk as too complex, there are often two or three providers willing to engage. This diversity of underwriting perspectives is one of the market’s greatest advantages and can provide clients with reliable solutions that are often not available through traditional tax authority rulings