

Private Equity and M&A Practice

# Italian Transactional Risk Insurance Market 2024



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Marsh Italia M&amp;A Team

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# Italian M&A market – 2024 Overview

## ITALY M&A MARKET

The Italian M&A market had a record-breaking year, completing more than 1,360 deals with a total value of around €64 billion.

Despite the ongoing geopolitical uncertainties, 2024 benefited from the international macroeconomic environment, which, while not uniform, saw economic growth coupled with a decline in inflation. This shift enabled central banks to adjust their monetary policies, thereby assisting investors in closing significant transactions.

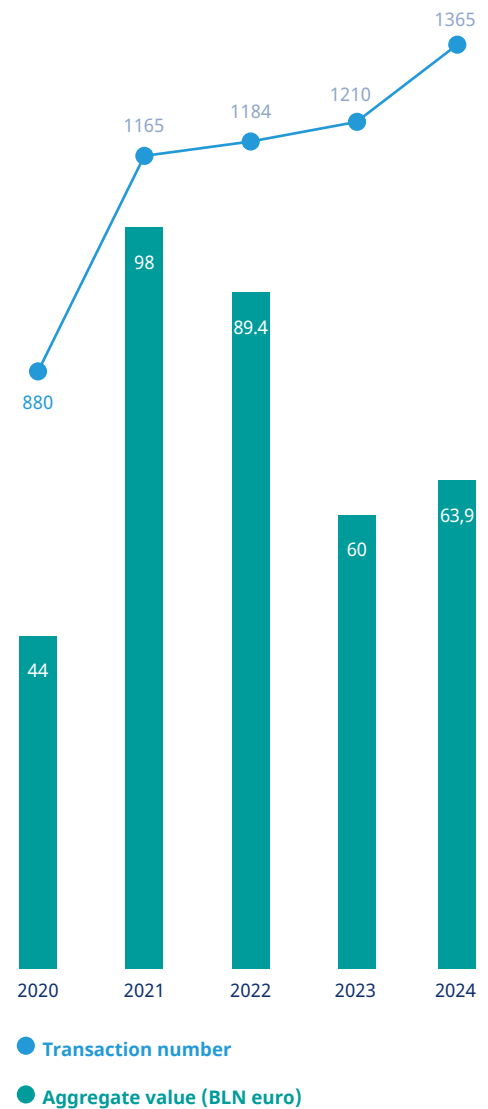
There was also an increase in megadeals, with 15 transactions exceeding €1 billion.

## ITALIAN TRANSACTIONAL RISK INSURANCE MARKET

As M&A activity rebounded in 2024, transactional risk insurance remained a vital tool for mitigating risk and enhancing deal certainty.

Despite the challenging M&A environment, the demand for transactional risk insurance solutions increased, driven by a growing recognition of its unique value in mitigating risks associated with complex transactions. Insureds increasingly sought deal protection through representations and warranties (R&W) and warranty and indemnity (W&I) insurance across various sectors, complemented by a significant increase in the use of tax insurance.

### 01| Italian M&A market



# Warranty & indemnity

2024 was a record-breaking year for Warranty and Indemnity (W&I) policies, registering a significant uptick in the number of policies underwritten (+69%) compared to 2023.

Out of the 1365 M&A deals completed in the past year, around 21% were insured. Despite a decrease in average capacity, premiums per policy and Rate on Line (RoL\*), the overall growth signals a robust confidence in W&I insurance as a vital tool for navigating the complexities of mergers and acquisitions.

## Sector breakdown

In terms of deal count, operational deals accounted for the largest share, representing approximately 60% of the total deals, maintaining a similar position to that of the previous year.

In contrast, the real estate sector experienced growth, registering 21% of the deals in 2024, compared to 15% in 2023. The infrastructure and energy sector ranked third, collecting around 19% of the total deals (registering a slight decrease).

## Insureds: corporate vs private equity

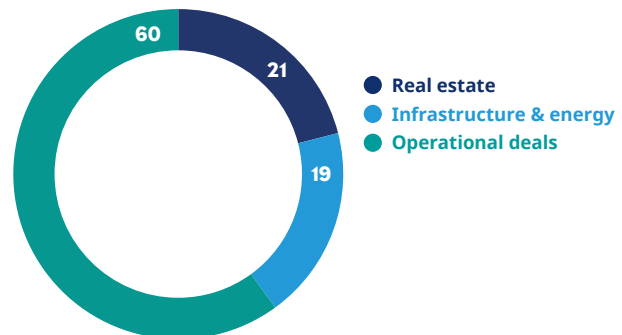
The growth of the transactional risk market has been primarily driven by private equity since 2022, following several years in which the market was nearly balanced between financial and strategic sponsors.

In 2024, 215 W&I policies, representing approximately 55% of the total policies underwritten, were issued to private equity firms, compared to 175 policies issued to corporate entities, which accounted for around 45%.

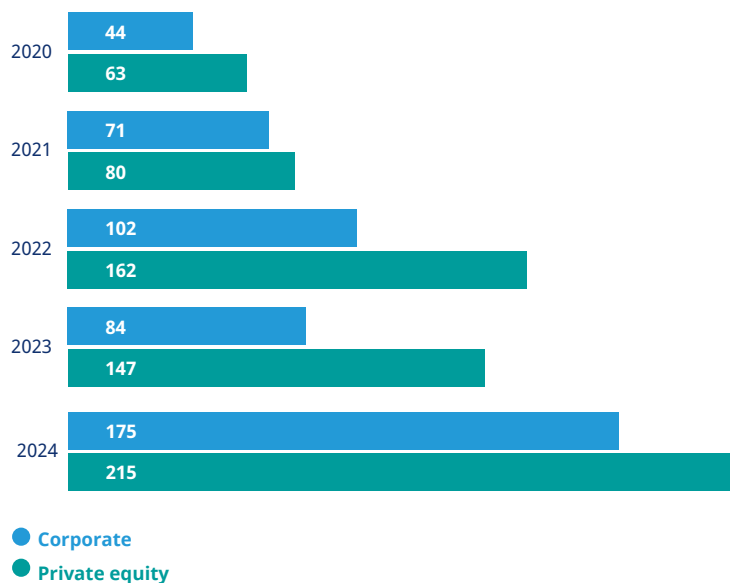
## 02| W&I solutions placed in Italy

	2023	2024	% change per year
Total policies	231	390	+69
Total primary policies	194	284	+46
Insured M&A deals	19%	21%	+11
Total market underwritten limit (€)	5,500,000,000	6,038,852,036	+9
Total premium (€)	74,000,000	109,222,659.29	+47
Average limit per policy (€)	24,000,000	15,484,236	-35
Average premium per policy (€)	322,000	280.058,10	-13
Average rate on line (%)	1.35	1.16	-16

## 03| Sector breakdown (%)



## 04| Corporate vs private equity



\*RoL indicates the premium expressed as a % of the limit of liability.

# Tax insurance: growth beyond expectations

## THE ITALIAN TAX INSURANCE MARKET EXPERIENCED REMARKABLE DEVELOPMENT IN 2024

- Compared to 2023, the number of tax insurance policies placed increased fivefold, the aggregate limit of liability deployed surged tenfold, and the average premium rate remained relatively stable at 4%.
- The rising number of insurance submissions shows that tax insurance is gaining traction as a common tool in M&A transactions addressing deal-breaker risks.
- New Italian tax-dedicated underwriters have entered the market, and growing competition from additional transactional risk players is elevating the sophistication and appetite for tax insurance providers.
- The mid-market for tax insurance is expanding with increased flexibility in policy terms and new prospects for smaller transactions.
- Opportunities are also arising beyond M&A scenarios, including internal restructurings, refinancings, tax investigations and audits, the availability of tax assets, and the release of balance sheet tax provisions.
- Looking ahead, the Italian tax insurance market is poised for significant growth in 2025.

### Tax policies placed in Italy

	2023	2024	
Total tax policies	12	77	Excess policies account for over 50% of the total policies issued.
Total tax market underwritten limit (€)	245 million	2.3 billion	The uptick was primarily due to several larger placements within syndication insurance programs.
Average rate on line (%)	4	4	For primary tax policies with a limit of approximately €30 million, rates can reach 6% to 8%. However, as the limit increases, premium tends to decrease. For higher limits, the implementation of a syndication program further reduces rates, resulting in lower rates on both primary and excess policies, which benefit from proportional discounts.



# TITLE POLICIES - OVERVIEW

The total number of title policies (including good title and donation solutions) is consistent with the findings from 2023.

A particular focus on good title policies indicates an increase in both the number of policies and the average limits per policy, while there is a slight decrease in the total premiums.

Regarding the donation policies, the data indicates a challenging year for policy volume, with a decline in the total number of policies. However, the increase in both the total market underwritten limit and the average limits and premiums per policy suggests a strategic shift towards higher-value policies.

## Good title policies placed in Italy

	2023	2024	% change per year
Total policies	25	33	+32
Total market underwritten limit (€)	900,000,000	1,103,865,000	+22
Total premium (€)	1,600,000	1,581,387.94	-1
Average limit per policy (€)	35,800,000	61,325,833	+71
Average premium per policy (€)	65,000	87,855	+35

## Donation policies placed in Italy

	2023	2024	% change per year
Total policies	25	16	-36
Total market underwritten limit (€)	213,400,000	217,608,588	+2
Total premium (€)	580,000	554,000	-4
Average limit per policy (€)	8,500,000	12,854,619	+51
Average premium per policy (€)	23,000	29,666	+29

# Contributors

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