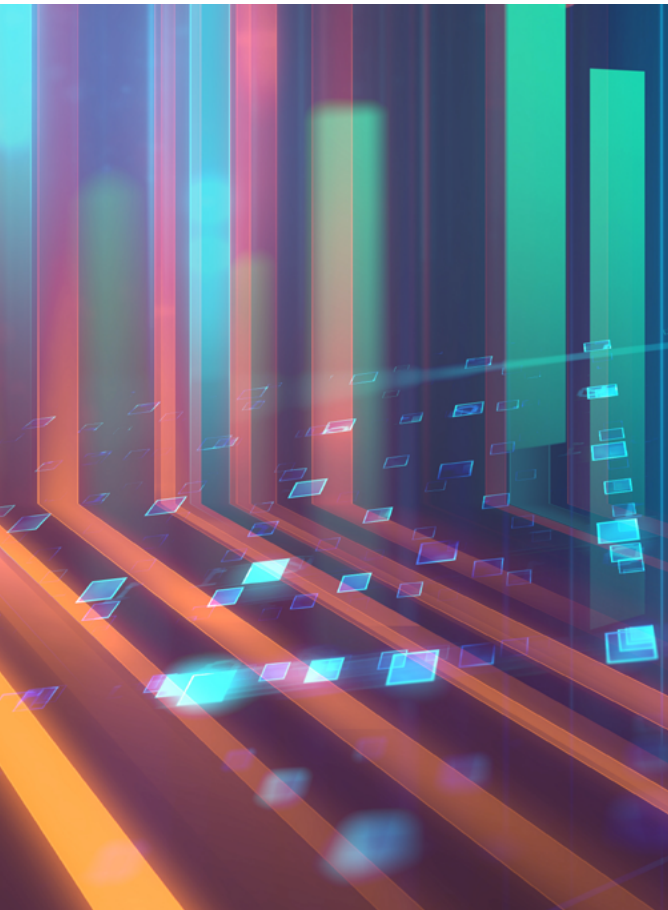


Italian Transactional Risk Insurance Market Report 2021

Private Equity and M&A Practice

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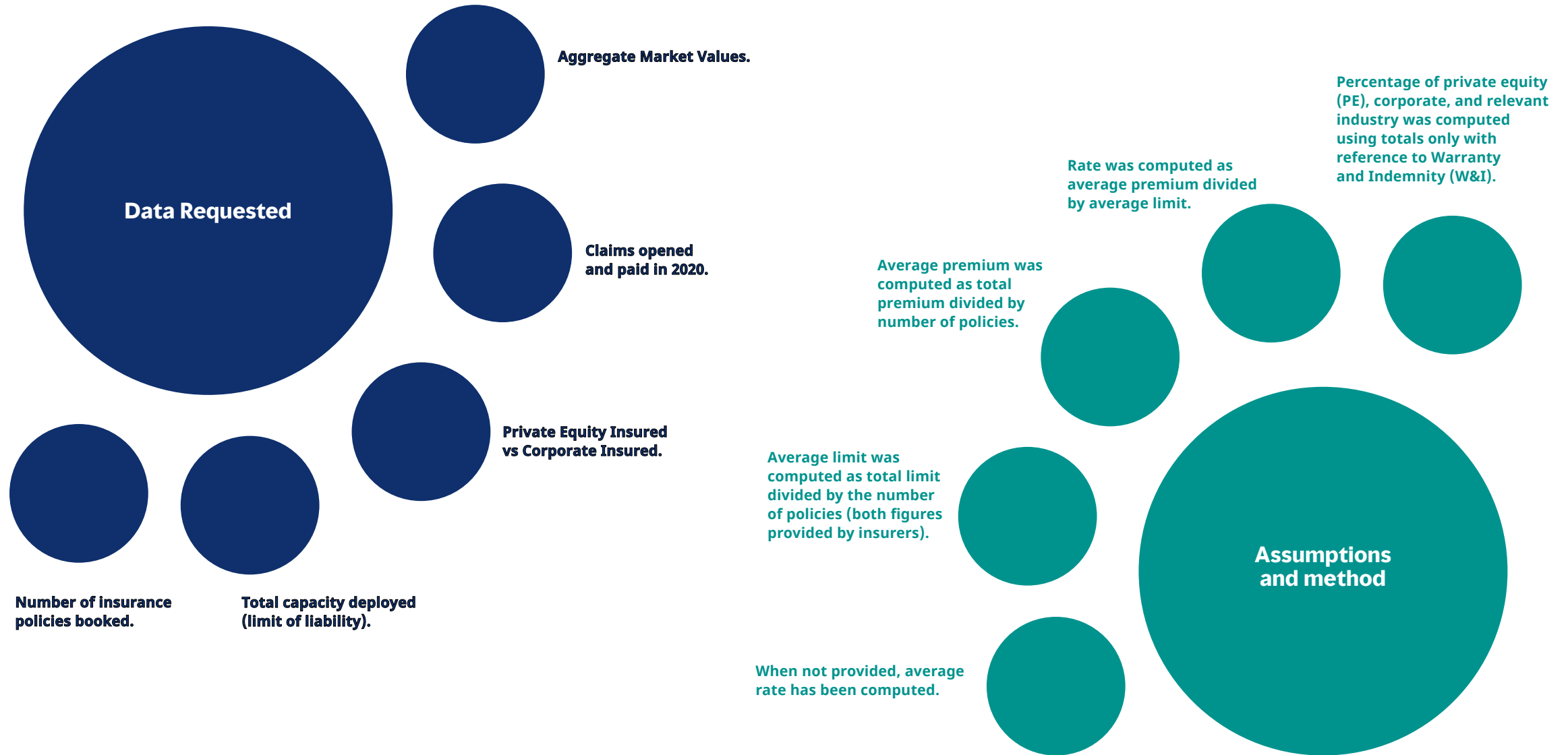
- Italian M&A activities
- TRI policies for Italian M&A activity

7 Transactional Risk Insurance (TRI) solutions

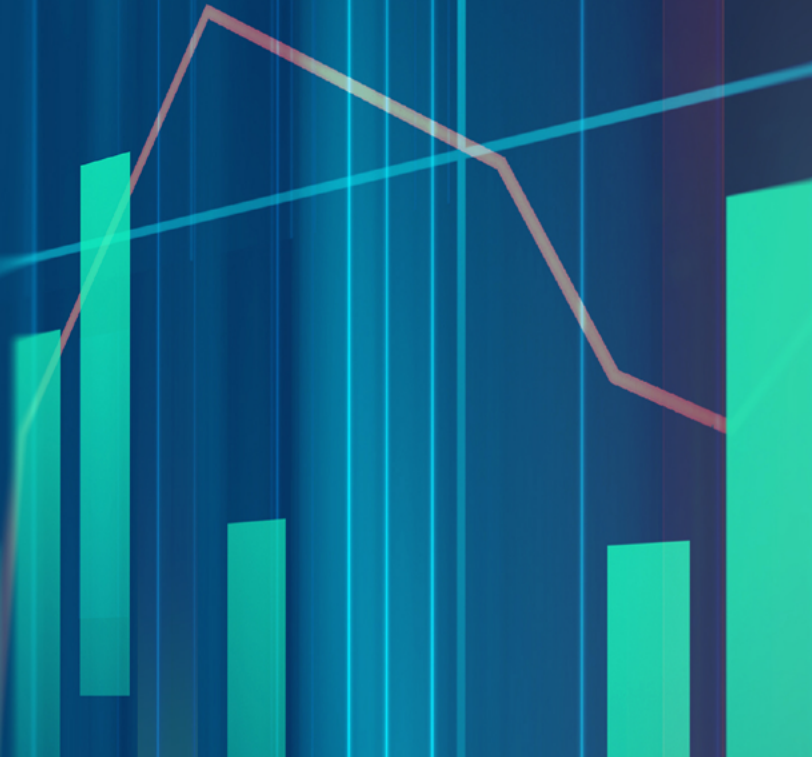
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- Claims focus
- Title focus
- Continent risk solution focus

12 Contributors

Data requested, assumptions and method

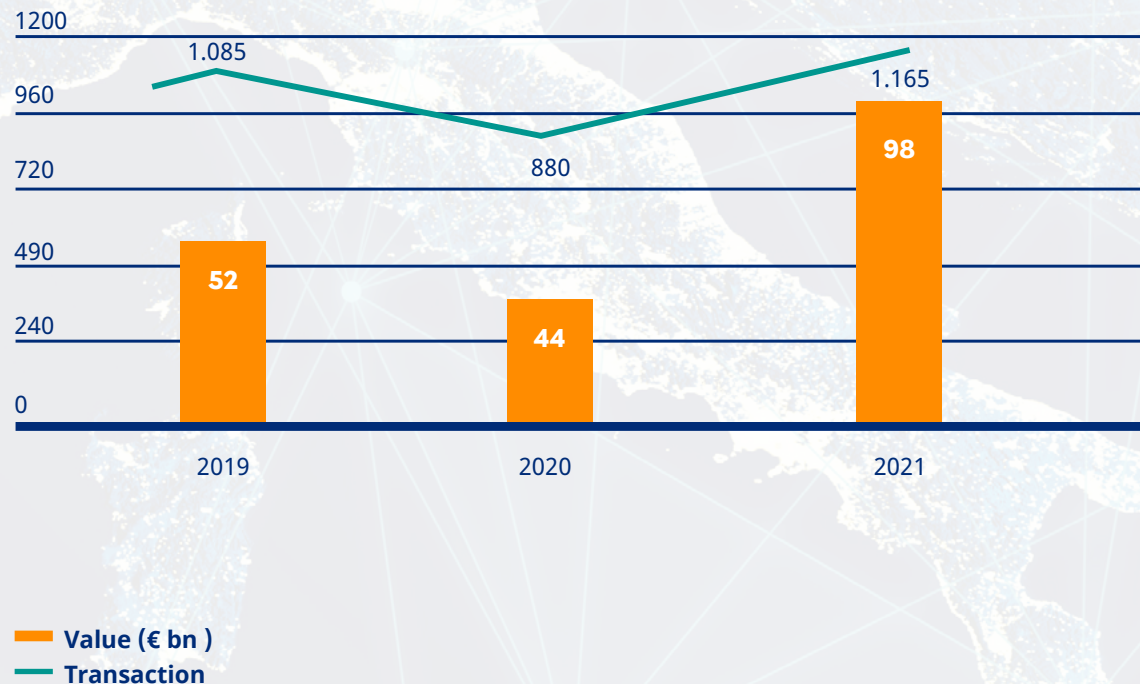


Italian M&A landscape



Italian M&A activities

Italian M&A Activity



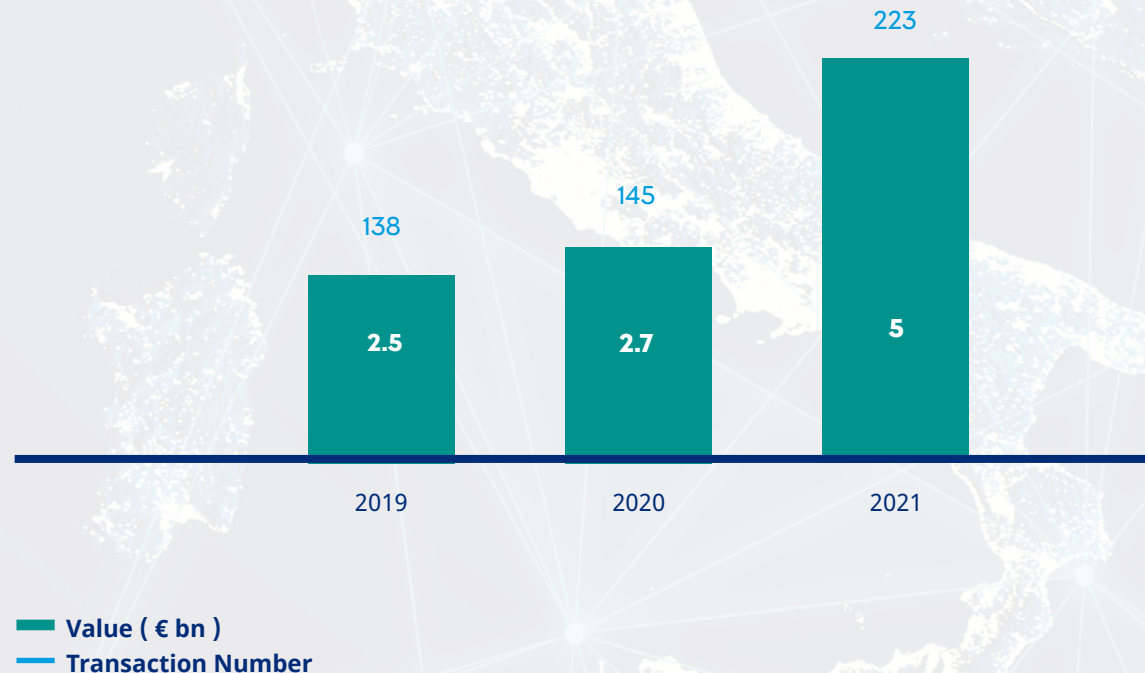
Source: "Il mercato M&A 2021" di KPMG

MARKET TIPS

- 2021 was a record year for M&A transactions with 1,165 deal closed (+32% vs 2020) with value of € 98 billion, registering an increase +122% compared to € 44 billion of 2020.
- The growth in value of the transactions recorded in 2021 was due to several high value deals in the Enterprise Value (EVs) exceeding € 1 billion (18 deals against 10 deals executed in 2020).
- In respect to the number of deals executed in 2021, the leading sectors were the manufacturing and chemical sectors which both sealed 195 deals. They were followed by the consumer sector with 132 deals and the technology sector which closed 88 deals.
- The average value of the transactions has increased due to large deals placed in the Infrastructure (€ 22.3 million), Telecommunications (€ 11.8 million), and Renewable Energy (€ 10.5 million) sectors.
- The post-COVID-19 market will be driven by the pharmaceutical, technology and infrastructure sectors, as a result of increased funding.
- We expect a positive trend for the underwriting of policies to cover specific risks both in terms of policies placed and the value connected to the requested guarantee.

Transactional risk insurance market

TRI market overview



Source: Insurance Survey Marsh 2021

KEY TRENDS

- Increase of the total number of policies compared to 2020.
- Increase in the number of mega-deals and - consequently - we have witnessed an adjustment of the insured limit.
- Renewable Energy, Infrastructure and Technology deals were the main contributors to the general increase in the number of insured transactions.
- Insured were mainly Private Equity in 2021.
- During the economic uncertainty of the COVID-19 pandemic, some Italian family companies opened up to receiving capital from external investors.
- There has been a strong increase in policies to cover the donation risk to cover both shares donated and portions of assets donated.
- Increase in policies covering known risks.
- Increase in the total capacity deployed by insurer due to mega deals and increased request for known risks policies.


Transactional risk insurance solutions





W&I solution focus

Italian Market Numbers	2020	2021	%
Total Policies	107	166	55.14%
Total Market Underwritten Limit	€ 1,538,000,000	2.480.186.420	61.26%
Total Premiums	€ 21,300,000	€ 32,457,033	52.38%
Average Limit Per Policy	€ 14,373,831	€ 16,093,949	11.97%
Average Premiums Per Policy	€ 199,065	€ 195,524	-1.78%

KEY TRENDS

Type of policy	2020	2021
Private Equity Deals	63	80
Corporate Deals	44	71 

Sector	Number of policies
Real Estate	48
Energy	28
Manufacturing	16 
Infrastructure	5
Information Technology	4 
Health Care	3

W&I solution details

KEY TRENDS

- A mega deal with EV of € 5 billion (and with premium of EV 3 million) was not included in the table above as it would have distorted all the data.
- There was an increase in Enterprise Value of the transactions and the Limit of Liability due to executed mega deals in 2021.
- In the context of Real Estate, nil deductible was confirmed as best practice.
- All deals with targets such as hotels or resorts were not guaranteed by the insurers as they were the most affected during the pandemic.
- Executed Fund Wrapper Policies increased in 2021 as many funds were liquidated due to the sale of their latest assets.
- As regards the targets of the transactions, in the North of Italy, more executed deals were characterized by manufacturing targets and in the South of Italy there were more executed deals with real estate and energy targets.
- Insurers had the least appetite for covering the Pharma and Digital sectors.
- In the Renewable Energy sector, limits of liability subscribed and premiums paid were almost double that of the previous year.



Title solution focus

Italian Market Numbers	2020	2021	%
Total Policies	18	26	44.44%
Total Market Underwritten Limit	€ 1,024,000,000	€ 2,578,500,000	151%
Total Premiums	€ 2,646,00	€ 4,430,000	67.42%
Average Limit Per Policy	€ 39,384,615	€ 99,173,077	151.81%
Average Premiums Per Policy	€ 101,000	€ 170,384,62	68.70%

KEY TRENDS

- Increased capacity deployed by insurers due to larger insured transactions and increased number of deals where the product was implemented.
- 44% more policies have been underwritten compared to last year. This indicates the increased understanding of the usefulness of Title solution in a M&A context.
- Amid the economic uncertainty triggered by the pandemic, some Italian family companies preferred to divest their assets. In 2021 there has been a strong increase in policies to cover both shares donated and portions of assets donated.
- Most of the policies were implemented on Real Estate and Manufacturing deals.
- One of the benefits of executing a title policy is that you get a longer coverage period for fundamental warranties than that offered by a W&I policy.

In light of this, a title policy will cover fundamental warranties for a period up to 10 years from closing.

Continent risk solution focus

Specific Risk Solutions 2021

Total Policies	14
Total Market Underwritten Limit	€ 209.000.000,00
Total Premiums	€ 1.556.000,00

Environmental M&A Solutions 2021

Total Policies	2
Total Market Underwritten Limit	€ 16.000.000,00
Total Premiums	€ 45.000,00

Tax Solutions 2021

Total Policies	2
Total Market Underwritten Limit	€ 25.000.000,00
Total Premiums	€ 1.150.000,00

DONATION SOLUTION FOCUS

Italian Market Numbers

2021

Total Policies	13
Total Market Underwritten Limit	€ 244.000.000,00
Total Premiums	€ 244.000,00
Infrastructure	€ 18.769.230,77
Average Limit Per Policy	€ 18.769.230,77
Average Premiums Per Policy	€ 18.769,23



+62%

Donation solutions executed in 2021

Contributors

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