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Global M&A Insurance: 2025 Trends and 2026 Outlook

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Entering 2026 from a Position of Strength

The transactional risk market entered 2026 from a position of strength. Even against a backdrop of uneven deal volume, persistent macroeconomic uncertainty and geopolitical volatility, M&A insurance continued to deepen its role in deal execution across private equity, corporate M&A, secondaries, carve-outs, restructurings and financings. The market is no longer peripheral. It is now part of the mainstream architecture of sophisticated transactions.

From Resilience to Entrenchment

The defining feature of 2025 was not simply resilience, but entrenchment. Transactional insurance has moved beyond its historical role as a means of replacing escrow or narrowing recourse. It is increasingly used as a strategic tool to improve bid competitiveness, unlock seller clean exits, bridge valuation gaps, support liquidity solutions and manage post-closing downside with greater precision.

This shift is especially pronounced in sponsor-led transactions, where insurance is now embedded in execution strategy rather than considered opportunistically.

The Strategic Convergence of Private Capital and Insurance

A catalyst for this trend is the broader convergence between private capital and insurance, as large-cap private equity and alternative asset managers increasingly partner with insurers to combine long-dated balance-sheet capital with private markets origination and asset-management expertise. The Apollo/Athene and KKR/Global Atlantic platforms are among the clearest examples of this model, which is expected to continue as a key trend in 2026.

Although most visible in life, annuities and retirement services, its significance is broader as sponsor-backed insurers and insurance-affiliated asset managers contribute to normalising insurance as a strategic component of transaction architecture (rather than a reactive protection product). In that sense, the continued growth of sponsor-insurer partnerships is not merely a background market development; it is part of the reason transactional insurance is becoming more sophisticated, better capitalised and more deeply embedded in modern deal execution.

Underwriting Capacity and Emerging Market Discipline

A second defining theme was the continued abundance of underwriting capacity. Across the major markets, insurers remained willing to write a broad range of risks, sectors, deal sizes and jurisdictions. Competition remained intense and, in many regions, that continued to support historically low premium levels, broad cover and reduced retentions. Tipping-to-nil structures are now widely available and nil-retention outcomes can still be achieved in the right circumstances, particularly on well-run processes and lower-risk assets. At the same time, the market is beginning to show signs of discipline after a prolonged soft cycle. There is now a noticeable, if still measured, recalibration in pricing in certain segments as insurers respond to claims experience and loss severity.

That emerging recalibration is significant. The market remains favourable to insureds, but the era of relentless premium compression appears to be nearing its limit. In 2026, pricing is likely to be more differentiated. Clean diligence, disciplined disclosure and coherent risk presentation will matter more. Insurers are still competing hard, but they are doing so in an environment where claims data is exerting greater influence on underwriting behaviour.

Claims Trends Reshaping Underwriting Behaviour

Claims are, in many respects, now the most important structural driver in the market. Notifications are rising across mature regions and paid claims are becoming more visible and more consequential. Frequency remains manageable, but severity is clearly shaping insurer attitudes. In practical terms, that has several implications. First, insurer selection is no longer just about rate, retention and wording. Claims handling capability, responsiveness and commercial approach are increasingly material. Secondly, underwriting scrutiny is intensifying around those areas that most often sit behind paid losses, including financial statements, tax, compliance, material contracts and sector-specific operational issues. Thirdly, policy procurement and claims preparedness can no longer be treated as separate workstreams. Buyers that approach underwriting with one eye on recoverability will be better placed if issues arise post-completion.

Regional Perspectives: UK & EEA

From a regional perspective, the UK and EEA remain among the most developed and competitive markets. Activity in 2025 was particularly strong in the lower and mid-market, even if average deal size fell back from the outsized transactions seen in the previous year. Premiums and retentions remained highly competitive, with meaningful sector divergence. Technology and healthcare continued to attract higher retentions given their complexity, while infrastructure and real estate benefited from especially favourable outcomes, including nil-retention structures on certain asset-backed deals. The broader direction of travel is clear - insured-friendly conditions remain available, but there is a discernible move towards more sustainable pricing and risk-sharing.

Regional Perspectives: United States

The United States presents a more nuanced picture. Deal value recovered sharply on the back of larger transactions, but middle-market volume remained softer than many expected. Even so, transactional insurance remained firmly embedded in the US middle and upper-middle market, and pricing firmed more visibly than in many other jurisdictions. Regulated sectors continue to attract higher premiums, while underwriters remain particularly focused on quality of earnings, cyber exposure and tax compliance. The most important US development, however, is the mainstreaming of insurance in secondary transactions and continuation vehicles. What was once a niche solution is now becoming standard. As sponsors continue to look for structured liquidity in a constrained exit environment, insurance is increasingly central to those solutions. That is likely to remain a major growth area through 2026.

Regional Perspectives: Canada

Canada had a disrupted start to the year, with inbound activity affected by tariff-related uncertainty, but the market stabilised as the year progressed. A notable feature was the growing use of transactional insurance on smaller deals, particularly where low pricing and modest retentions made cover attractive on transactions that would not historically have insured. Tax insurance also continued to expand, especially outside conventional M&A contexts. That is part of a broader trend in which tax risk products are becoming an increasingly important standalone feature of the market rather than simply an adjunct to acquisitions.

Regional Perspectives: Asia-Pacific

Asia-Pacific delivered a more constructive picture than many would have predicted at the outset of 2025. Regional M&A volumes improved overall, with strong contributions from India, South Korea and Japan, while China showed signs of stabilisation after a prolonged slowdown. Insurance conditions across Asia-Pacific remained highly competitive, with rates and retentions continuing to fall and underwriting appetite broadening across sectors and structures. In Australia and New Zealand, one of the most significant developments was the growth of seller-initiated buy-side processes. Stapled or sell-buy-flip structures have become a major feature of the market, reflecting increasing sophistication among sellers and advisers and a more process-driven use of insurance as an auction tool. This matters because it shows not just growing adoption, but growing standardisation.

India: A Market Hitting Maturity

India stands out as one of the clearest examples of a market moving from early adoption to genuine maturity. Transaction risk insurance is increasingly treated as part of the ordinary toolkit for private M&A, and its use is extending beyond large-cap transactions into the mid-market. There is also greater willingness to use insurance actively post-completion, particularly in relation to tax, regulatory and contingent liabilities. That is often the real test of a market's maturity. As parties become more comfortable with recoveries, the product ceases to be merely cosmetic and becomes a meaningful component of risk allocation.

Middle East: High Activity, Lower Penetration

For the Middle East, the position is particularly interesting. The region outperformed many others in underlying deal activity and continues to offer substantial headroom for growth in transactional insurance uptake. Pricing remains competitive, coverage is broad and the market infrastructure is gradually becoming more localised, with the first locally based underwriters and further anticipated local licensing activity. Yet penetration remains lower than deal volume would suggest. Many transactions consider insurance, but fewer proceed to binding. The reasons are familiar: cost sensitivity, varying levels of product familiarity and a tendency in some quarters to treat insurance as reactive rather than strategic. That gap is likely to narrow. As private capital deployment increases, execution risk becomes more complex and local market pathways improve, insurance should become materially more embedded in Gulf transactions. The significance of the first reported paid claim in the region should not be underestimated. Confidence in recoverability is often what turns interest into adoption.

Africa and Latin America: Expanding Participation

Africa and Latin America also continued to evolve positively. In Africa, greater insurer comfort with jurisdictional risk supported broader underwriting appetite and materially improved pricing in certain markets. In Latin America, usage continued to increase across the more active jurisdictions, particularly in infrastructure, renewables and real estate. These are still more selective markets than the UK, Europe or the US, but the direction is plainly towards broader participation, deeper competition and greater familiarity with transactional risk products.

The Rise of Tax Insurance

One of the strongest growth stories across all regions is tax insurance. It is no longer confined to transaction-linked risks and is increasingly used for operational tax issues, restructurings, challenged positions, fund wind-ups and cross-border exposures. Capacity has expanded materially, insurer appetite is developing in emerging jurisdictions and tax authority activity is driving demand for certainty. In practical terms, tax insurance is becoming a mainstream solution in its own right. For complex transactions, it offers a route to preserve value, avoid structural delay and de-risk issues that would otherwise remain on the negotiating table far too long.

Contingent Risk Insurance as a Deal Enabler

Contingent risk insurance is also becoming more strategically important. In transactions where a specific legal, regulatory or tax issue threatens to delay signing, impede financing or depress value, contingent insurance offers a means of isolating that risk and keeping the deal moving. Its role is especially valuable in restructurings, special situations and financing contexts, where ring-fencing a known liability can produce both execution certainty and balance sheet advantages. The key point is timing: these products require careful framing, robust legal analysis and early engagement. When introduced too late, much of their strategic value is lost.

The Expanding Scope of Insurance Due Diligence

Insurance due diligence continues to assume greater significance as transactions become more complex and buyers focus more closely on operational resilience, programme adequacy and post-closing cost. The work now goes well beyond checking whether the target has cover in place. Sophisticated diligence considers change-of-control issues, gaps in programme design, uninsured exposures, compliance with contractual and statutory requirements, and the shape and cost of the go-forward programme. Properly handled, it improves both the buyer’s understanding of business risk and the quality of the underwriting presentation to transactional insurers. In that sense, insurance due diligence increasingly supports both pricing and insurability.

A Constructive but More Exacting 2026

Looking to 2026, the overall picture is constructive but more exacting. The market should continue to benefit from abundant capital, sponsor pressure to deploy and exit, broad insurance capacity and continued product innovation. However, it will do so in a less forgiving environment. Geopolitical instability, tariff uncertainty, pressure on supply chains, a more visible claims environment and regulatory change will all require sharper underwriting judgment and more disciplined deal execution. The market will remain active, but success will favour parties who integrate insurance considerations early and intelligently into transaction planning.

Insurance as a Core Execution Tool

The broader legal conclusion is straightforward. Transactional insurance has now become a core execution tool in sophisticated M&A, not only for classic warranty risk, but increasingly for tax, contingent and liquidity-driven solutions. The most important developments are not merely lower retentions or incremental wording improvements, but the market's growing ability to solve transaction problems that might otherwise impede execution or destroy value. In 2026, that problem-solving function is likely to become even more important. The parties best placed to benefit will be those who treat insurance not as a late-stage procurement exercise, but as part of the legal and commercial design of the deal itself.

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