

MARSH INSIGHTS:

MIDYEAR TRANSACTIONAL RISK REPORT 2015

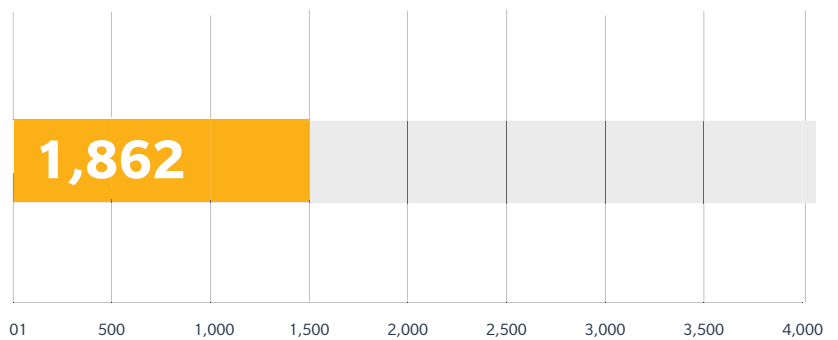
REGIONAL ROUND-UP: EUROPE, MIDDLE EAST, AND AFRICA (EMEA)

The market for transactional risk insurance continued to develop in Central and Eastern Europe, with deals in the Czech Republic, Poland, and Serbia. Some of the demand is being driven by the sale of second-generation, state-privatized assets into the private market.

In addition to the usual warranty and indemnity (W&I) insurance, we have seen greater demand for contingent tax policies on several transactions where buyers needed to cover off the risk of specific, known tax issues.

The use of title insurance to complement a W&I policy continues to rise in the real estate sector, with approximately US\$2 billion of aggregated limits placed in the first half of the year. We have seen particular interest from clients looking at assets in the Continental and Eastern Europe region, such as Poland, Hungary, Romania, Czech Republic, and Slovakia.

Limits of Insurance Placed (\$US millions)



Private Equity Policies (as % of policies placed)



Corporate Policies (as % of policies placed)



“Demand for transactional risk insurance continues to be robust across EMEA, with more innovative uses such as contingent tax liability, and in combination with title insurance,” said Andrew Hunt, Transactional Risk leader for EMEA. “We have also seen the median limit of insurance purchased per transaction across EMEA increase from US\$18 million in 2014 to US\$24 million in 2015, which means more insurance is being purchased per individual deal – a trend we see continuing throughout the remainder of the year.”

Marsh is one of the Marsh & McLennan Companies, together with Guy Carpenter, Mercer and Oliver Wyman. The information contained herein is based on sources we believe reliable and should be understood to be general risk management and insurance information only. The information is not intended to be taken as advice with respect to any individual situation and cannot be relied upon as such.

Statements concerning legal, tax or accounting matters should be understood to be general observations based solely on our experience as insurance brokers and risk consultants and should not be relied upon as legal, tax or accounting advice, which we are not authorised to provide.

In the United Kingdom, Marsh Ltd is authorised and regulated by the Financial Conduct Authority. Marsh Ltd, trading as Marsh Ireland is authorised by the Financial Conduct Authority in the UK and is regulated by the Central Bank of Ireland for conduct of business rules.

GRAPHICS NO. 14-1489b