

MARSH JLT SPECIALTY

JULY 2020

Warranty and Indemnity Global Variations Map



FIGURE 1

Warranty and Indemnity Insurance Risk Map Global Premiums and Retention Levels

Source: All statistics are based on insurance placed by Marsh JLT Specialty

United States of America and Canada	
Premium	Retention levels
2.7% – 3.2%	1%, dropping to 0.5% at 1st anniversary of closing (with larger transactions having an initial retention of 0.75%)

United Kingdom and Ireland	
Premium	Retention levels
0.5% – 1.3%	Nil – 0.5%

Germany, Austria, and Switzerland	
Premium	Retention levels
0.8% – 1.6%	0.3% – 1%

China	
Premium	Retention levels
1.5% – 2.2%	1%

Common Considerations

Premium

The premium ranges given for the various territories are based on a single layer policy with a typical retention level. Pricing will vary based on a variety of factors, including:

- Limit of insurance required.
- Target company sector.
- Target company jurisdiction and governing law.
- Retention level.
- Basis of cover.

Insurers will often have minimum premium levels so for some smaller limits of insurance the premium ranges may be higher than that indicated. Conversely, if large limits of insurance are required, often a programme of insurance is built using capacity of various insurers which may mean the overall premium rate is lower than that indicated.

The premium ranges do not include any insurance premium tax or other applicable regulatory taxes.

Premium: % of limit of insurance

Retention Levels

Retention levels highlighted are those we typically see across a broad range of transactions, sizes, and sectors. Similarly to pricing, retention levels can vary.

Tipping retentions have become increasingly common place in many jurisdictions. For a tipping retention, once the retention level has been exceeded an insured can recover some or all of the retention amount.

Retention levels: % of enterprise value

France	
Premium	Retention levels
0.8% – 1.55%	0.5% – 0.8%

Nordics	
Premium	Retention levels
0.6% – 1.4%	Nil – 1%

Korea and Japan	
Premium	Retention levels
1.4% – 2%	0.5% – 1%

Southern Europe (Spain, Portugal, Italy, and Greece)	
Premium	Retention levels
0.7% – 1.8%	0.25% – 1%

Belgium, the Netherlands, and Luxembourg	
Premium	Retention levels
0.6% – 1.4%	Nil – 1%

Taiwan	
Premium	Retention levels
1.5% – 2.2%	(0.5% and 1% tipping to 0.5% is typically offered)

Central and Eastern Europe	
Premium	Retention levels
0.6% – 2%	Nil – 1%

Singapore and Hong Kong	
Premium	Retention levels
0.8% – 1.5%	0.5% – 1% (1% tipping to nil may be offered)

Latin America	
Premium	Retention levels
2.0% – 4.5%	1% – 2%

Africa	
Premium	Retention levels
2% – 3.5%	1%

Malaysia	
Premium	Retention levels
1.2% – 1.8%	0.5% – 1%

Middle East	
Premium	Retention levels
1.2% – 2.5%	0.5% – 1%

Australia and New Zealand	
Premium	Retention levels
0.88% – 1.3%	0.5% – 1% (1% tipping to nil is typically offered)

India	
Premium	Retention levels
1.8% – 2.5%	1%

South Africa	
Premium	Retention levels
1% – 2%	0.35% – 1%

Vietnam	
Premium	Retention levels
1.4% – 2.1%	0.5% – 1%

Indonesia, Thailand, and Philippines	
Premium	Retention levels
1.3% – 1.9%	0.5% – 1%

Other Jurisdictions
For all pale blue countries please speak to a Marsh representative.

Global Transactional Risk Team

- The Marsh JLT Specialty team has played a key role in both the development and growth of the warranty and indemnity insurance market. The Private Equity and Mergers and Acquisitions Practice has been established in the UK since 1997 and this longevity and commitment to this class of insurance is crucial when placing long-tail policies (typically up to seven years).
- As a cohesive, global team of more than 70 dedicated transactional risk practitioners, we have the ability to advise corporate clients, infrastructure, and private equity funds on inward and outward investment.
- One of the advantages of having one of the largest global broking teams in the transactional risk insurance market is that Marsh has transactional risk expert practitioners who can advise you on warranty and indemnity insurance in a vast range of languages:

Arabic	Finnish	Korean	Romanian
Bengali	French	Malay	Russian
Cantonese	German	Mandarin	Spanish
Czech	Hindi	Marathi	Swedish
Danish	Italian	Norwegian	Swiss
Dutch	Indonesian (Bahasa Indonesia)	Polish	Thai
English	Japanese	Portuguese	Turkish

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