



2025 Insurance M&A Outlook
Expectations for the United Kingdom

With inflation moderating in much of the world, global insurance M&A activity remained largely stable in 2024. Some trends, like consolidation in the distribution market, are playing out across multiple regions. Others, such as an imbalance between buyers and sellers, reflect nuances that are particular to a country.

Against that backdrop, what will insurance deal-making look like in 2025? Deloitte's teams are looking at insurance M&A in several markets. Some insurance M&A trends we are seeing in United Kingdom are:



[1] Ongoing interest in scale distribution assets

In the United Kingdom, insurance distribution has been a bright spot for insurance M&A, largely due to market consolidation and ongoing financial sponsor interest. There were successful scale processes throughout 2024—think Warburg Pincus/ Temasek's investment in Specialist Risk Group¹, NSM Group's acquisition of AllClear² and Ryan Specialty's purchase of Innovisk³—as well as ongoing bolt-on activity at consolidators. Encouragingly, these transactions were also at high multiples, demonstrating sustained market appetite for high-quality assets of scale in the space. Look for this activity to continue, with a strong pipeline of predominantly private equity-backed businesses coming to market.

[2] Private equity harvesting Lloyd's investments

In Lloyd's and the London specialty market, 2024 M&A activity remained muted. A notable exception was Aviva's reentry into the Lloyd's market through its acquisition of Probitas⁴. Although a number of private equity-owned Lloyd's businesses are set to head for the exit in 2025 onwards, most will likely pursue a dual track exit strategy. Capital market conditions will therefore be the key determinant of timing for these coming to market.



[3] Signs of resurgence in general insurance

The rating environment has been challenging for general insurers, particularly in personal lines, over the past couple of years. Insurers are largely emerging from this into a more stable rating environment, and movements in the Ogden rate have been favorable. The announced approaches to Direct Line, first from Ageas and then an approved offer from Aviva⁵, hinted at recovery in 2024 despite limited scale transactions completing during the year. Look for market participants to become more bullish on the sector in 2025, potentially driving an uptick in interest from an M&A perspective.



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ENDNOTE

¹"Specialist Risk Group secures Warburg Pincus and Temasek as new major investor partners," Warburg Pincus, May 21, 2024, <https://warburgpincus.com/2024/05/21/specialist-risk-group-secures-warburg-pincus-and-temasek-as-new-major-investor-partners/>.

²"NSM Insurance Group Completes Acquisition of AllClear and InsureandGo," NSM Insurance Group, August 16, 2024, <https://nsminc.com/news-item/nsm-insurance-group-completes-acquisition-of-allclear-and-insureandgo/>.

³"Ryan Specialty in Final Discussions to Acquire Innovisk Capital Partners," Ryan Specialty, October 30, 2024, <https://ir.ryanspecialty.com/ir-news-events/press-releases/detail/90/ryan-specialty-in-final-discussions-to-acquire-innovisk>.

⁴J.L. Howard, "Aviva Completes Acquisition of Probitas, Re-entering Lloyd's After More Than 20 Years", Insurance Journal, July 11, 2024, <https://www.insurancejournal.com/news/international/2024/07/11/783317.html>

⁵Louis Goss, "Insurance giant Aviva agrees to buy Direct Line for \$4.6 billion", Morningstar, December 6, 2024, <https://www.morningstar.com/news/marketwatch/20241206274/insurance-giant-aviva-agrees-to-buy-direct-line-for-46-billion>

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