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2025 insurance M&A outlook

Guiding future growth

Contents

Introduction

The stock market is rising. Inflation is declining. In Washington, a new administration will be working with Republican majorities in both the House and Senate for at least two years. Numerous provisions of the Tax Cuts and Jobs Act (TCJA) are set to expire at the end of 2025 and, along with other priorities, tax reform is high on the list.

That's the political backdrop for insurance industry mergers and acquisitions (M&A) in 2025. Dealmakers may hope the market will wake up and bring more buyers and sellers to the table—but they possibly hoped for the same last year, too, only to see the number of deals in the insurance sector decrease slightly from 2023 to 2024. While the aggregate value of deals did increase last year, this was partially driven by a limited number of transformative deals in each industry subsector (more on that in the "2024 in review" section)

Private equity was less active in insurance M&A and, at the same time, many deals took longer than expected to consummate. In addition, the scope of some widely anticipated tie-ups turned out to be smaller than expected. Add a somewhat unpredictable policy climate, in terms of what will come to fruition and when, and some uncertainty remains.

Though nuanced and specific to certain segments and dynamics, market indicators offer a more encouraging, increasingly active expectation for insurance M&A in 2025. This is partly the result of a dynamic new environment plus some pent-up demand. We'll get into a few key 2025 trends in a bit. First, let's quickly see what happened in 2024.

2024 in review

Compared with the previous year, deal count was down across all sectors of the insurance industry, with the greatest decrease in life and annuity (L&A) and a more level change in the broker space.

Aggregate and average deal value were both up, and significantly so in many areas, except for the property and casualty (P&C) average (figure 1).

Figure 1. Insurance sector M&A activity, 2023–2024 (United States and Bermuda)

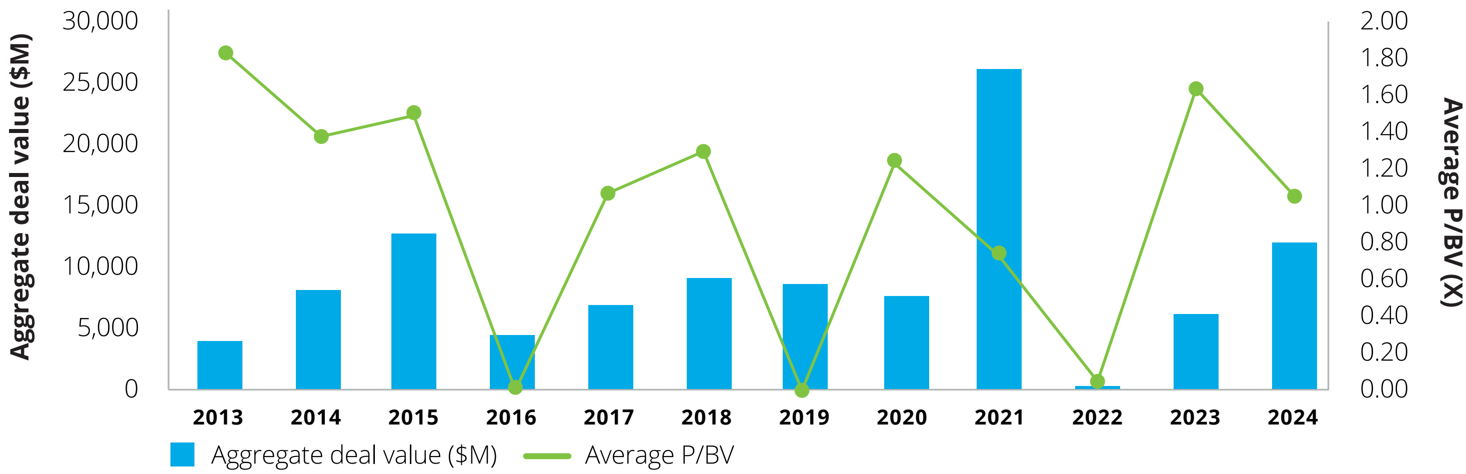
	Number of deals			Aggregate deal value			Average deal value		
	2023	**2024**	**Change**	**2023**	**2024**	**Change**	**2023**	**2024**	**Change**
Underwriters	52	43	–17%	$10.1B	$17.8B	76%	$0.8B	$1.0B	17%
Life and annuity (L&A)	17	11	–35%	$5.8B	$11.1B	92%	$1.2B	$2.2B	92%
Property and casualty (P&C)	35	32	–9%	$4.3B	$6.7B	54%	$0.6B	$0.5B	–17%
Brokers	485	476	–2%	$18.8B	$32.1B	70%	$0.7B	$2.1B	207%
Total	**537**	**519**	**–3%**	**$29.0B**	**$49.9B**	**72%**	-	-	-

Source: Deloitte analysis utilizing SNL Financial M&A database as of December 31, 2024; accessed January 11, 2025.

Although L&A saw 35% fewer deals, aggregate deal value rose 92%. The latter was affected by a deal between Nippon and Resolution Life, in which Nippon consolidated its ownership interest by paying $8.2 billion to acquire the remaining shares of Resolution Life's investment limited partnership, valuing Resolution Life at $10.6 billion (with shareholders also retaining final dividends before completion).[1] Removing this deal from the data, the L&A aggregate 2024 deal value is roughly $2.9 billion, slightly above the normalized 2023 aggregate deal value of $2.2 billion ($5.8 billion less the Brookfield Reinsurance Limited acquisition of American Equity Life, subsequently referred to as Brookfield Wealth Solutions) (figure 2).[2]

Figure 2. M&A trends for life and annuity

Price-to-book value multiples



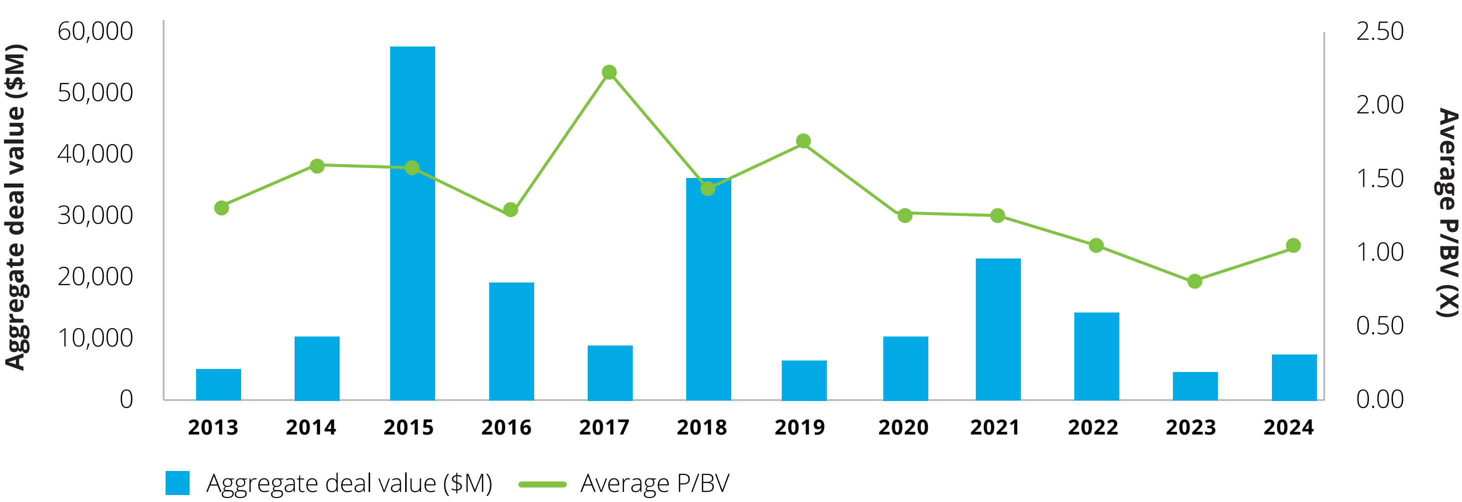
Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Number of deals	25	17	28	27	31	26	22	13	24	16	17	11
Size of deals ($M)												
Low	0.1	3.0	1.5	6.8	0.0	0.3	18.5	1.8	20.0	70.0	10.0	210.0
High	1.056.0	5,579.6	5.001.9	2,750.8	1,835.2	3,269.0	6,300.0	4,039.0	11,067.6	90.0	3,586.6	8,200.0
Average	204.6	544.5	698.8	290.7	505.3	614.0	1,153.5	1,224.9	2,452.3	80.0	1,157.2	2,226.8
Observed P/BV deal multiples												
Low	1.73x	1.29x	0.10x	0.18x	0.64x	0.39x	0.00x	NA	0.39x	NA	0.80x	1.00x
High	1.73x	1.29x	2.17x	4.97x	1.28x	1.21x	0.00x	NA	0.89x	NA	2.30x	1.00x
Average	1.73x	1.29x	1.40x	NA	0.99x	0.80x	NA	1.15x	0.69x	NA	1.52x	1.00x
Median	1.73x	1.29x	1.13x	2.58x	0.96x	0.80x	NA	1.15x	0.59x	NA	1.47x	1.00x

Note: Outliers have been removed from the average deal multiples. Outliers include all deals with a P/BV multiple smaller than 0.5x or greater than 3.0x.
Source: SNL Financial database as of December 31, 2024; accessed January 11, 2025.

In P&C, the number of deals fell 9%. Aggregate deal value rose 54%, but this was again skewed, in this case by a deal involving Enstar Group and Sixth Street, J.C. Flowers, and Liberty Strategic Capital. That transaction was estimated to be valued at $5.1 billion. The deal was announced in the second half of 2024.[3]

Removing the Enstar deal from the data, the P&C aggregate 2024 deal value is about $2.1 billion, which is an increase of roughly 50% from the 2023 aggregate normalized deal value of $1.4 billion ($4.3 billion less the RenaissanceRe Holdings Ltd. acquisition of Validus Holdings Ltd. and Validus Specialty LLC) (figure 3).[4]

Figure 3. M&A trends for property and casualty
Price-to-book value multiples



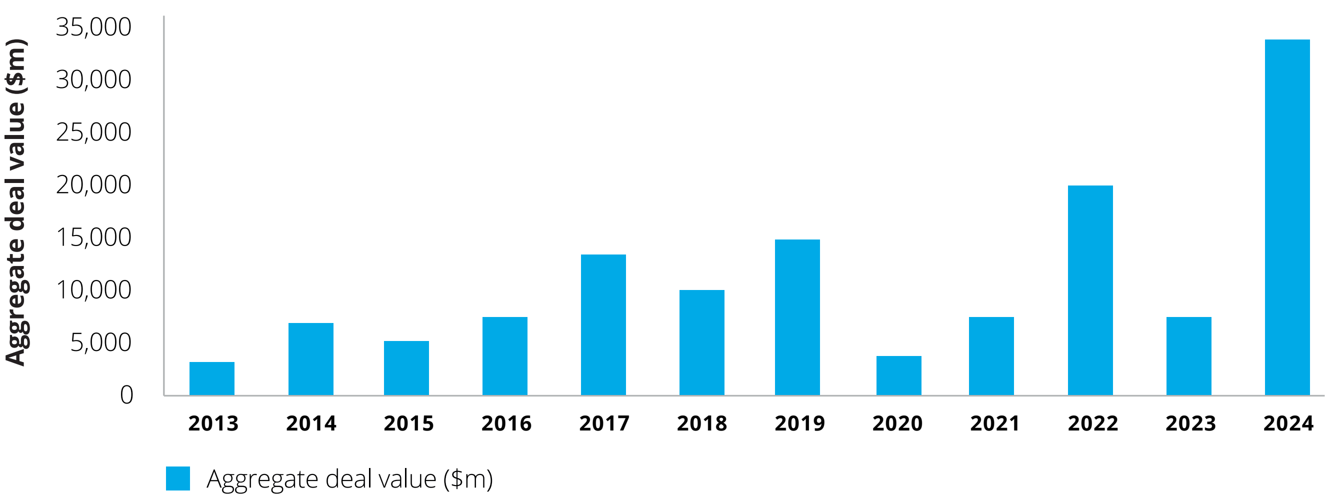
Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Number of deals	63	65	51	70	53	61	38	52	43	98	35	32
Size of deals ($M)												
Low	0.4	1.3	0.3	0.28	1.4	1.8	5.3	2.3	5.5	7.7	16.3	9.4
High	1,125.0	1,671.3	28,240.3	6,303.8	1,906.2	15,388.0	3,100.0	3,940.0	9,000.0	11,569.4	2,985.0	4,551.6
Average	110.3	199.4	1,636.1	408.8	372.2	1,137.8	447.6	687.3	1,468.2	962.8	620.9	513.9
Observed P/BV deal multiples												
Low	0.57x	0.68x	0.14x	0.99x	0.21x	1.50x	0.50x	0.87x	0.53x	0.76x	0.78x	0.81x
High	1.52x	4.11x	2.83x	2.53x	1.45x	2.88x	4.07x	2.87x	1.85x	1.97x	1.26x	1.07x
Average	0.97x	1.24x	1.50x	1.48x	1.19x	2.08x	1.35x	1.63x	1.19x	1.18x	1.02x	0.95x
Median	0.90x	1.38x	1.43x	1.29x	1.14x	1.97x	1.53x	1.15x	1.19x	0.96x	1.02x	0.98x

Note: Outliers have been removed from the average deal multiples. Outliers include all deals with a P/BV multiple smaller than 0.5x or greater than 3.0x.
Analysis as of December 31, 2024. Transactions represent US and Bermuda companies making acquisitions on a global basis and international buyers making acquisitions in the United States and Bermuda. Property and casualty include P&C, multiline, title, mortgage guaranty, and finance guaranty sectors covered by SNL Financial. Transactions grouped by the year they were announced. Deal multiples represent closed multiples, unless the transaction is still pending close. SNL has noted that some numbers may not reconcile to prior years as there may be a lag between deal public announcement and disclosure.
Source: SNL Financial database as of December 31, 2024; accessed January 11, 2025.[5]

While brokerage has been by far the most active insurance sector over the past several years, the level of deals in 2024 is generally consistent with 2023, as well as the historical levels of 2015 to 2016. The significant increase presented for 2024 (figure 4) is the result of two transactions related to Truist Insurance Holdings LLC. The first was the acquisition of Truist by Stone Point Capital and other investors for $7.6 billion.[6] The second transaction was the acquisition of McGriff Insurance Services (the retail portion of Truist) by Marsh McLennan for $7.8 billion.[7]

The period from 2017 to 2022 was different. That's when broker M&A activity showed increased activity. Private equity accounted for about 70% of the transactions during this period. But the private equity share dropped to 50% in 2023 and stayed that way in 2024, in tandem with the runup in the interest rate environment (figure 4).

Figure 4. M&A trends for insurance brokers
Aggregate deal value



Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Number of deals	239	351	492	457	537	594	611	555	802	584	485	475

Source: SNL Financial database as of December 31, 2024; accessed January 11, 2025.[8]

Five trends for a 2025 insurance M&A surge

1. An expected surge in deals brings fundamentals to the fore

2. Mitigating losses and strategic business risk

3. Assessing the deal environment and timing transactions strategically

4. Technology considerations remaining a strategic priority in insurance M&A

5. Tax planning and structuring amid uncertainty

1. An expected surge in deals brings fundamentals to the fore

Nine out of 10 insurance companies surveyed expect to close more deals this year than they did in 2024.[9] The same share have either recently restructured or are considering doing so soon.[10] And 81% of respondents say that the value of most of their company's transactions are moderately or highly dependent on successful transformations.[11]

Together, these findings point to the importance of considering balance sheet impacts of any potential transactions and a desire for carriers to rebalance their portfolios for capital optimization. To do that, many may need to rethink how they're doing their forecasting. What does it take to set more accurate assumptions—not just to avoid surprises in the financial statement, but to anticipate business results based on moves the company may want to make in the market?

2. Mitigating losses and strategic business risk

Sustainability may have moved out of the corporate spotlight, but that doesn't mean organizations' climate concerns have gone away.[12] A 2024 Deloitte survey reveals that 52% of financial services firms believe climate change will have a significant impact on their operations, while 69% consider environmental, social, and governance issues highly important to their M&A strategy.[13]

In the insurance business, climate-related risks could force companies to keep more capital on hand and adjust underwriting practices based on location of insured assets. Consolidation may help strengthen the balance sheet, especially if it can spread risks across a larger or other geographical area. In 2025, sustainability could drive a sizable share of interest in acquisitions across the L&A and P&C sectors, especially when it comes to foreign targets.[14]

3. Assessing the deal environment and timing transactions strategically

Numerous provisions of the TCJA are set to expire at the end of 2025. How and if those are renewed or adjusted—and when—could have substantial impacts on the optimal timing of transactions (be those strategic or opportunistic in nature). Republicans in the Senate and House have generally supported President Trump's goals of fully extending the TCJA and cutting taxes even further. But the Republican majorities are thin and change may only occur later in 2025, resulting in transaction opportunities that potentially need to be acted on quickly.

In this environment, preparedness can be an issue. Year-end forecasting, for example, might take a large carrier 40 to 45 days or more. That's not a realistic time frame for carrying out pro forma updates throughout the year, such as forecasting the impact of an acquisition or reinsurance deal under different scenarios. An effective forecasting capability requires, among other things, getting historical cash flow data out of actuarial spreadsheets and into an enterprise performance system so decision-makers can do more driver-based modeling.

4. Technology considerations remaining a strategic priority in insurance M&A

In recent years, many carriers have been consumed with internal restructuring to improve their costs and margins.[15] However, in 2025, some insurance companies may find themselves with available capital based on reserves and underwriting earnings. That could give them room to think about expansion and profitable growth, including the capabilities and technologies they need to achieve those aims. In some cases, this may lead to insurtech companies becoming an attractive acquisition target for carriers looking to modernize and innovate.

For strategics aiming to return to a growth narrative in 2025, priorities around spend would likely involve scaling enterprise technology solutions or adding capabilities where an insurtech could fill a niche. Simultaneously, as some insurtechs continue to mature, they may create an acquisition marketplace of specialized solutions for everything from automated underwriting to fraud prevention.

If acquisitions do become a method to achieve these digital advancements, multipliers may start to pick up as insurtechs field more inquiries from carriers aiming to adopt their products or buying their companies outright. The first few acquirers to close a deal may benefit from the more favorable valuations of late 2024. Does that mean holdouts could miss the bottom? Stay tuned.

5. Tax planning and structuring amid uncertainty

Insurers considering M&A activity in 2025, particularly with cross-border entities, should be aware the global tax environment is rapidly shifting and ripe with uncertainty. Modeling exercises will be more extensive and complex as they must consider newly enacted or adjusted tax laws including the global minimum tax (GMT), Bermuda corporate income tax (BCIT), and the US corporate alternative minimum tax (CAMT). Additionally, insurers will need to react to changes in US corporate tax policies during the first year of the Trump administration, which could affect the base erosion anti-abuse tax (BEAT) and global intangible low-taxed income (GILTI) regimes.

Take for example, a Bermuda-parented insurance carrier only operating in Bermuda and the United States that gets acquired by, or merges with, a larger, foreign-based entity. That combined insurer may now be subjected to the 15% GMT in 2025 instead of a later year, depending on if its new annual revenue or net income exceeds certain thresholds. Another change may be the accounting standards, either GAAP or IFRS, used by either entity to prepare financial statements and how that may change after the merger or acquisition. Given many of these new taxes (e.g., GMT, CAMT, BCIT) are based on book income, with adjustments, any shift in the financial accounting standard and purchase accounting adjustments post-acquisition must be considered.

In light of all these dynamics and permutations that could affect the tax profiles of M&A-active insurers and of target entities, insurers should model the tax implications of any potential deal and ensure due diligence has considered the M&A complications of these new tax regimes.

A beacon of opportunity

A shift from retrenchment to growth requires a formal reset of strategy and mindset, with a different set of enabling capabilities. This year, it also requires taking a new US administration into account. It's critical to stay abreast of regulatory developments and model potential outcomes of the policies that are put forward.

At the deal level, remember that effective diligence reflects clarity on both strategy and integration. At the same time, it can be easy to spend too much of the diligence phase looking backward, without applying the same focus or rigor on forward-looking assumptions. Pressure testing those assumptions can help manage expectations with the board and senior leadership while laying out guidelines for what needs to happen during integration.

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Endnotes

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3. Enstar, "Enstar to be acquired by Sixth Street for $5.1 billion," press release, July 29, 2024.
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5. Analysis as of December 31, 2024. Transactions represent US and Bermuda companies making acquisitions on a global basis and international buyers making acquisitions in the United States and Bermuda. Property and casualty include P&C, multiline, title, mortgage guaranty, and finance guaranty sectors covered by SNL Financial. Transactions grouped by the year they were announced. Deal multiples represent closed multiples, unless the transaction is still pending close. SNL has noted that some numbers may not reconcile to prior years as there may be a lag between deal public announcement and disclosure.
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12. H. Claire Brown, "Companies haven't abandoned sustainability. They're just talking about it less," *Wall Street Journal*, August 19, 2024.
13. Brian Lightle, Sarah Corrigan, and Ketiwe Zipperer, "2024 ESG in M&A Trends Survey," Deloitte, 2024.
14. Reilly, Adam and Barry Winer, "2025 M&A trends survey: A time to pivot for M&A markets," Deloitte, February 13, 2025. Among L&A firms, 36% cite ESG/sustainability as a driver of interest in acquiring a foreign target. For P&C firms, ESG/sustainability is tied with new market entrance for second-biggest driver of foreign acquisitions.
15. Ibid. Among insurers, 88% of L&A companies and 100% of P&C companies have restructured recently or are considering it now.