



TOKIOMARINE  
HCC

# Transaction Risk Insurance Claims Report 2025



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## Transaction Risk at Tokio Marine HCC

Tokio Marine HCC is a trusted provider of Transaction Risk Insurance (TRI), delivering Warranty & Indemnity (also referred to as Representations & Warranties) cover since 2010. Our dedicated team develops innovative TRI solutions to support mergers and acquisitions (M&A) worldwide.

Every deal is unique, with its own risk profile that demands careful assessment. Our tailored TRI cover safeguards sellers' deal proceeds and gives buyers clear recourse in the event of unexpected losses or liabilities after a transaction closes, working to give greater confidence when completing complex deals.

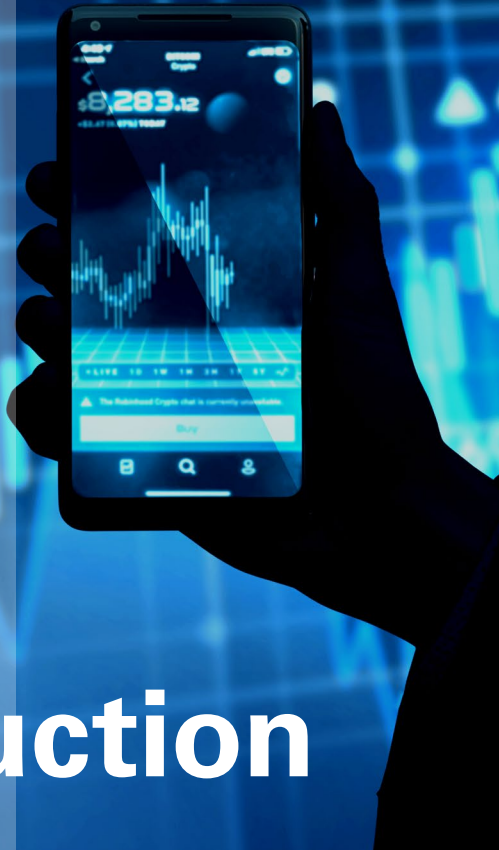
Having handled over 500 claims, and having paid our insureds more than US\$140m at the time of publishing, our analysis of this data provides valuable insights into market trends, allowing us to refine our response and proactively address the evolving needs of our clients.

### Disclaimer on data presented

This report is based on the W&I claims data from Tokio Marine HCC's transaction risk insurance business globally from 2013 to 2024. For the purposes of this report, data prior to 2013 has been disregarded as statistically insignificant. Data from 2020-2024 is included, however it should be noted that further claims could still be notified into these years, thus modifying some of the conclusions drawn. Finally, information contained in this report is presented on a 'treaty year' basis (the year when the policy was inception) unless otherwise specified.

# 1

## Introduction



**G**lobal M&A activity continues to be influenced by a complex mix of economic and geopolitical pressures. In this environment, the ability to identify, manage and mitigate risk is increasingly critical. Robust TRI cover helps dealmakers navigate these challenges, maintain confidence and proceed with transactions that might otherwise be delayed or abandoned entirely.

Despite these difficulties, M&A deal values showed resilience in 2024, reaching US\$3.5tn - up from US\$3.2tn in 2023. Despite this uptick in value, activity remains below the record US\$6.1tn achieved in 2021 (Bain & Company, Global M&A Report 2025), highlighting the importance of effective risk-transfer solutions. TRI offers such a solution, not only through protecting against potential losses but also by enabling parties to pursue opportunities and sustain momentum in an uncertain market.

*“TMHCC has been a constant presence in the TRI market for more than 15 years. The tailored and continually evolving solutions we provide underpin M&A activity internationally and ensure that, when needed, we respond quickly and with the clarity and confidence they expect.”*

**Adrià Vázquez**  
Head of TRI - International

*“TMHCC has been a trusted partner in the North American M&A market since 2017. Our depth of expertise and unwavering commitment to client outcomes reinforce confidence in every transaction and ensure we deliver when it matters most, with our dedicated and responsive claims handling.”*

**Shane de Burca**  
Head of TRI - North America

*“Our multilingual claims team operates seamlessly across jurisdictions and legal frameworks, delivering swift, expert responses to complex claims worldwide. With over US\$140 million in settlements paid, we remain committed to achieving the best outcomes for our insureds as their needs continue to evolve.”*

**Naomi Barnes**  
Senior Claims Counsel  
and TRI Lead

# 2

## Executive Summary



This report explores how TRI supports claims within the M&A sector, offering in-depth analysis of key metrics, including regional trends, breach types and deal values. The insights presented reveal emerging trends that provide market participants with a clearer view of evolving risks and opportunities, helping to guide more informed decision-making.

One particularly notable trend is a significant shift in the timing of claims notifications: we are seeing a marked increase in claims reported more than two years after policy inception. This, alongside other evolving trends, is explored in greater detail in our 2025 report.

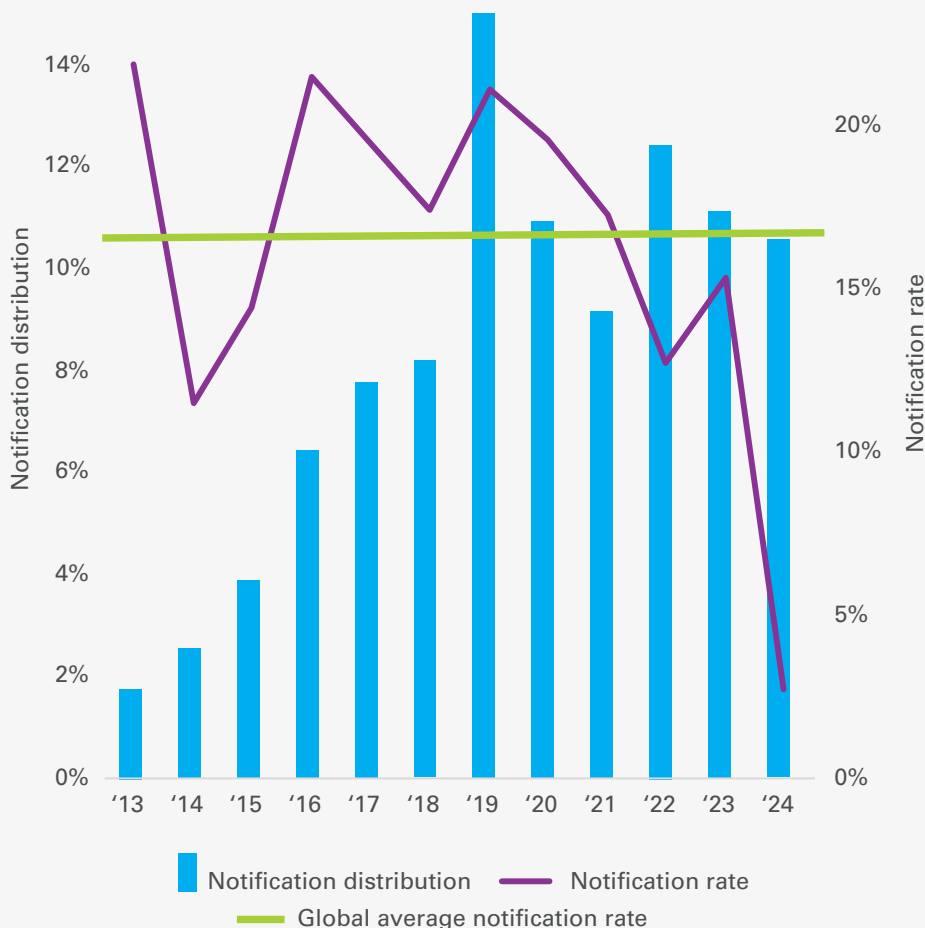
At the time of publishing, Tokio Marine HCC has paid our insureds a combined total of **more than US\$140m**, reflecting both the scale of TRI in action and our commitment to supporting clients through complex transactions.

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## Global Claims Overview

In recent years, the distribution of claims notifications has shown notable fluctuations, as illustrated in the below graph. We saw declines in the number of claims notified in 2020 and 2021, which was during and immediately after the COVID-19 pandemic. This likely reflects companies' focus on maintaining stability rather than conducting post-purchase audits. Importantly, there was not a flurry of late notifications relating to deals placed in 2020 and 2021, as had been feared.

**Distribution of notifications by calendar year (2013 - 2024)**



The surge that can be seen in 2022 likely reflects the exceptional M&A activity beginning in the latter half of the previous year, as businesses emerged from the pandemic's disruption. In contrast, the declines over the past two years are likely a result of market instability. As deal activity picks up, we anticipate this will influence claims notifications, and will continue to track these developments closely. Furthermore, as detailed later in this report, notifications from these two years may rise as additional claims are received.

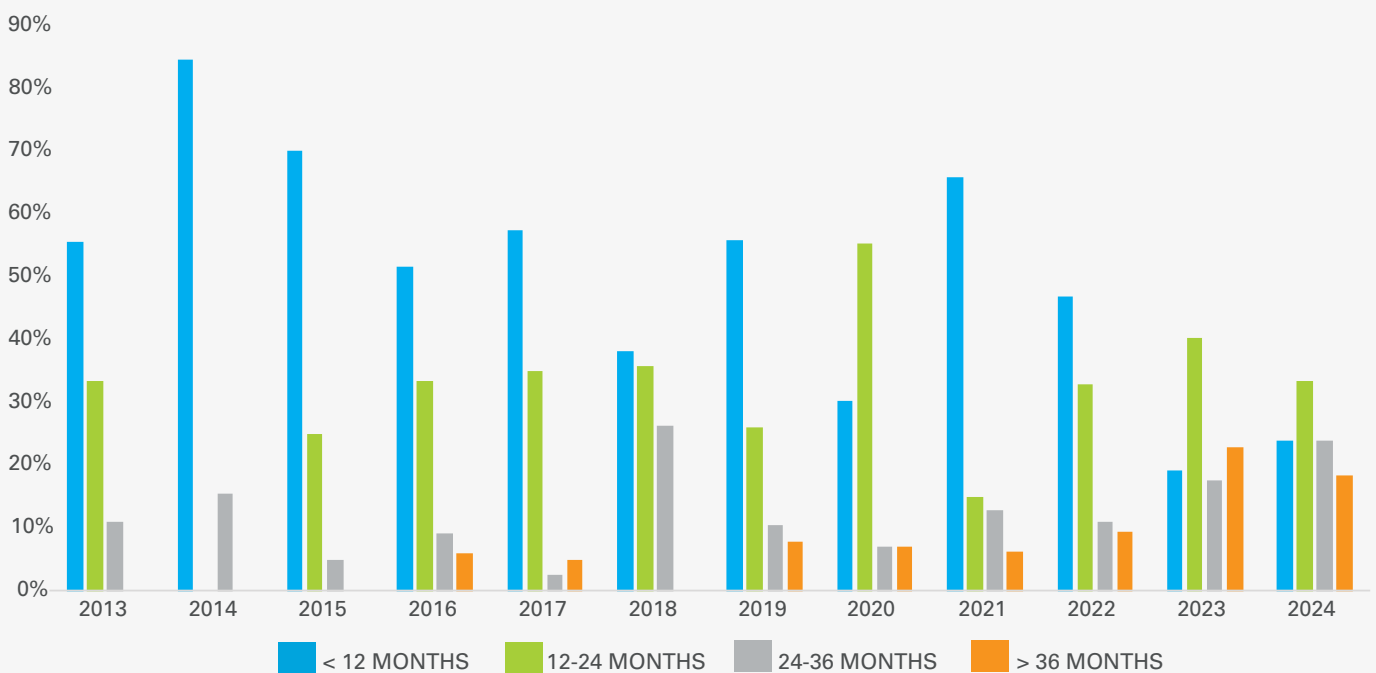
Between 2013 and 2024, our global average notification rate is 16%. When omitting the later, less mature years, this rises slightly to 18%, which aligns with what we understand to be the broader market average. Regional variations in notification rates are explored in detail later in the report, offering further insight into the dynamics of claims across different markets.

# Time to notification

One of the most striking trends emerging from our claims data is the shift toward later notifications. The below graph illustrates this clearly. From this graph, we can see that historically, claims notified after more than 36 months since policy inception accounted for less than 10% of the total claims received, with some years recording none at all. By contrast, in 2023 and 2024, claims notified after 36 months made up around 20% of the total.

This trend is further underscored when looking at claims made within the first year of policy inception. In 2021, these early notifications accounted for over 65% of all claims, but by 2024, this fell to a little over 20%. This is a clear indicator of a move toward later reporting.

## Timing of notifications by calendar year (2013-2024)



We consider that there are several possible factors driving this shift. As the TRI market matures, both insured and broker teams are becoming more familiar with these policies, meaning they have a heightened awareness as to the precise parameters of cover and how it applies to different scenarios. Further, the widespread adoption of three-year general warranty periods aids in facilitating later notifications. Looking at the broader picture, economic uncertainty and heightened regulatory scrutiny further contribute, as they can place additional pressure on representations and warranties given, creating more triggers for claims.

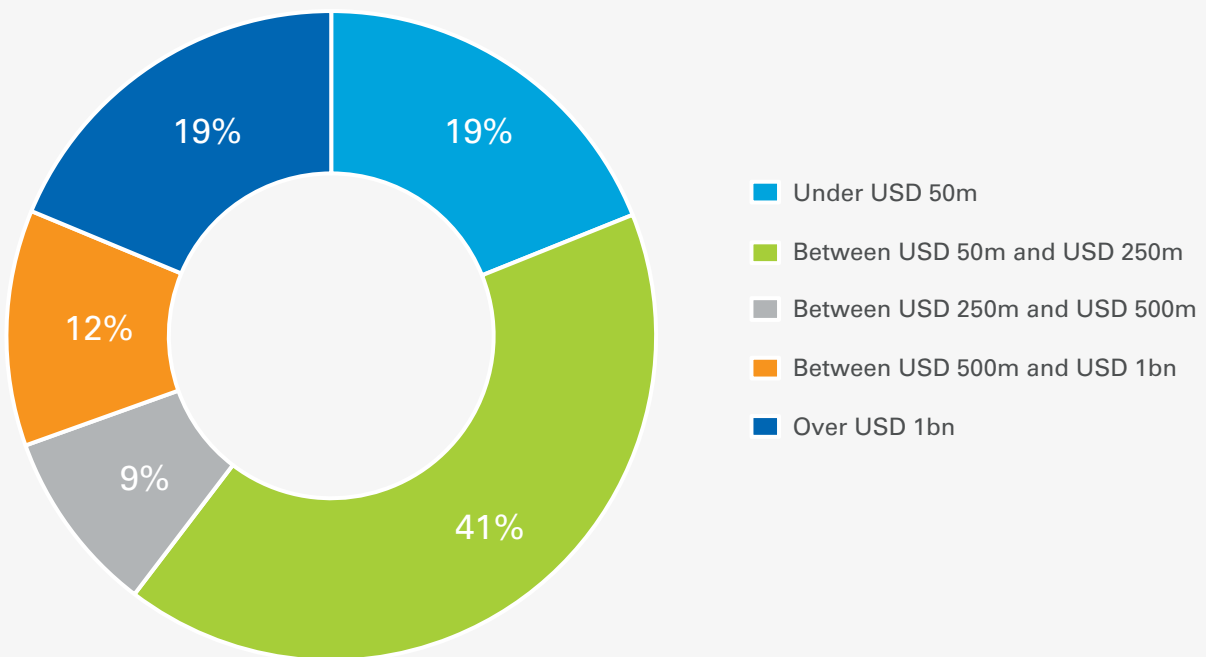
If we then look at specific claim types, the 2023 and 2024 calendar years saw an 80% increase in tax claim notifications received 24 months post-policy inception when compared with the 2018 to 2022 period. This may reflect tax authorities catching up on work delayed during the pandemic, though we cannot say this with absolute certainty. Our data indicates that two-thirds of these tax notifications came from the EMEA region, consistent with the historically active approach of tax authorities in Europe. Importantly, very few of these claims were directly related to COVID-19, something which was feared would happen.

A similar jump can be seen when looking at compliance notifications: those received 24 months post-policy inception in 2023 and 2024 doubled compared with 2022 and were seven times higher than the 2018 to 2022 average, with more than 9 out of 10 of these claims originating in the US market. These patterns highlight how evolving market conditions and regulatory environments are shaping both the timing and nature of TRI claims.

# Global deal size

The below graph breaks down our global claims notification data by deal size, revealing that 60% come from deals with an enterprise value (EV) of less than US\$250m. This comes as no surprise, as it reflects the composition of our book being more heavily weighted toward small to medium-sized transactions. When looking at the average claims notification rate for these smaller deals, we see that it doesn't fluctuate materially from other EV categories, coming in at 17%.

## Notification per enterprise value (EV)



Interestingly, when analysing severity data relating to deal sizes, we found that 90% of our least severe losses are incurred on deals with an EV of under US\$250m, with a third relating to transactions valued at less than US\$50m. It is worth remembering that our least severe losses make up 55% of notifications received with a loss incurred. Further, of our most severe losses, 80% can be attributed to deals with an EV of less than US\$250m.

These findings challenge a common market perception that smaller deals are inherently 'safer.' While carriers increasingly offer low or even zero retentions on smaller policies, our claims experience underscores that these transactions carry meaningful risk. This raises important questions about the sustainability of assuming smaller deals are low-risk and suggests that careful underwriting and risk assessment remain critical, regardless of deal size.

# Global breach type trends

Tax breaches continue to be the most frequently notified, while it is accounts breaches that dominate in terms of severity\*. They account for 50% of our most severe losses and 33% of all claims with an incurred loss. By contrast, tax losses, while common, are responsible for only 15% of our most severe losses and 17% of claims with an incurred loss. This contrast underscores the importance of not just tracking frequency, but also considering the disproportionate impact of different breach types on claim outcomes.

Compliance breaches have also grown in prominence, becoming an increasingly significant part of the portfolio. 70% of these notifications have been received in the past two years, and they now represent just under 10% of all claims with an incurred loss. Their rapid growth highlights an emerging area of risk that warrants close monitoring, particularly given the shifting regulatory and operational landscapes in which many businesses now operate.

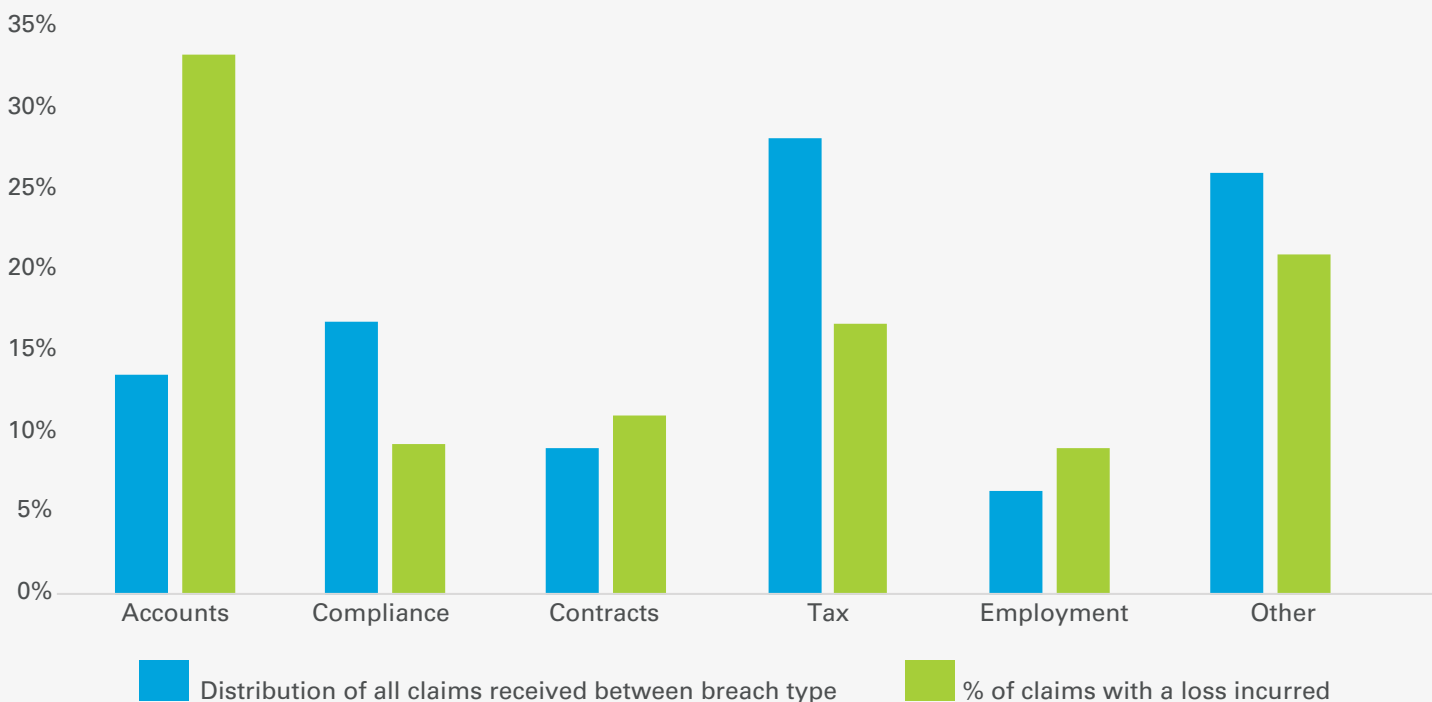
Other breach categories are less frequent but still relevant. Contract breaches and employment breaches each account for a similar share of claims with an incurred loss (11% and 9% respectively), though they represent just 9% and 6% of all notifications.

Asset claims, while smaller in number, typically stand out due to their high initial quantum. We have noticed that their frequency has been increasing: 70% of all asset claims have been received in the past three calendar years. This concentration suggests that asset claims, although historically less common, could pose significant risks in the future.

These patterns demonstrate that while frequency remains an important part of claims activity, the likelihood of an increased severity for specific breach types must be taken into consideration by all parties. Understanding this balance is crucial for both insureds and underwriters alike in managing risk effectively.

\* Refer to the [Glossary](#) for the definitions of Least severe losses and Most severe losses.

**Distribution of incurred loss vs notifications by breach type (2013 - 2024)**



# Regional Analysis

# 4



**W**hile the global trends highlighted in the previous section provide a broad overview of our claims activity, regional differences reveal distinct dynamics that shape outcomes in key markets. In this section, we examine how these dynamics play out across regions, focusing on North America, EMEA and APAC.

## Notification data - North America



### North America

Our average notification rate for North America (2018–2024)\* is 21%, rising to 24% when the less mature years are omitted.

Delving into this a little deeper, it is true to say that the unstable M&A market in 2023 and 2024 resulted in fewer policies being placed, which, alongside these underwriting years not yet being considered mature in terms of claims notifications, is reflected in the slight decrease in claims received from those underwriting years. By contrast, the spike in notifications received in 2022 was most likely driven by the exceptionally active M&A market of 2021. Importantly, although 2021 policies attracted a record number of notifications, the notification rate itself remained below the market average at 16%, contrary to what some in the market aired concerns over.

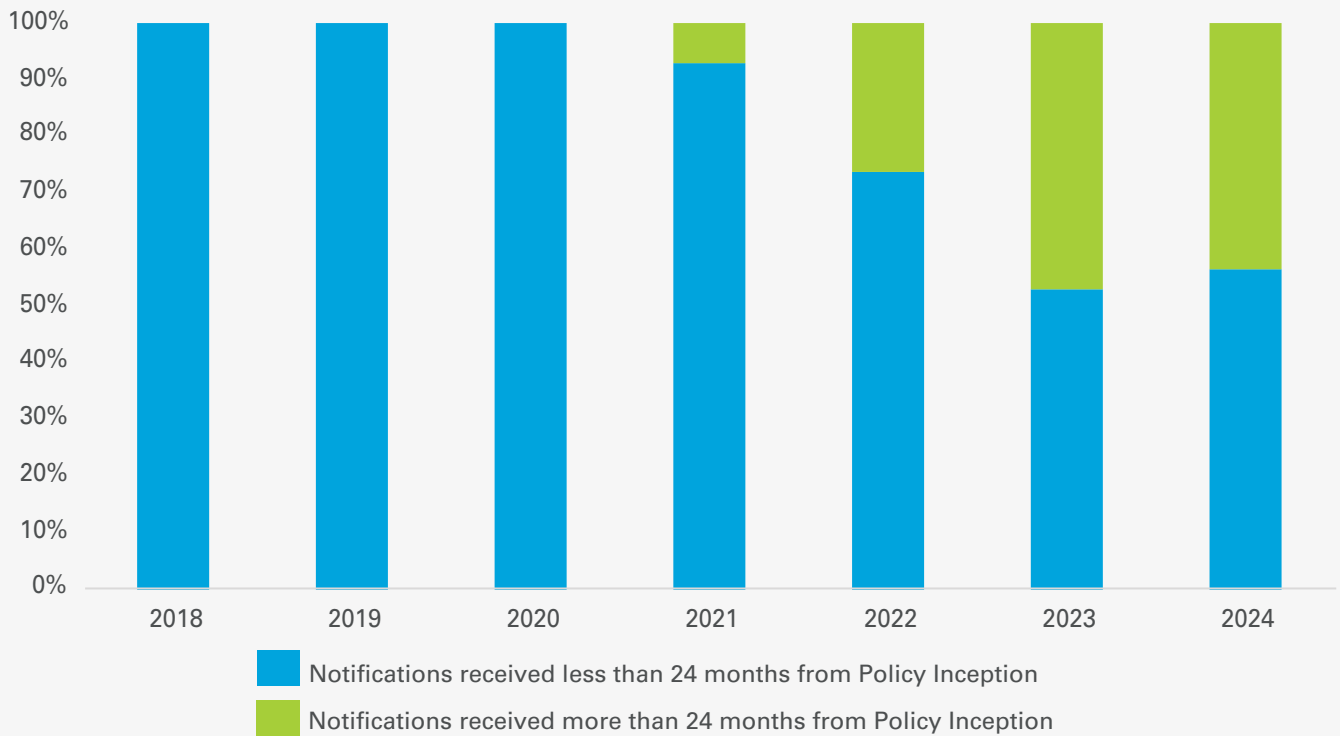
Historical timing data reinforces the conclusions regarding the 2022 spike in notifications received.

Three quarters of the notifications received in 2022 were made within 24 months of inception, and three quarters of those related to the 2021 underwriting year. In terms of timing, North America closely mirrors what we have seen regarding global trends. While most notifications are still received less than 24 months after inception, there has been a marked shift toward later reporting since 2021.

When looking in closer detail, what stands out is that, unlike in other markets, the later notifications are not dominated by tax breaches. Instead, compliance breaches accounted for more than half of the later notifications in 2023/24. Tax made up only 17% over the same period, down from around 30% in 2021/22. This is a trend we will be monitoring closely in the coming years.

\* We began writing Representation and Warranty insurance in the US towards the end of 2017.

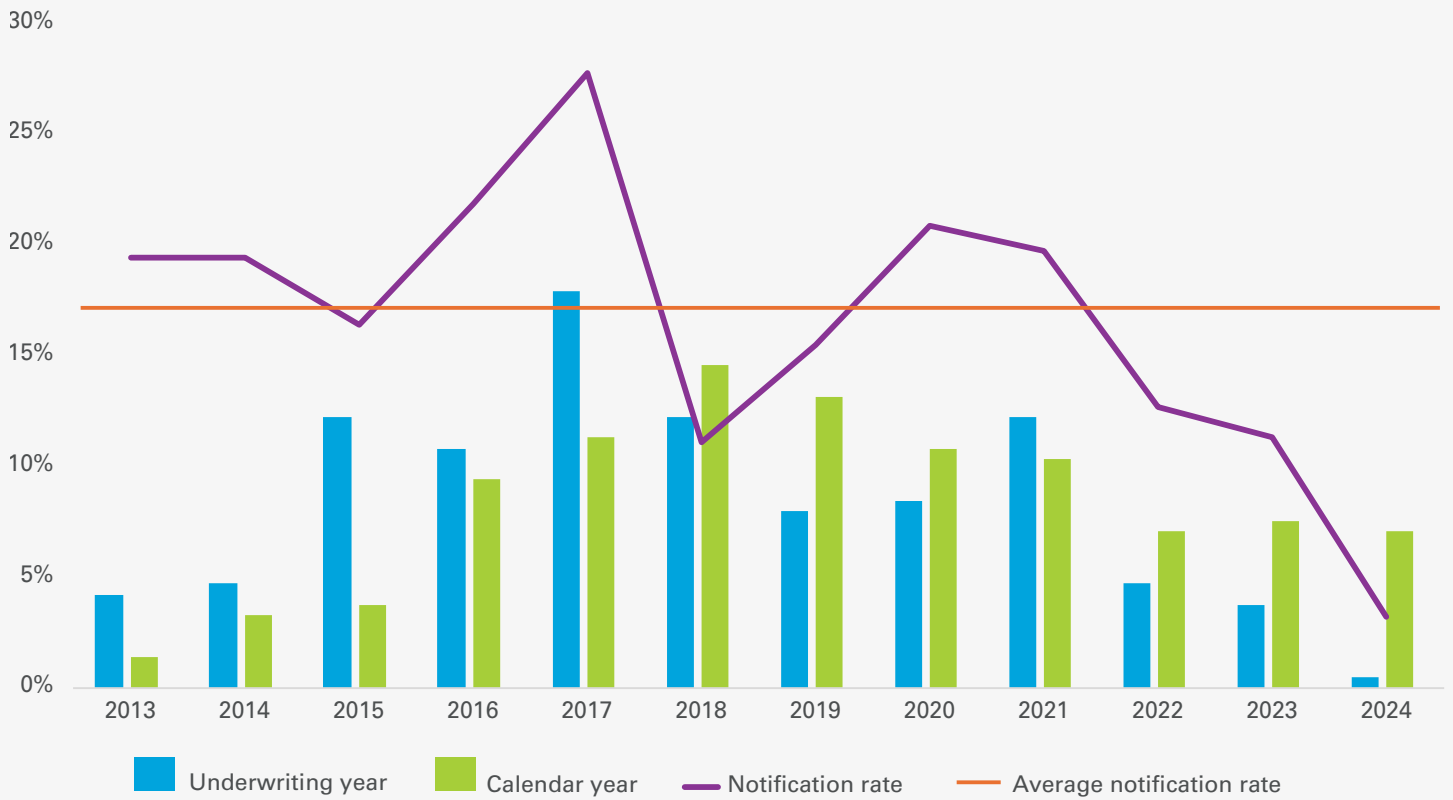
## Development of timing of notifications in US



When looking solely at breach type trends within North America, compliance is the most common breach type and is responsible for 38% of medium-level incurred losses. Tax follows in second place by frequency but remains far less severe and, to date, has produced no incurred losses.

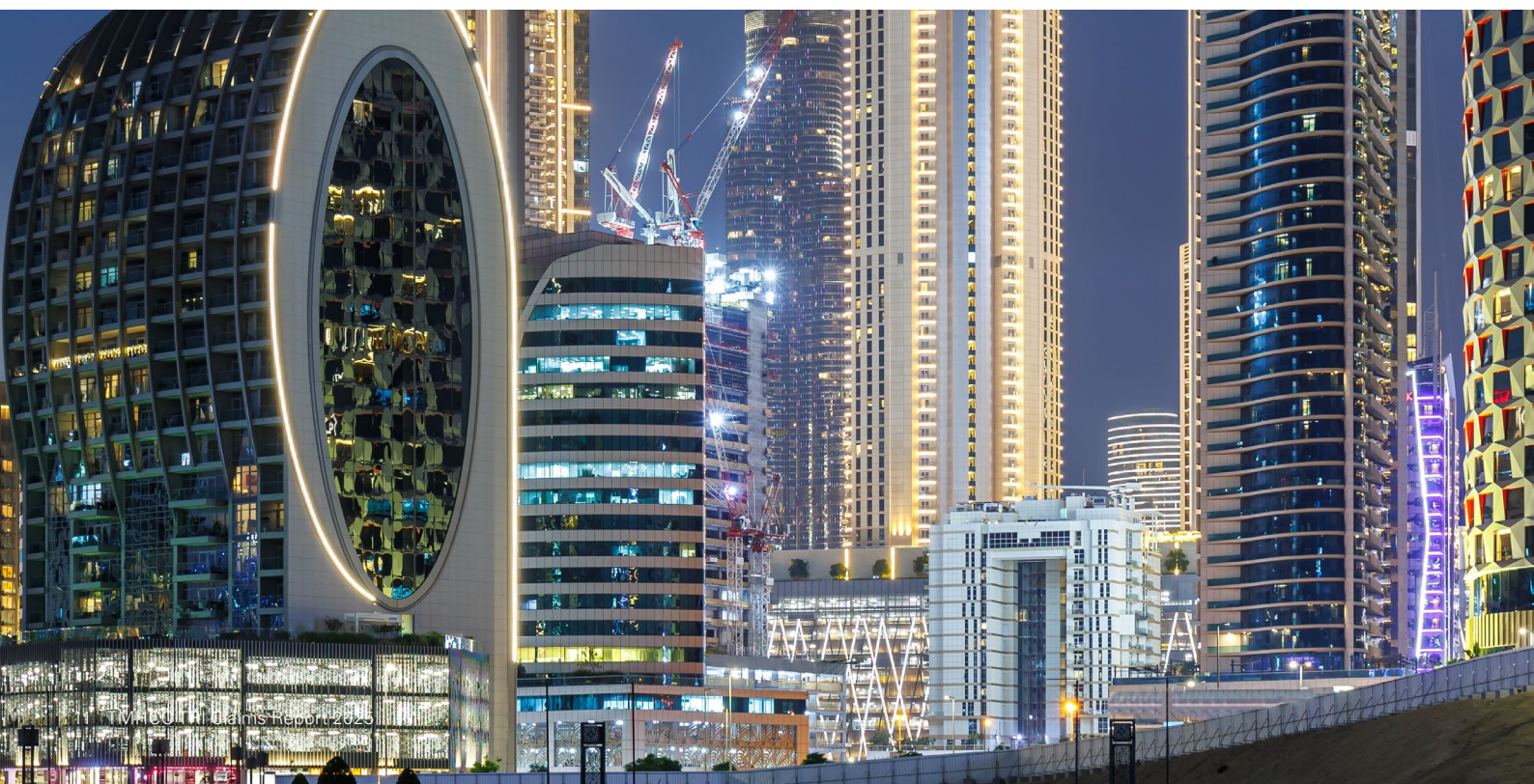
Talking severity, accounts breaches dominate, representing one-third of all severe losses. IP and employment breaches, though less frequent, are also notable for their severity, as are asset breaches. As our North American book develops, we will monitor severity trends and see whether it falls in line with what has historically been the case throughout EMEA and APAC.

## Notification data - EMEA

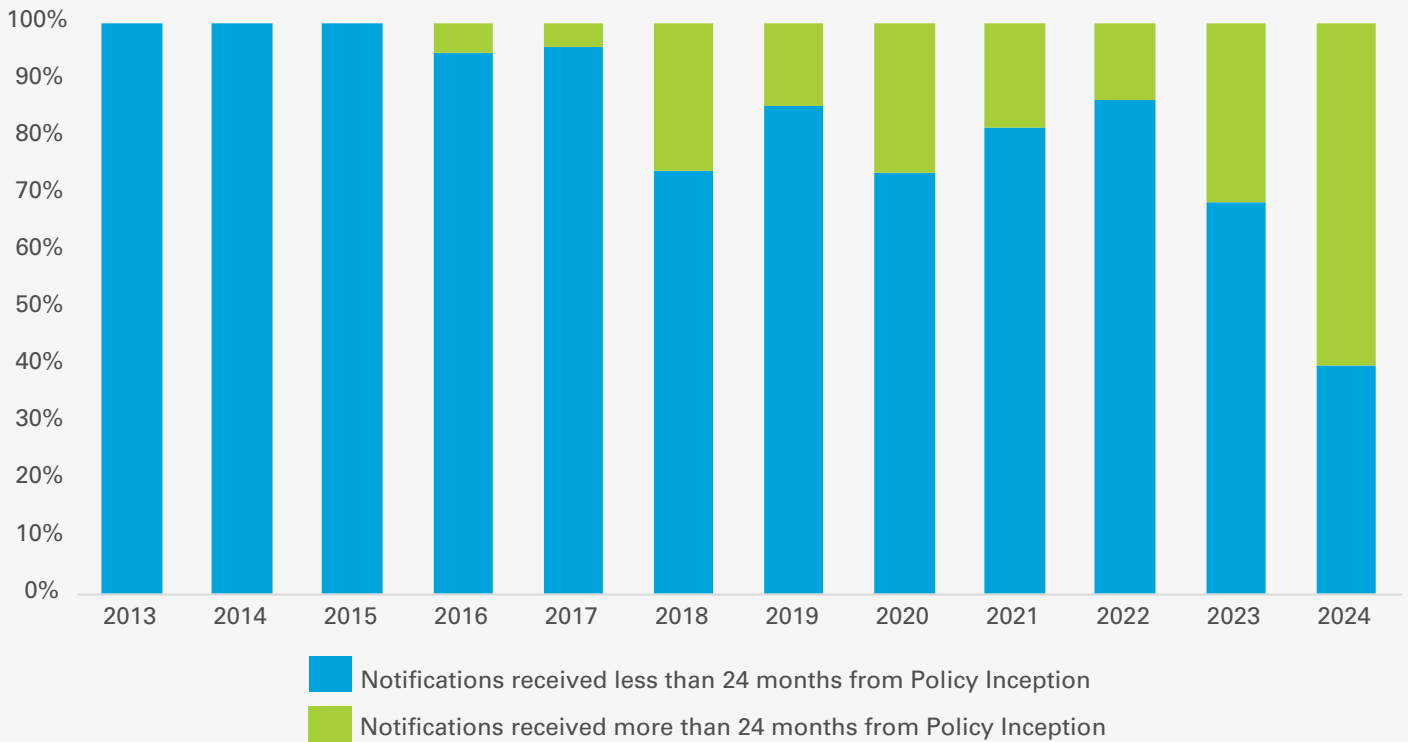


## EMEA

In the EMEA region, our average notification rate is 17% (2013–2024), rising to 18% when the less mature years are omitted. Notification volumes have remained steady over the past three years.



## Development of timing of notifications in EMEA



As in North America, there is a clear trend toward later claims notifications in EMEA. The drivers, however, differ: tax breaches dominate later notifications here, accounting for 86% of the total. The remainder are split between litigation and asset breaches.

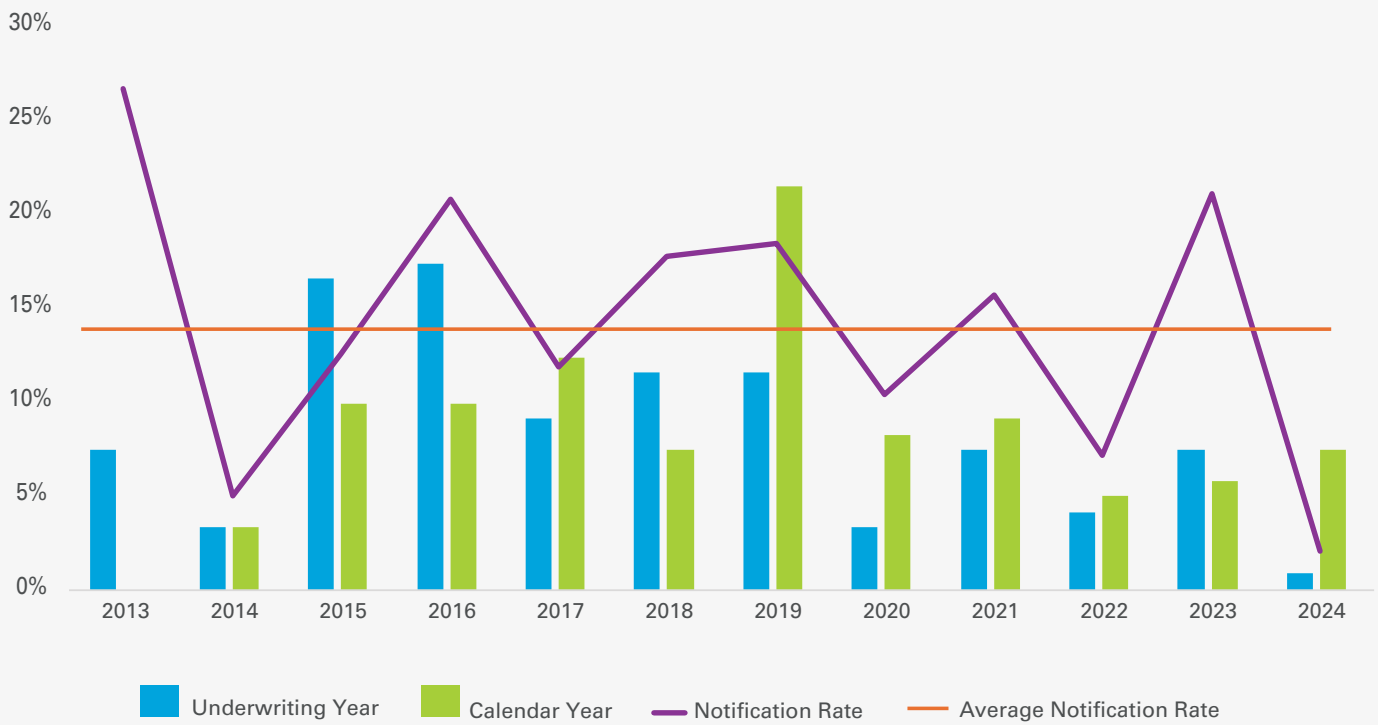
Looking more closely at tax breaches, in 2018/19, only a small share of tax breach notifications were received more than 24 months post inception. By contrast, in 2023/24 the total number of tax notifications fell by 38% as a whole, but a much higher proportion, 86%, were made after 24 months, underlining the trend toward later reporting.

Breaking down the 2023/24 data further, the later tax notifications were evenly split between 'routine' and 'non-routine' claims. It is unclear whether tax authorities would have issued earlier notifications had it not been for pandemic-related disruption. The timing of tax notifications remains an area we will monitor closely in the years ahead.

Historically, tax breaches have been the most frequent breach type in EMEA, typically producing low-to-medium severity losses. They continue to lead on frequency, but the recent settlement of a high-severity tax claim raises the question of whether this was an anomaly or the start of a broader shift in severity. We will monitor with interest.



## Notification data - APAC



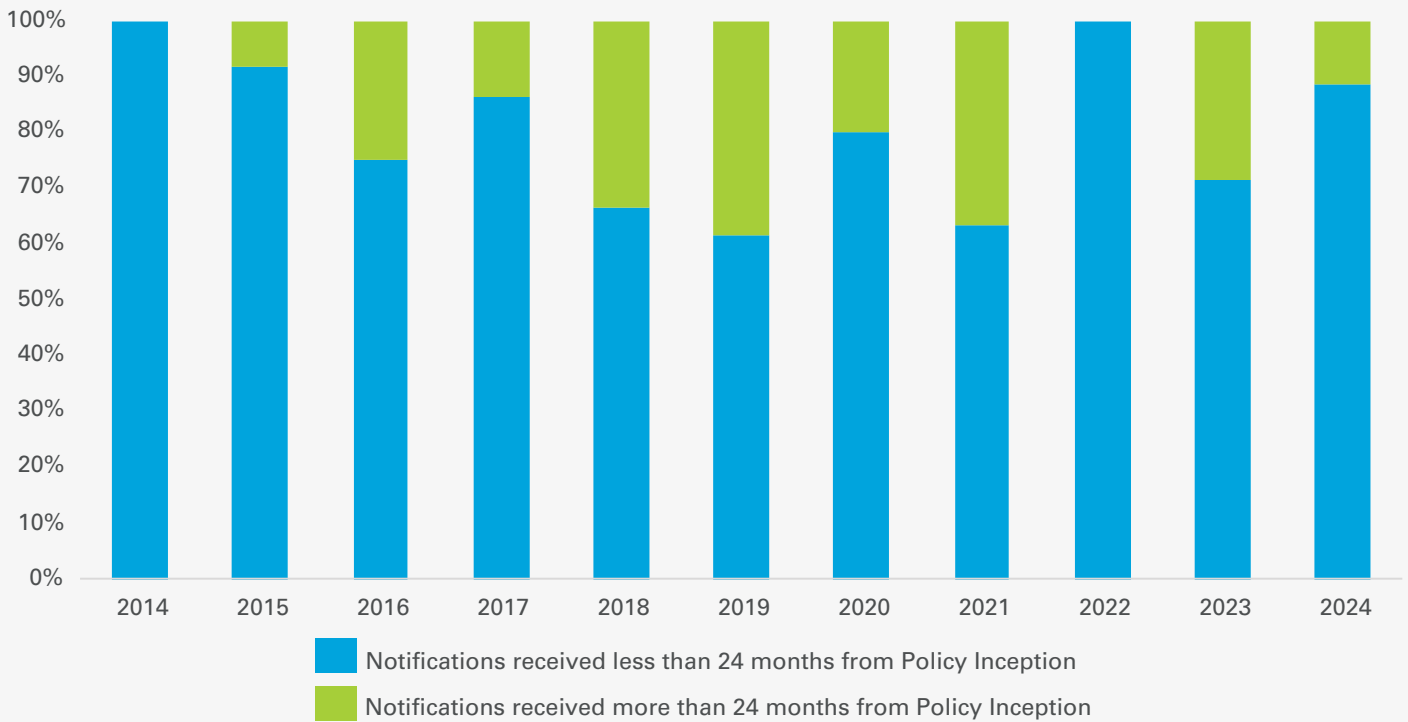
## APAC

APAC is responsible for our lowest regional average notification rate at 14% (2013–2024), rising to 15% when the less mature years are omitted.

Having said that, the region recorded a spike in the notification rate for 2023. A number of factors appear to have contributed to this volatility, without one single identifiable driving cause.

One relevant factor may be that fewer TRI policies were written by TMHCC in APAC in 2023, due to the ultra-competitive softening market.

## Development of timing of notifications in APAC



Another feature of the region is the ongoing volatility around the timing of claims notifications. Unlike EMEA and North America, APAC is not following the global trend toward later notifications. While tax breaches have been seen as a potential driver behind later notifications in EMEA, the same cannot be said for APAC. In 2023/24, 24% of claims were related to tax breaches, and three-quarters of those were notified relatively quickly, within 24 months of inception.

When comparing with 2018/19, we see a similar overall share of tax breach claims, but fewer than half of those were notified within 24 months. This is a reversal of the trend we have observed in EMEA. We consider that there are two possible explanations: tax authorities in the region may now be conducting audits more quickly,

or insureds may be notifying more routine audits at an earlier stage rather than waiting for them to escalate.

We examined other breach types to assess whether they might explain APAC's divergence from the later-notification trend seen in the other regions, however we found no material trends. Employment and compliance claims, for example, were being notified later, but not in sufficient volume to shift the overall picture. Nor did any single risk sector emerge as dominant in notifying quicker. This is an area we will continue to monitor closely.

In terms of frequency, tax, accounts, and compliance remain the top three breach types in the region. Historically, we saw a spate of employment breaches emerging from Australia. Heightened scrutiny from underwriters and legal

professionals during due diligence has helped to mitigate this risk, the results of which are now evident in our data, with employment breaches being in decline since 2020.

In terms of severity, APAC has historically produced low-to-medium severity claims, and this trend continues. Accounts breaches make up 50% of these losses, with the balance split across contracts, employment, IP, and tax. No single risk sector has dominated claims payments, which have been distributed broadly across the region.

# 5

## Case Studies

Having taken you through the trends we have observed over the years, we have selected a claim study from each region to illustrate the variety of circumstances in which claims can arise and the outcomes achieved. Together, they provide insight into regional differences as well as the consistent approach we apply in managing claims with fairness, efficiency, and transparency.

### North America

The target company, an environmental remediation business, was served with a subpoena by a US government agency in connection with a remediation project conducted under a government contract. This followed a whistleblower allegation concerning improper remediation practices.

The investigation focused on whether there had been a breach of the relevant contract. The investigation spanned several years and ultimately concluded that a breach had occurred.

The insured entity settled the underlying claims for over US\$2m. The insured submitted a claim under their R&W policy, alleging breaches of several representations and warranties within the purchase agreement, including multiple compliance-related representations.

TMHCC reviewed the claim notice and, after requesting and reviewing additional information, agreed to indemnify the insured for its settlement and defence costs for a total of c. US\$3.5m.



## EMEA

The insured, a real estate investor, received a demand for arbitration from a third-party contractor in connection with the acquisition of a large office complex in Europe. The contractor alleged approximately € 1.9 million in unpaid invoices, citing amendments to contractual documentation as the basis for the claim.

The insured promptly notified TMHCC, alleging breaches of contract, litigation, and disclosure warranties under the policy. TMHCC confirmed coverage and began funding the insured's defence costs throughout the arbitration process.

The proceedings concluded with an award entirely in favour of the insured, determining that no monies were owed. The award also required the contractor to reimburse a portion of the insured's defence costs. TMHCC, exercising its subrogated rights, subsequently led negotiations to recover these costs, ultimately achieving a settlement acceptable to both the insured and TMHCC.



## APAC

The target, a provider of refrigerated transport services, was heavily reliant on sub-contractors for transport. Shortcomings in its transport management system meant it was unable to match revenue and expenses. Instead, accruals for such expenses had to be based on historical trends.

In the financial year for which the target's accounts were warranted, the target used significantly more subcontractors than the historical average. This spike in the use of subcontractors and a reliance on historical trends to calculate accruals, led to under-accruals for these expenses in the warranted accounts, in breach of one or more financial statement warranties.

As a result, the figure for EBITDA, relevant to the insured's calculation of the purchase price, was inflated. On this basis, the insured considered the relevant financial statement warranty breaches had caused it to suffer a DIV loss.

TMHCC retained forensic accountants to consider the issue, and they discovered that the additional expenses that had been understated had been allocated to a later financial year, with the result that the EBITDA figure for that year was lower than it should have been, offsetting the previous, inflated, EBITDA figures.

However, following discussion, a compromise acceptable to both parties was reached, resulting in TMHCC paying AU\$6.5m.

# 6

## Claims Processes and Outcomes

Respective of claim size, we work tirelessly to reach a swift and accurate resolution. By way of example, one of our largest claims was paid out within six months of notification, highlighting our ability to reach settlements quickly when there is full cooperation between insured and insurer.

In some cases, it takes longer to resolve claims, and this is normally due to one of the following three factors:

- **RFIs not being dealt with promptly by the insured**  
It may be that providing the additional information required is not a business priority for the client or that the information is not available due to an issue such as ongoing litigation. Either way, such delays can be lengthy – up to two years, in our experience.
- **Third-party claim**  
If there is an underlying third-party claim, then this often needs to be resolved before the claim payment can be processed.
- **Valuation complexities**  
Traditional DIV claims are highly technical and require in-depth analysis by both the insured and the insurer. Frequently, they will require input from forensic accounting experts. Our experience is that when experts are enabled to talk to each other, be it in written correspondence or in meetings, the adjustment process is smoother for all concerned.

TMHCC has declined cover for only 8% of claims received, including those that have been 'declined' due to falling within the policy retention.

The most common reasons for declination are:

- **Lack of breach**  
Claims may be declined where no breach of warranty can be established. W&I insurance responds to proven breaches - not to losses alone - so if the facts do not support a breach, cover cannot be triggered. Such outcomes are usually resolved amicably.
- **Operation of an exclusion**  
The policy exclusions applied most frequently are disclosure, specific indemnity and transfer pricing.

Our detailed and collaborative approach to claims means that our determination on coverage is accepted by the insured in the majority of claims. In the rare cases of there being disagreement, we generally resolve matters amicably without recourse to litigation.



# Subrogation / Seller fraud

SPAs have, historically, preserved seller liability for fraud as a non-waivable exception, even where warranties and indemnities were otherwise capped. More recently, the market has experienced some pressure towards tighter drafting. According to Weil, the practice of defining fraud for the purpose of a fraud carve-out within the exclusive remedy provision has now become a dominant market practice (Weil, *Fraud Carve-Outs Come of Age*, Nov 2021).

In addition to fraud definitions becoming more common, they have also become more precise. Data from the American Bar Association's M&A Committee's Private Target Deal Points Study (2023) shows that fraud was carved out of the exclusive remedy provision in 87% of deals. Notably, only 26% of these deals left fraud undefined, down from 74% in 2014, indicating a growing preference for clarity.

Case law further reinforces this ongoing evolution. In a well-documented case [Express

Scripts, Inc. v. Bracket Holdings Corp.] the Delaware Supreme Court addressed an SPA provision limiting seller liability to 'deliberate fraud'. The court confirmed that this language could contractually exclude recklessness, meaning that only intentional misconduct would trigger liability. As commentary from Pillsbury notes, the decision illustrates why careful drafting is critical: without clear language, sellers could remain exposed for reckless or negligent misstatements, but a well-drafted carve-out allows parties to limit fraud liability to actual, intentional wrongdoing by specific individuals, aligning legal risk with negotiated commercial expectations.

The evolution of SPAs and case law, alongside the growth of W&I insurance, are demonstrative of the developing trend of sellers seeking to reduce their residual liability. In some jurisdictions, we are seeing sellers try to exclude their fraud liability entirely, with many making their case using statistics about the minimal number of claims that actually result in any level of fraud recovery.

Some markets will accept that risk and price it into their policy, while others insist on a fraud carve-out remaining in the SPA or that the policy clearly defines seller fraud and preserves subrogation rights.

Further, the introduction and increasing use of synthetic warranties, which are given by the insurer rather than by the seller, can make the fraud via subrogation more difficult to pursue in the event of a claim.

When dealing with breaches of synthetic warranties, any claim of seller fraud would likely be a claim in tort, not in contract. There is unlikely to be a contractual right of recovery against breach of a synthetic warranty against the seller: the synthetic warranty has, by definition, been given by the insurer. In such circumstances, fraud would need to be proven in more general terms, such as for misrepresentation or deceit, which can be more difficult to pursue.

In our experience, claims that include allegations of fraud are generally high severity. The provision of synthetic warranties by insurers affords less protection than seller-provided warranties. As the market evolves, it will need to ensure there is a balance between the risk of a seller potentially inflating target value and the ability of insurers to secure recourse based on synthetic warranties.

To put this into a practical context, in the last 18 months, we have seen a rise in the number of claim notifications that allege seller fraud. This has either been explicit, where a fraud notice has been issued, or implied, where there is a suggestion of activities such as the fraudulent manipulation of accounts or the dishonest concealment of documents during due diligence.

Our experience indicates that a minimal number of paid claims result in sellers being pursued via subrogation, consistent with broader market trends. However, we expect this to increase as the number of fraud-related notifications continues to rise.

In the last year, we have successfully pursued a subrogated claim involving seller fraud. The settlement was agreed without recourse to the courts and for an amount acceptable to all stakeholders. We also have numerous ongoing claims where subrogation is being explored due to alleged seller fraud.

It is an involved process and we work in close partnership with the insured, their legal team and the broker, to ensure that our subrogation rights are protected and that they are also able to exercise their own rights under the SPA. To support swift and successful resolutions, we expedite our communications to deliver punctual responses during these technically complex and time-sensitive exchanges.

To summarise, the landscape of SPAs has evolved significantly, with a marked shift towards defining fraud within the exclusive remedy provisions. This trend, supported by case law and market practices, underscores the importance of precise language in mitigating seller liability. As the market continues to develop, particularly with the rise of synthetic warranties, it is crucial for all parties involved to stay abreast of these changes. Ensuring clarity and precision in SPAs and W&I policies not only aligns legal risks with commercial expectations but also allows for a more predictable and just outcome in the event of a claim.



### Notification timing

The sooner the better. When a potential issue arises, the best option is to put insurers on notice, even if you are still waiting for the full details to be presented.

It is always better to notify too early than to hold off and notify too late. The sooner you notify TMHCC, the sooner we can work with you to ensure a just outcome.

### Notification content

Information is currency and providing the most detailed narrative possible, alongside the supporting documentation, will help to expedite the claims process. This is relevant to every aspect of the claims process. For example, the information setting out the details of the claim and the specific warranty breaches in question at initial notification are essential. However, as discussed below, so too is continued engagement.

It should be remembered that failing to provide sufficient information does not generally invalidate a notification, but it can lead to the claim taking longer to resolve.

When responding to requests for information, make sure your replies provide the relevant information and are both timely and proportionate. We, too, will ensure that our requests for information are sent in a timely manner and are kept proportionate, both in the questions asked and the number of RFIs issued.

### Claim engagement

Collaborating with all parties - insurer, insurer counsel, insurer experts - in the claims process is the best way to achieve a smooth journey.

Involving the broker in the claims process will enable them to assist in providing clear lines of communication and in preventing misunderstandings.

TRI claims are often complex and highly technical. To complement our own in-house expertise, we will occasionally bring in specialised third-party consultants to ensure claims are handled in the most effective manner and that all the required data is gathered from the outset. This does not mean that we are trying to find a loophole to get out of paying your claim: the opposite is true. We wish to ensure we fully understand the technicalities of your claim.



# Conclusion

The maturing TRI market continues to evolve quickly and the data set out and analysed in this report provides considered insights into emerging trends in areas ranging from notification rates and breach types to subrogation and fraud.

Our global notification rate has held steady at 16%, while regional rates vary – North America 21%, EMEA 17% and APAC 14%. These rates are in line with the wider market's experience and the global nature of our portfolio enables us to identify trends as they emerge within individual regions, and to share learning from different territories.

In addition to monitoring notification rates, we are also closely tracking the pronounced trend towards later notifications. Numerous factors appear to be driving this trend, including increasing familiarity of TRI cover as the market matures, the widespread adoption of three-year general warranty periods and enhanced regulatory scrutiny.

Interrogation of the data shows that our experience of breach types is aligned with historical norms: tax remains the most frequent and accounts remain the most severe. The recorded rise in compliance claims and the recent settlement of a high-severity tax claim may signal new emerging trends which we will observe keenly in the coming years.

Similarly, we will be monitoring the rise in notifications that allege fraud and the impact that the increasing use of synthetic warranties has on the ability to secure recourse via subrogation.

The changing dynamics of the TRI market demand close collaboration between insurers, brokers and insureds to ensure the cover placed caters appropriately for the underlying risks and responds in a way that delivers a smooth and expected outcome in the event of a claim.

Fostering collaborative relationships is central to our approach. We hope the insights detailed in this report will inform and assist future discussions with our partners in this core market.

*“TMHCC has handled more than 500 TRI claims globally, demonstrating a proven ability to guide clients through complex investigations, negotiations and settlements. Our technical expertise and collaborative approach ensure timely, accurate coverage determinations and consistently strong outcomes. Backed by extensive claims data and deep market insight, we continue to refine our proposition to meet the evolving exposures of the international M&A landscape and remain a steadfast partner to our clients in the years ahead.”*

**Carlos Fane**

*Claims Manager - Financial Lines, Cyber and Transaction Risk*

# Glossary

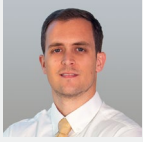
# 10

<b>BT</b>	Breach type
<b>DIV</b>	Diminution in value
<b>EBITDA</b>	Earnings before interest, taxes, depreciation and amortisation
<b>EV</b>	Enterprise value
<b>Least severe losses</b>	Losses of less than US\$1m
<b>Most severe losses</b>	Losses of more than US\$5m
<b>Non-Routine Tax Audit</b>	A more targeted investigation initiated due to specific concerns, irregularities, or red flags in records.
<b>Notification rate</b>	The proportion of policies issued per UWY that have attracted one or more claims notifications
<b>RFI</b>	Request for information
<b>Routine Tax Audit</b>	A standard review conducted periodically by tax authorities to verify the accuracy of a taxpayer's filings. It typically follows a predefined process and is not triggered by suspicion or anomalies.
<b>R&amp;W</b>	Representations and Warranties
<b>SPA</b>	Sale Purchase Agreement
<b>TRI</b>	Transaction Risk Insurance
<b>W&amp;I</b>	Warranty and Indemnity

# Contact us

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## TRI Underwriting – International

**Adrià Vázquez**

Head of TRI - International  
[avazquez@tmhcc.com](mailto:avazquez@tmhcc.com)  
Barcelona, Spain

**Miguel Hernandez**

TRI Underwriting Manager International  
[mahernandez@tmhcc.com](mailto:mahernandez@tmhcc.com)  
Barcelona, Spain

**Juan Manuel Velázquez**

TRI Manager Southern Europe & LatAm  
[jvelazquez@tmhcc.com](mailto:jvelazquez@tmhcc.com)  
Barcelona, Spain

**Birgit Rummel**

TRI Manager - DACH & CEE  
[brummel@tmhcc.com](mailto:brummel@tmhcc.com)  
Munich, Germany

**Thomas Burke**

TRI Manager - APAC  
[tburke@tmhcc.com](mailto:tburke@tmhcc.com)  
Sydney, Australia

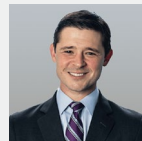
**Roger Gordó**

TRI Senior Underwriter Tax Lead  
[rgordo@tmhcc.com](mailto:rgordo@tmhcc.com)  
Barcelona, Spain

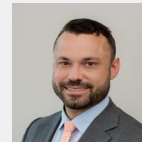
## TRI Underwriting – North America

**Shane de Burca**

Head of TRI - North America  
[sdeburca@tmhcc.com](mailto:sdeburca@tmhcc.com)  
New York, USA

**John Csuka**

TRI Senior Underwriter  
[jcsuka@tmhcc.com](mailto:jcsuka@tmhcc.com)  
New York, USA

**Cameron Williamson**

TRI Senior Underwriter  
[cwilliamson@tmhcc.com](mailto:cwilliamson@tmhcc.com)  
New York, USA

**Olivia Pomann**

TRI Senior Underwriter  
[opomman@tmhcc.com](mailto:opomman@tmhcc.com)  
New York, USA

## TRI Claims

**Carlos Fane**

Claims Manager  
[cfane@tmhcc.com](mailto:cfane@tmhcc.com)  
Barcelona, Spain

**Naomi Barnes**

Senior Claims Counsel and TRI Lead  
[nbarnes@tmhcc.com](mailto:nbarnes@tmhcc.com)  
Barcelona, Spain

## Our offices

**Barcelona**

Torre Diagonal Mar  
Josep Pla 2, Planta 10  
08019 Barcelona  
Spain

**London**

The St Botolph Building  
138 Houndsditch  
London ECA 7BT  
United Kingdom

**Munich**

Rindermarkt 16  
80331 Munich  
Germany

**New York**

600 Lexington Ave.  
22nd Floor  
New York, 10022  
USA

**Singapore**

20 McCallum St.  
#13,01  
Tokio Marine Centre  
Singapore, 069046  
Singapore

**Sydney**

Level 3/1 Chifley  
Sydney, NSW 2000  
Australia

## About Tokio Marine HCC



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