



Chubb and TechAssure Insurance Agent and Broker Survey: Technology and Life Sciences Companies' Attitudes Toward Mergers and Acquisitions

Chubb and TechAssure surveyed TechAssure's insurance agent and broker members in August and September of 2021 to explore how their technology and life sciences clients are navigating emerging risks and growth opportunities, including around mergers and acquisitions (M&A).

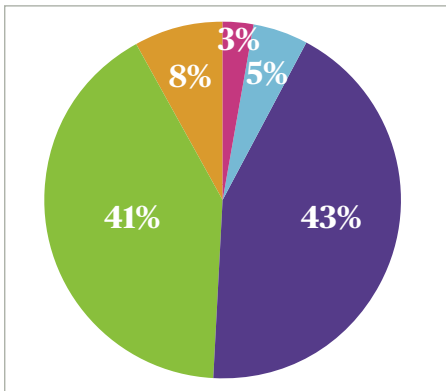


More technology and life sciences companies are considering making a purchase than prior to the pandemic. According to the data, **40% of respondents said that their clients are considering making an acquisition over the next 12 months, up from 30% who said the same in 2019.**

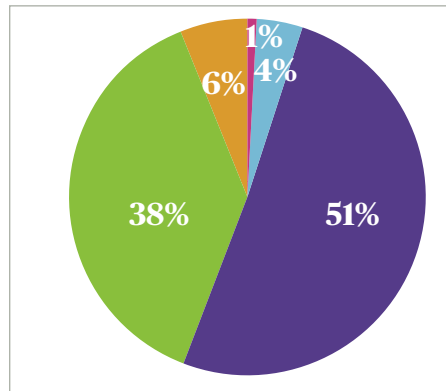
Balancing Risk and Reward

For some technology and life sciences companies, the pandemic has impacted the likelihood of engaging in M&A activity.

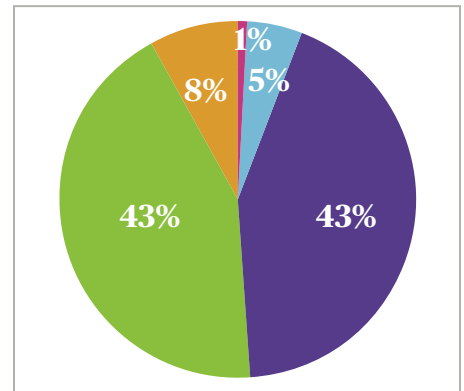
How has the pandemic changed the likelihood of selling the business for your clients?



How has the pandemic changed the likelihood of merging with another business for your clients?



How has the pandemic changed the likelihood of making a transformative acquisition for your clients?



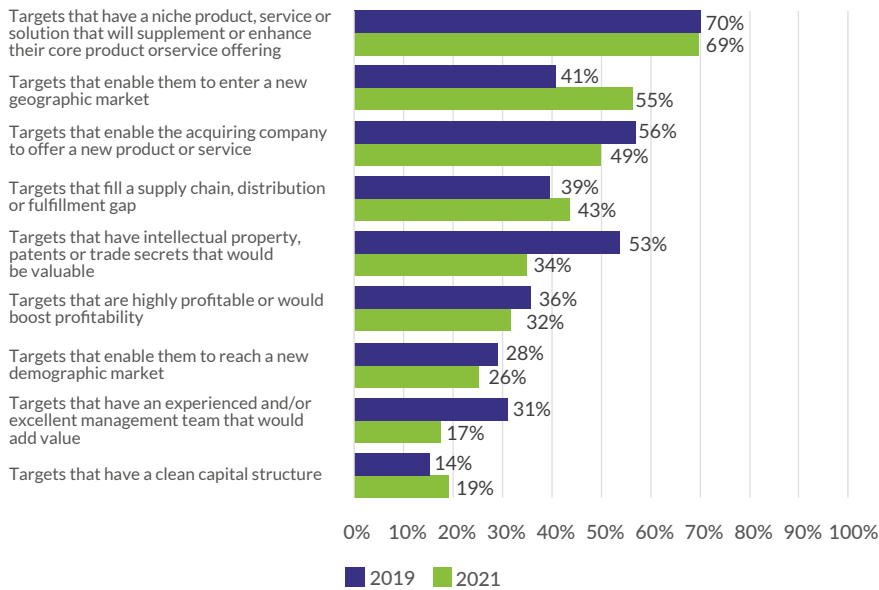
■ Much more likely
 ■ Somewhat more likely
 ■ No impact
■ Somewhat less likely
 ■ Much less likely

M&A activity is not without risk, from potential past unknown liability exposures to possible misrepresentations in the purchase and sale agreement. In fact, a third of respondents (33%) said their clients see an increasing risk of a deal falling apart in the next 12 months, up from 23% in 2019. Technology and life sciences companies should discuss with their insurance agent or broker how stay protected from transaction-related risks, both when it comes to the due diligence process and transactional risk insurance.

What Makes Technology and Life Sciences Companies Attractive Acquisition Targets?

When asked what technology and life sciences clients look for when making an acquisition, targets that have a niche product, service or solution that will supplement or enhance their core product or service offering remains a top priority. Supply chain considerations have become slightly more important given recent disruption, as well as the ability to reach new geographic markets in an ever-globalizing world.

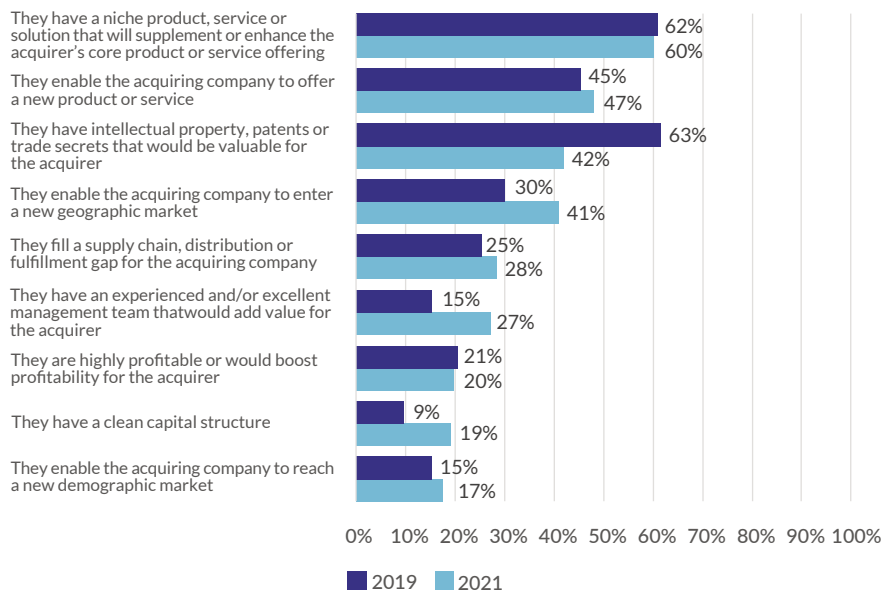
Regardless of whether clients are actively pursuing an acquisition purchase, what do your clients look for when making an acquisition? Select all that apply.



In a fiercely competitive recruitment and retention environment, having an experienced and/or excellent management team that would add value for the acquirer has increased in importance since 2019, with 27% of clients prioritizing this in 2021 compared to 15% in 2019. Having intellectual property, patents or trade secrets that would be valuable to the acquirer has decreased in importance, though it remains high on clients' lists.

As their appetite to engage in M&A activity continues to grow, technology and life sciences companies should work closely with their insurance agent or broker to mitigate risk. While proper due diligence is always important, transactional risk insurance solutions such as representation and warranties insurance (R&W), tax indemnity insurance, and contingent liability insurance can help acquiring companies transfer some of their risk and facilitate a smoother negotiation process for the buyer and seller.

Regardless of whether clients are actively positioning themselves to be acquired, what makes your clients attractive acquisition targets? Select three.



Methodology

This snapshot of data is from Chubb and TechAssure's second survey of TechAssure's insurance agent and broker members. TechAssure fielded the survey in August and September 2021 via Survey Monkey. There were 175 respondents.

This document is advisory in nature and is offered as a resource to be used together with your professional insurance advisors in maintaining a risk management program; it is not intended as legal advice. You should consult knowledgeable legal counsel or other knowledgeable experts as to any legal or technical questions you may have.

For more information, visit: <https://www.chubb.com/us-en/business-insurance/technology.html>



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