SURREY CAPITAL RESEARCH

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M&A DEAL
OF THE WEEK

Zurich Insurance Buys
Beazley for $10.8B

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Executive Summary

Summary

On the 2nd of March 2026, Zurich Insurance Group Ltd announced their agreement to the terms of an all-cash offer to acquire Beazley plc, a London-based specialist insurer, for $10.8 billion. The acquisition will be executed via a court-sanctioned scheme of arrangement between Beazley and its shareholders and is expected to close in the second half of 2026. The merger is a strategic move for Zurich to establish itself as a global leader in specialty insurance. As Beazley is a market-leading specialist in high-growth segments such as cyber and marine insurance, the deal will boost revenue and generate significant shareholder value. For instance, the deal is estimated to bring in more than $1 billion per annum in incremental revenue in the medium term. The deal also introduces significant operational efficiencies, with Zurich expecting to deliver approximately $150 million of combined annual pre-tax run-rate cost savings by 2029.

- Zurich Insurance is a leading multi-line global insurer headquartered in Zurich, Switzerland. Founded in 1872, the company has grown to operate a network serving customers in more than 200 countries and territories.
- Zurich provides a wide range of property, casualty and life insurance services to a diverse customer base. The company generated a business operating profit of $8.9 billion in 2025.
- Beazley plc is a specialist insurance business based in London, UK. Founded in 1986, Beazley is recognised as a market-leader in high growth sectors such as Cyber, Marine and US excess & surplus lines. The company underwrote $6.1 billion in gross written premiums worldwide in 2025 and delivered over $1.1 billion in pre-tax profits.
- The global cyber insurance market is expected to grow from $33.05 billion in 2026 to $223.47 billion by 2034. This reflects the escalating frequency and risk around cyber threats and global digitalisation.
- The acquisition values Beazley at an enterprise value of $9.42 billion, representing a multiple of around 10.9x earnings (P/E). The deal premium of 59.8% highlights the strong growth expectations.
- Beazley will continue as a distinct specialty franchise operating under the Zurich Group, maintaining its London-based hub while leveraging Zurich's large global market reach.
- The rationale for the merger centres on establishing Zurich as the global leader in specialty insurance and gaining access to the Lloyd's of London specialty market.

Key Figures

Zurich

Deal Value: $10.8bn
Enterprise Value: $115.21bn
EV/EBITDA: 10.69x
P/E Ratio: 15.11x
Market Cap: $102.72bn
CEO: Mario Greco
Employees: 63000

Beazley

Premium: 59.8%
Enterprise Value: $9.42bn
EV/EBITDA: 6.28x
P/E Ratio: 10.87x
Market Cap: $9.93bn
CEO: Adrian Cox
Employees: 2555

Company Information

Zurich Insurance Group

Zurich Insurance Group is a multinational Swiss insurance company based in Zurich, Switzerland. Zurich Insurance is one of the world's largest insurers - providing a range of insurance packages to individuals, small scaled businesses, and large multinational corporations. Zurich Insurance operates in more than 200 countries, with their activity predominantly falling in Europe and North America.

- In 2025, Zurich Insurance reported approximately $88.67 billion USD in total revenue, signifying their position as a global insurance provider.
- Zurich Insurance Group reported a net income of approximately $6.8 billion USD in 2025. This highlights the strong profitability and showcases their stability in earning across the calendar year.
- Zurich generated a pre-tax income of $10.04 billion USD, placing them in line with major European competitors AXA, which reported approximately $9.3 billion USD. Further highlighting Zurich's strong competitive position within the insurance global market.
- As of 2025, under the Chief Executive Officer Mario Greco, Zurich Insurance Group employs over 60,000 workers globally - all specialising in property, casualty, life and commercial insurance.
- Zurich demonstrated a strong return on equity of approximately 20%. This highlights how efficient shareholder capital is used.

Beazley

Beazley is a UK based insurance firm, founded in 1986, headquartered in London. Their main aim is to specialise in niche risks, for example: cyber, marine and aviation insurance. As a result, Beazley has been able to operate on a global front, providing services for institutions and firms in over 180 different countries. This has led to Beazley forming a strong reputation within specialty insurance, assisted by their expertise in risk management, thus enabling the company to establish a strong imprint on the insurance market.

- In 2025, Beazley reported $1.06 billion USD in total revenue. This signifying the growing demand for specialty insurance services, particularly in cyber insurance.
- Beazley is run by current CEO Adrian Cox, with a total global workforce of approximately 2,000 employees. This number is significantly lower than larger multinational insurers.
- Beazley produced a profit margin of 86% and thus a net income of approximately $0.91 Billion, underlining the firm's ability to convert revenue into profits.
- 2025 saw Beazley generate $1.15 billion USD in pre-tax income, highlighting the potential in niche markets insurance, outperforming close competitor Hiscox Ltd, who generated approximately $0.90 billion USD.
- Beazley reported an earnings per share of approximately $1.55 in 2025, an increase from the previous year at $1.40. This solidifies the improved profitability and growth by Beazley and the special insurance market.

Deal Rationale and Risk

Rationale - Entering the Specialty Insurance Market Strategically

On March 2, 2026, Zurich Insurance Group announced that they would acquire Beazley plc for around $10.8 billion. This agreement supports Zurich Insurance Group's development in the insurance sector, including cyber insurance. The risks related to cybersecurity are increasing as more businesses tend to use data systems. Zurich Insurance Group would gain information and knowledge from Beazley due to its competence in cyber insurance.

Additionally, this agreement allows Zurich Insurance Group to shift its attention from insurance to other profitable areas. With Beazley's position in the Lloyds of London market, Zurich Insurance Group can now manage complex risks using a global platform. Forecasts estimate the merger will generate about $15 billion in premiums, improving Zurich Insurance Group's position in the specialty insurance market.

Leveraging Beazley's expertise to improve underwriting

Beazley's background is helping Zurich Insurance Group make better insurance decisions. When it comes to choosing insurance, Beazley does well, particularly in the area of cyber insurance. This supports Zurich Insurance Group in improving risk evaluation and pricing, because situations are becoming more complicated and unpredictable.

Supports long term growth and revenue expansion

Zurich benefits from the agreement as it helps its long-term plans. They are concentrating on sectors like specialty insurance where individuals would need insurance. This includes areas like cyber insurance, which is growing in popularity as businesses seek to protect themselves from cybercrime. To help pay for the acquisition, Zurich is receiving an additional $5 billion in addition to spending some of its own funds, demonstrating their willingness to expand. Together, Zurich and Beazley can leverage Beazley's experience and Zurich's scale to serve clients and increase revenue. Beazley and Zurich will be able to cooperate, and Zurich will continue to expand.

Risk

Balance Sheet and Financial Risk

The deal is really expensive. It is financed by debt and capital. Zurich is presently under financial strain since they raised 5 billion dollars for this transaction. Zurich's earnings may take a hit if this deal fails to generate revenue. Zurich's expenses will rise if interest rates rise. Zurich needs to approve the deal.

Regulatory Approval

Regulators and shareholders still need to approve the merger. It is anticipated that this approval will take place in the first half of 2026. Regulators will probably look into whether this agreement affects competition. Any delays might have an impact on the deal's advantages for all parties.

Operational Integration and Market Risk

Both Beazley and Zurich function in different ways. Zurich is much larger and has a more formal structure in place, but Beazley is excellent at underwriting many kinds of insurance. Beazley and Zurich may find it challenging to cooperate.

Beazley and Zurich are likewise concerned about the insurance sector. Beazley recently reported a 19% decrease in earnings, showing how quickly market conditions can shift. If more businesses begin to compete with Beazley and Zurich, they may earn less revenue if consumers choose not to pay as much for insurance, creating a bigger problem for both organizations.

Industry Analysis

Industry Trends

The specialty insurance sector is currently experiencing lots of change as a result of several factors that underwriters should be aware of. Firstly is climate change. Increasing numbers of homes and assets are being destroyed or damaged due to storms, floods, and other natural hazards. According to the World Economic Forum, 2025 was the hottest on record, causing wildfires in California (where many rich citizens in the US live), showing an opportunity for business there. Climate variables that used to appear on quarterly risk reviews are now a daily consideration for underwriters.

The level and risk of cyber attacks has become more common. Ransomware has increased by 45% from 2024 to 2025, with machinery and electronics manufacturing being the most targeted sectors, one of Beazley's specialties at present, thus providing scope for Zurich to benefit from the opportunity.

Competitive Implications

The Zurich-Beazley deal reshapes the industry completely and points towards the direction in which most larger insurance firms such as AIG, Allianz and AXA may head. Beazley may lack the capital of these other firms but their core competitive advantage comes from their more niche and specialist clients with the global specialty insurance market valued at around $142 billion with a 10% average YoY growth rate.

They also rank among the top three global standalone insurers for cybersecurity. The deal will add depth to Zurich's wide range of services and will collapse the distinction between specialist and mainstream insurance. Furthermore, more competitors will aim to blend insurance with cyber security in the coming years as this is a rapid growing market. As the first combined entity, Zurich has accelerated growth in these markets by acquiring a key player in Beazley, they provide cost and capital synergies as well as third-party capital with their collaboration with Lloyds of London. This creates competitive pressure for their peers in Allianz, AXA and Chubb who all compete directly with Beazley in the cyber sector, they must either make smart acquisitions of their own or accelerate internal funding and R&D in data capabilities.

Financial and Structural Considerations

The financials and the structure of the deal has implications for both firms as well as the wider market. The deal represents a 60% premium on their last share price of £8.20, this is approximately 2.2x the book value. Why such an overvaluation? It shows the scarcity of a business of Beazley's quality and how powerful the strategic gains are for Zurich. Their initial bids were rejected six times before a deal was made, Beazley really made sure they were getting the best deal possible and have enough leverage to force a high price out of buyers.

The $10.8 Billion acquisition is all in cash. Zurich doesn't have the balance sheet capabilities so therefore $3 Billion of the buyout is debt funded, this mixture of debt and cash reduces their solvency in the short term however, increasing risk for potential investors. Analysts at Peel Hunt predict a 8% ROI; however this is dependant on a successful integration. Beazley's company structure is flat and focused on underwriting talent, the real test will be how well can they integrate with a large multinational who are less risk averse and more focused on innovation. At a valuation of $10.8 billion, this will be one of the largest specialty insurance deals of the decade and it sets a precedent of what is needed to the other firms in the market.

Final Thoughts

On 9 February 2026, a consortium led by FedEx and Advent International agreed to acquire Polish parcel locker company InPost for $9.2 billion in an all-cash offer at $18.49 per share, representing a roughly 50% premium to its 2 January share price prior to takeover speculation. The deal, expected to close in the second half of 2026, will take InPost private, with FedEx and Advent each holding 37% stakes alongside A&R Investments (16%) and PPF Group (10%). The rationale is to accelerate InPost's expansion across Western Europe by leveraging FedEx's global logistics network and operational expertise to strengthen B2C last-mile and out-of-home delivery capabilities, positioning the company to benefit from projected growth in Europe's out-of-home delivery market from $7 billion in 2025 to $14.1 billion by 2030 (15% CAGR).

Thomas Robbins
Zurich's acquisition of Beazley represents an important step for Zurich to reinforce its position as a global leader in the specialty insurance market. The deal's strategic value will be dependent upon the retention of key employees and effective risk management to navigate the complex cyber risk sectors. The acquisition will provide Zurich with access to the Lloyd's of London specialty market and also gives Beazley exposure to Zurich's capital and global reach.

Sammy Abbasi
Overall, the acquisition of Beazley by Zurich Insurance Group represents a strategically focused move to strengthen Zurich's presence in high-growth specialty insurance markets. The deal increases Zurich's capabilities in areas such as cyber risk, while Beazley benefits from the scale and financial strength of a global insurer. However, the success of the transaction will depend on Zurich's ability to integrate Beazley without undermining its specialised and agile operating model, meaning that while the strategic rationale is strong, effective execution will ultimately determine the deal's long-term value.

Aryan Basnet
Zurich are now in a strong position in the speciality insurance market thanks to the acquisition, particularly in the cyber insurance sector. By using Beazley's experience, Zurich can improve its risk-pricing strategies, reach a wider audience, and increase sales within many other markets. This increases Zurich's competitiveness in the international insurance market by removing the need to develop such skill within the company at a slower pace.

Angus Bain
This is a smart move for Zurich and they have persisted heavily to get a deal across the line. Beazley will add to their depth of services and we should expect to see a good return on their investment as specialty insurance is becoming increasingly more popular.

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