

TRENDS: USE OF REPRESENTATION AND WARRANTY INSURANCE IN M&A TRANSACTIONS

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Introductions and Opening

The Use of Representation and Warranty Insurance in M&A Transactions

Threshold deal size continues to decrease

- The historical deal threshold for rep and warranty insurance was around \$50MM, but insurers are now willing to quote for lower than \$10MM.
- Efficiencies in the underwriting process and standard “market terms” have made it profitable for insurers to insurer smaller and smaller deals.
- “Insurance Tower” syndication provides for greater insurer risk allocation.

Source: SRS Acquiom September 2020 Buy-Side Representations and Warranties Insurance (RWI) Deal Terms Update

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