

PRESENTED AT

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How Transactional Insurances Continue to Change the M&A Game

**Representations and Warranties Insurance -
Current Market Developments and Trends
October 2020**

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An aerial night view of a city with illuminated buildings and streets. A large white rectangular box is overlaid on the left side of the image, containing text. Several smaller white rectangular boxes are also scattered across the cityscape.

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Mergers & Acquisitions Transactional Insurance

Overview of Transactional Insurance Solutions

Representations & Warranties Insurance

- Used by private equity and strategic buyers to increase competitive position in auctions – offer sellers a limited or no indemnity deal
- Facilitates clean exits – sellers avoid escrows and holdbacks, and distribute proceeds to investors
- Acceptance and use of product has increased dramatically over last five years

Tax Insurance

- Insure tax positions to facilitate transactions
- Covers taxes, penalties, interest and contest costs in the event of a challenge by the IRS or other tax authority
- Wide range of tax issues can be insured, including:
 - Tax-free mergers
 - S-corporation issues
 - Net operating losses
 - Alternative energy credits
 - Sales and use tax

Contingent Liability/Pending Litigation/Other Insurance

- Used by buyers and sellers to transfer risk on contingent exposures to insurers
- Pending litigation
- Environmental
- Successor liability
- Fraudulent conveyance
- Loss portfolio transfer
- Antitrust consent
- Legislative contingency
- Fund liquidation

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"How Transactional Insurances Continue to Change the M&A Game"