

# Transactional Risk Insurance

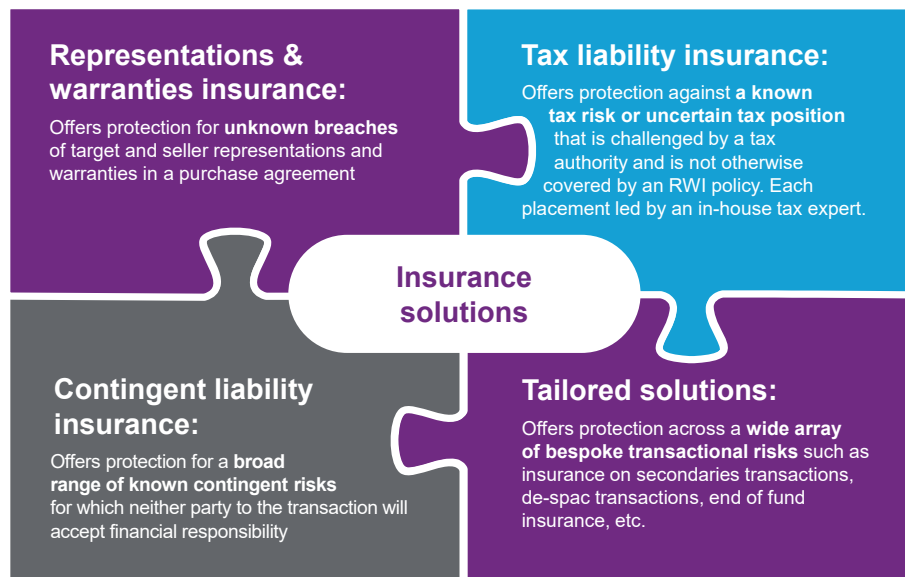
Market overview

Fall 2021



## Transactional insurance solutions

Our team offers tailored solutions to transactional risk allocation





## Representations and Warranties Insurance (RWI)

By transferring risk to an insurer,  
RWI improves terms for both parties

## Benefits and uses

All parties benefit through transferring risk to an insurer

### Buyers

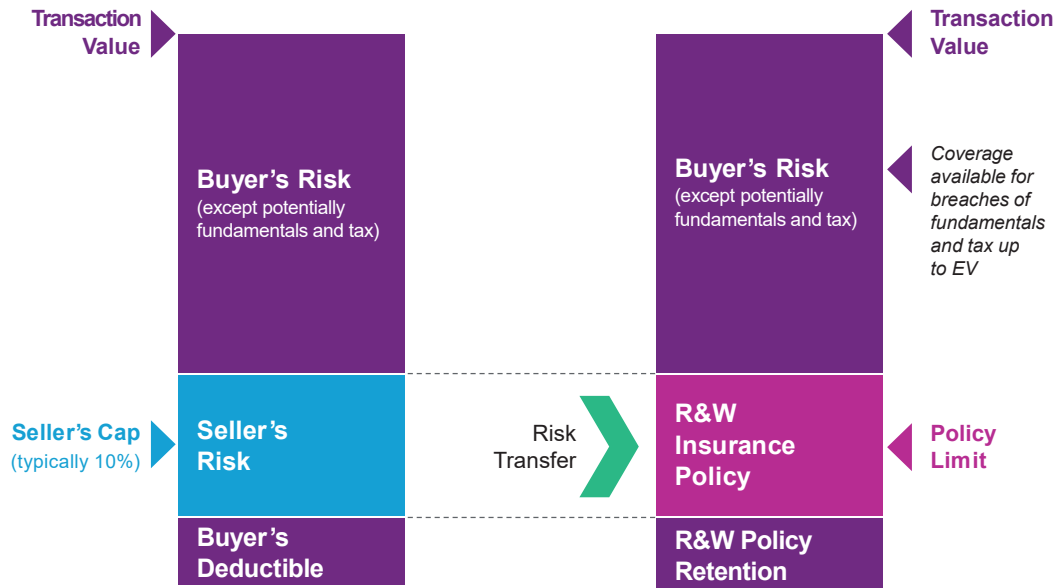
- Receive broader representations under a policy than sellers may otherwise offer
- Benefit from extended survival periods (customarily 3 years for general representations & 6 years for fundamental representations)
- Avoid post-closing proceedings with sellers who may remain active at the company
- Benefit from security where there is concern over the ability to collect indemnification

### Sellers

- Collect proceeds up front without funds tied up in escrow
- Avoid post-closing contingent liabilities and proceedings
- Reduce the risk of prolonged or contentious negotiation over representations and indemnification provisions in a transaction agreement
- For minority and passive investors, receive protection from any indemnity obligations arising out of joint and several liability obligations

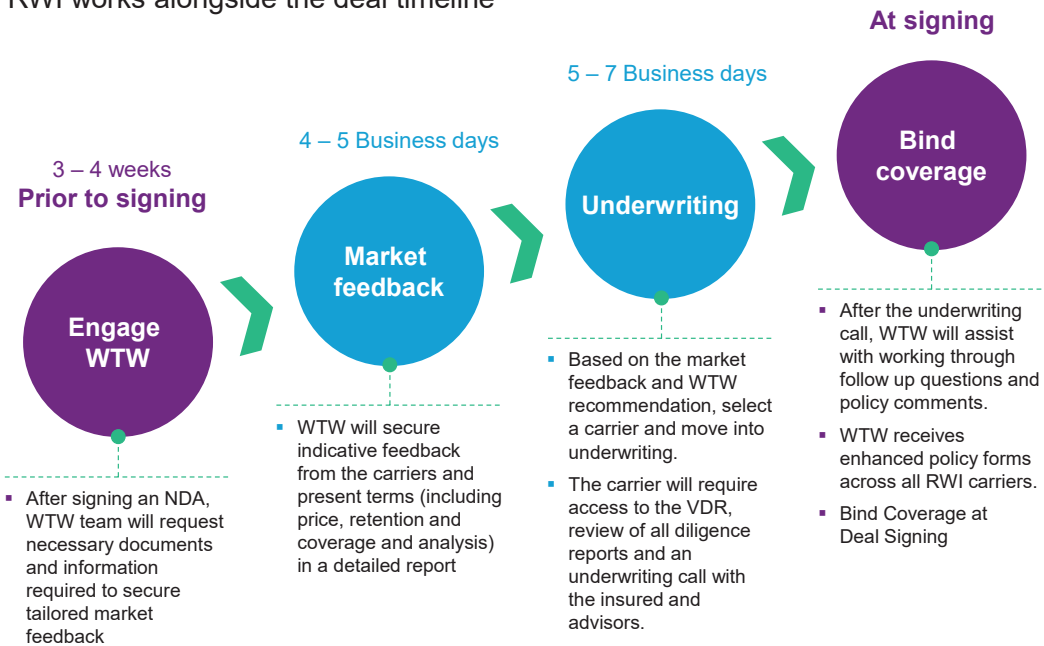
## R&W insurance

Risk transfer to an insurer mirrors a traditional seller indemnity and works “back-to-back” with a purchase agreement



## High level process overview

RWI works alongside the deal timeline



Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the [UT Law CLE eLibrary \(utcle.org/elibrary\)](https://utcle.org/elibrary)

Title search: Transactional Risk Insurances: Market Overview, Fall 2021

Also available as part of the eCourse  
[2021 Mergers and Acquisitions eConference](#)

First appeared as part of the conference materials for the  
17<sup>th</sup> Annual Mergers and Acquisitions Institute session  
"RWI and Other Transactional Insurances: M&A Risk Allocation Opportunities"