

Transactional Risk Insurance

Market overview

Fall 2021

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Transactional insurance solutions

Our team offers tailored solutions to transactional risk allocation

Representations & warranties insurance:

Offers protection for **unknown breaches** of target and seller representations and warranties in a purchase agreement

Tax liability insurance:

Offers protection against a **known tax risk or uncertain tax position** that is challenged by a tax authority and is not otherwise covered by an RWI policy. Each placement led by an in-house tax expert.

Insurance solutions

Contingent liability insurance:

Offers protection for a **broad range of known contingent risks** for which neither party to the transaction will accept financial responsibility

Tailored solutions:

Offers protection across a **wide array of bespoke transactional risks** such as insurance on secondaries transactions, de-spac transactions, end of fund insurance, etc.

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Representations and Warranties Insurance (RWI)

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

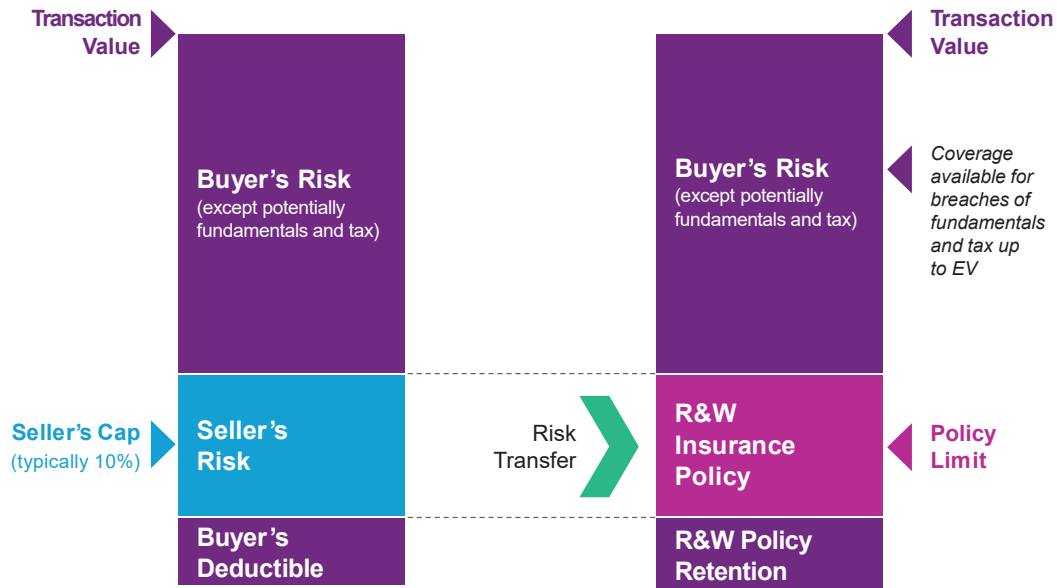
Benefits and uses

All parties benefit through transferring risk to an insurer

Buyers	Sellers
<ul style="list-style-type: none">▪ Receive broader representations under a policy than sellers may otherwise offer	<ul style="list-style-type: none">▪ Collect proceeds up front without funds tied up in escrow
<ul style="list-style-type: none">▪ Benefit from extended survival periods (customarily 3 years for general representations & 6 years for fundamental representations)	<ul style="list-style-type: none">▪ Avoid post-closing contingent liabilities and proceedings
<ul style="list-style-type: none">▪ Avoid post-closing proceedings with sellers who may remain active at the company	<ul style="list-style-type: none">▪ Reduce the risk of prolonged or contentious negotiation over representations and indemnification provisions in a transaction agreement
<ul style="list-style-type: none">▪ Benefit from security where there is concern over the ability to collect indemnification	<ul style="list-style-type: none">▪ For minority and passive investors, receive protection from any indemnity obligations arising out of joint and several liability obligations

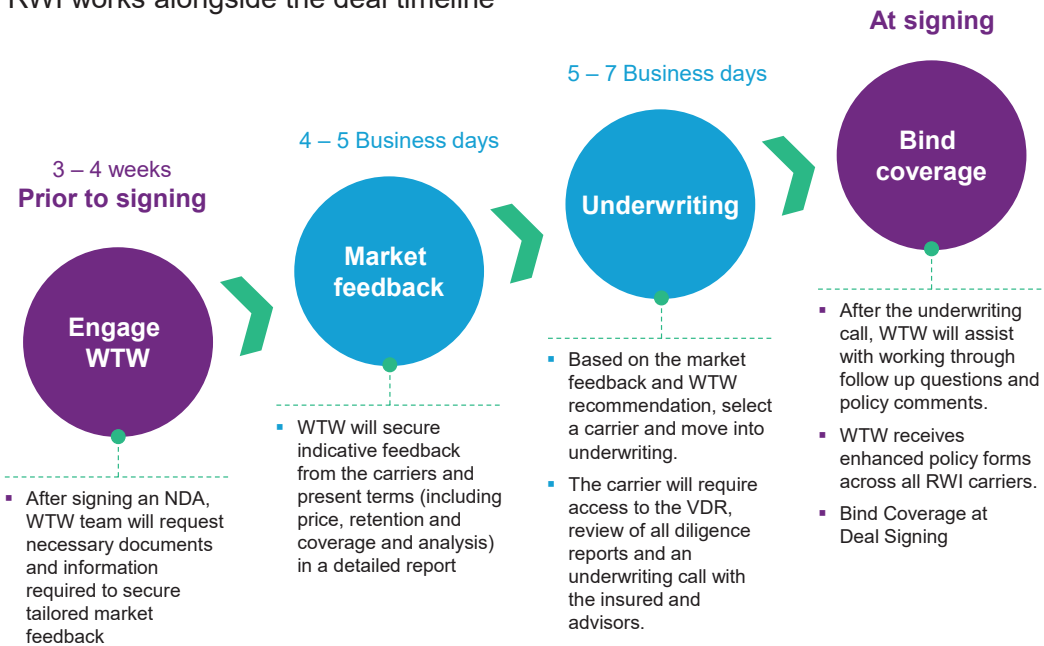
R&W insurance

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



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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
17th Annual Mergers and Acquisitions Institute session
"RWI and Other Transactional Insurances: M&A Risk Allocation Opportunities"