

# Transactional Risk Insurance

Market overview

Fall 2021

## 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.



## 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

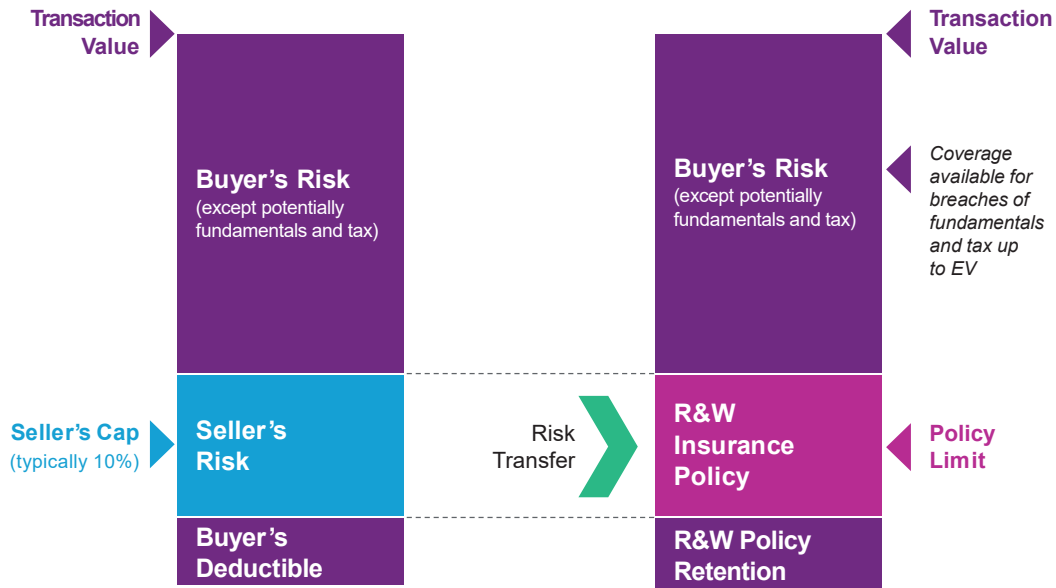
- Receive broader representations under a policy than sellers may otherwise offer
- Benefit from extended survival periods (customarily 3 years for general representations & 6 years for fundamental representations)
- Avoid post-closing proceedings with sellers who may remain active at the company
- Benefit 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

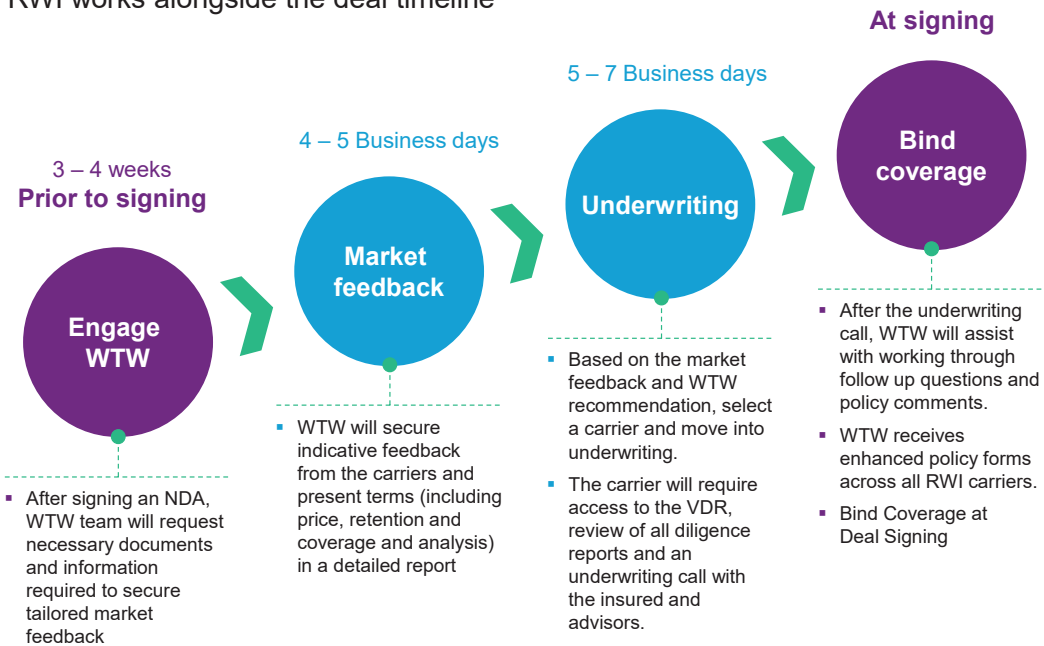
## R&W insurance

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



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Also available as part of the eCourse

[RWI and Other Transactional Insurances: M&A Risk Allocation Opportunities](#)

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"