

# Transactional Insurance Solutions

Overview and Market Update

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## About WTW

*By cultivating long-term client relationships, we have served many clients from our earliest days. We meet clients with respect, a strong sense of advocacy and an emphasis on excellence. These values define our relationships with our clients now and in the future.*

We have  
**46,000**  
employees  
serving more than  
**140**  
countries and markets.



We've been putting  
**clients first**  
since **1828**



We work with  
**449** of the Fortune Global  
**500** | **93** of the FTSE **100** | **893** of the U.S. Fortune **1000**  
and thousands of non-Fortune-listed companies

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# Transactional Insurance Solutions

## Overview of Placement Lines



### Representations & Warranties Insurance

- Offers protection for unknown breaches of target and seller representations and warranties in a purchase agreement
- Used by private equity and strategic buyers to increase competitive position in auctions — offer sellers a limited or no indemnity deal



### Tax Insurance

- Offers protection against financial loss arising from a tax challenge of a known tax risk or uncertain tax position
- Wide range of tax issues can be insured, including:
  - Tax-free mergers
  - S-corporation issues
  - Net operating losses
  - Alternative energy credits



### Contingent Liability

- Offers protection for a broad range of known legal and regulatory contingent risks
  - Pending litigation
  - Antitrust consent
  - Legislative contingency



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## Representations and warranties insurance

Transfers risk of loss for unknown breaches to an insurer

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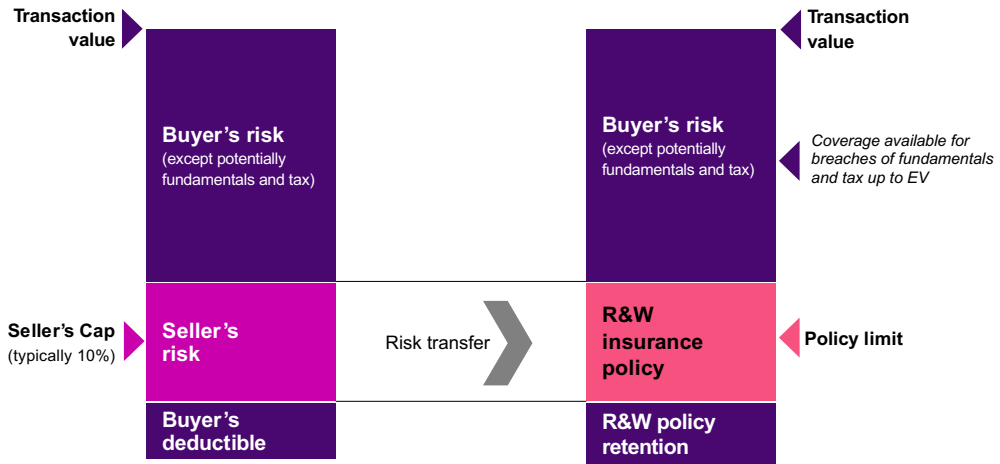
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## R&W insurance

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



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## Representations & Warranties Insurance

### Overview

#### R&W Basics

Protects against financial losses from breaches of representations and warranties given by sellers and/or target company.

Most policies (over 99%) are **Buy-side policies** – provides buyer with indemnification protection while allowing sellers to exit with minimal escrows/indemnity obligations.

Underwriting based on review of buyer's due diligence process.

Buyer policies cover seller fraud – subrogation waived against sellers except for fraud.

Covers breaches of Representations & Warranties for up to six (6) years post-closing.

Premium: One-time payment, typically in the range of 2.40% - 2.80% of limits insured (e.g., \$240,000-\$280,000 for a \$10 million limit) in the U.S. market (lower pricing in European market).

Retention: Typically, minimum 0.50% of purchase price/enterprise value subject to carrier 'minimum requirements'; lower for larger (i.e. >\$250M) or competitive deals

Retention funded either by a combination of the buyer deductible and seller indemnity (in acquisition agreement) or is entirely buyer funded. Typically reduces to match buyer deductible amount 12-18 months after closing (0.5% to 1% of enterprise value).

Public company-style/no-seller indemnity structures are also most common.

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Also available as part of the eCourse

[2023 Mergers and Acquisitions eConference](#)

First appeared as part of the conference materials for the  
19<sup>th</sup> Annual Mergers and Acquisitions Institute session

"Getting the Piper Paid: Successfully Navigating the RWI Claims Process"