



Giving Bidders a Competitive Advantage

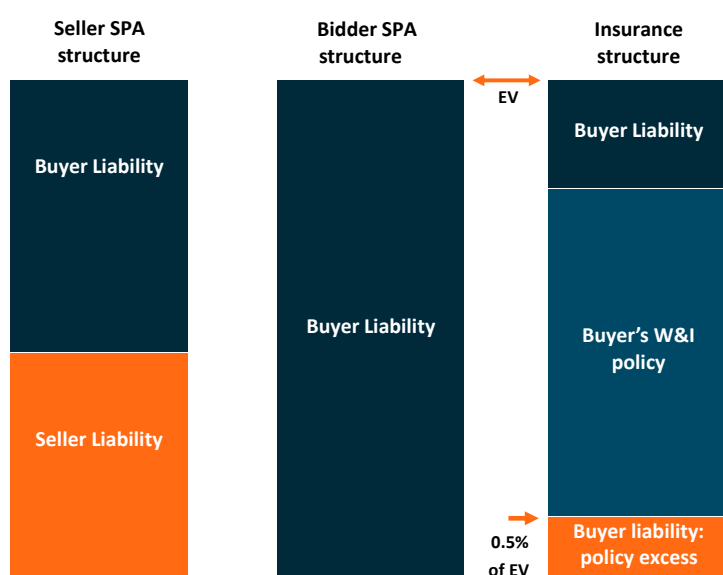
PROVIDING **CERTAINTY**



Giving Bidders a Competitive Advantage

High quality assets are often sold via fiercely competitive auction processes. As well as price, sellers will take into consideration the desire to exit cleanly and its confidence in the bidder's ability to complete within a strict timetable.

Warranty & Indemnity ("W&I") insurance has become the tool of choice for buyers to differentiate their bid by helping to meet the seller's demands and remaining in control of their own risk management requirements.



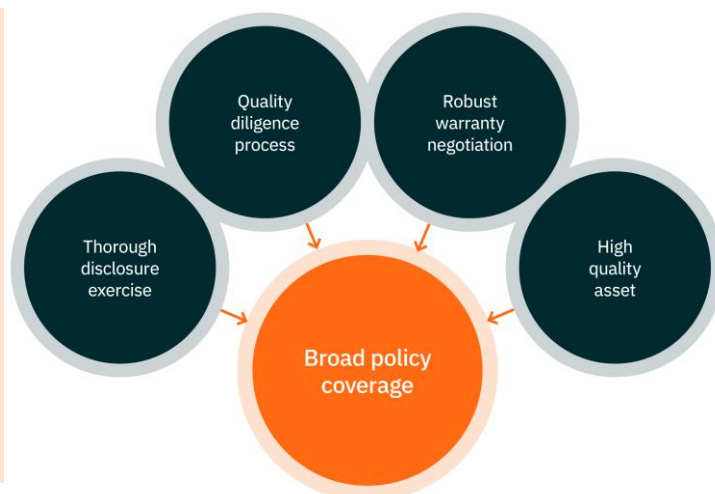
Key Points:

- A bidder can enhance its competitive position by allowing the seller to limit its contractual liability.
- Sellers and/or management give the warranties (and a tax indemnity) in the normal course but are typically able to achieve a lower cap on their liability, often at £/€/\$.1.
- The policy provides protection over and above a policy excess, typically set at around 0.5% of enterprise value ("EV").
- No requirement for the buyer to pursue the warrantors before claiming under the policy. In addition, insurers will waive subrogation rights against the warrantors save for fraud.
- Cover is typically for 2/3 years for general warranties and 7 years for title and tax.
- Enhanced protection vis a vis the seller may be achievable including removal of general knowledge qualifiers or coverage for a synthetic tax covenant.

Who benefits?

This solution benefits parties by:

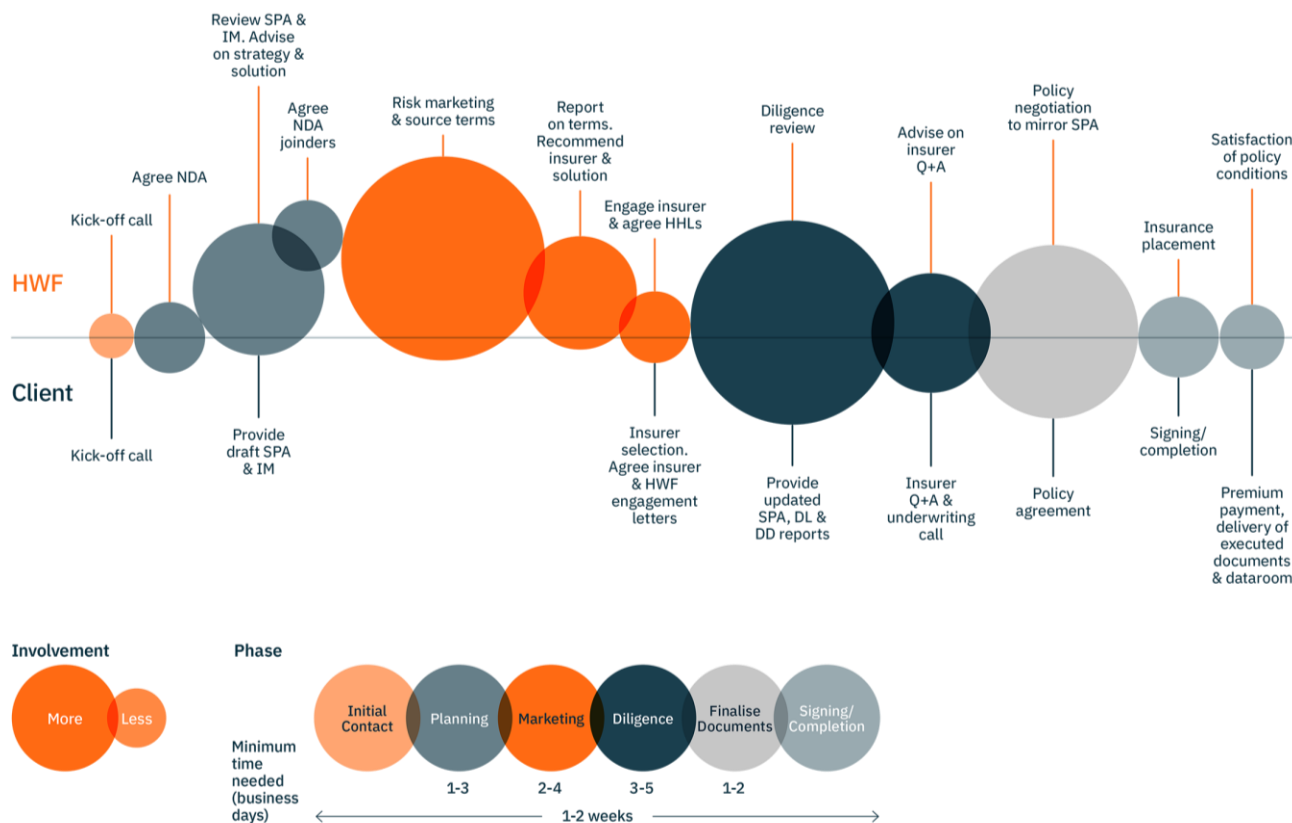
- Allowing a bidder to make its bid look more attractive.
- Enabling sellers to distribute proceeds.
- Reducing negotiation time and enabling the transaction to be concluded in a more favourable timeframe.
- Removing any concerns relating to strength of covenant or relationship with ongoing management.



Process

There are a number of stages involved in the securing of insurance terms and the placement of an insurance policy. The key aspects of each stage of a standard process are below.

It should be noted that this will always be tailored to the specific requirements of each transaction.



About us

HWF is a specialist independent M&A insurance broker and advisor led by senior professionals with extensive experience in M&A transactions.

The team works with many leading legal and financial advisors and provides services to private equity, infrastructure funds, corporates, management teams, real estate firms and banks.

The team have over 100 years of combined experience in this market and have advised on over 2,000 global M&A deals, with values ranging from £5m - £10bn.

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