



Insurance Solutions for M&A Transactions



PROVIDING **CERTAINTY**

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The insurance market continues to respond to the evolving requirements of principals and advisors in mitigating risks in M&A transactions.

Seller's W&I

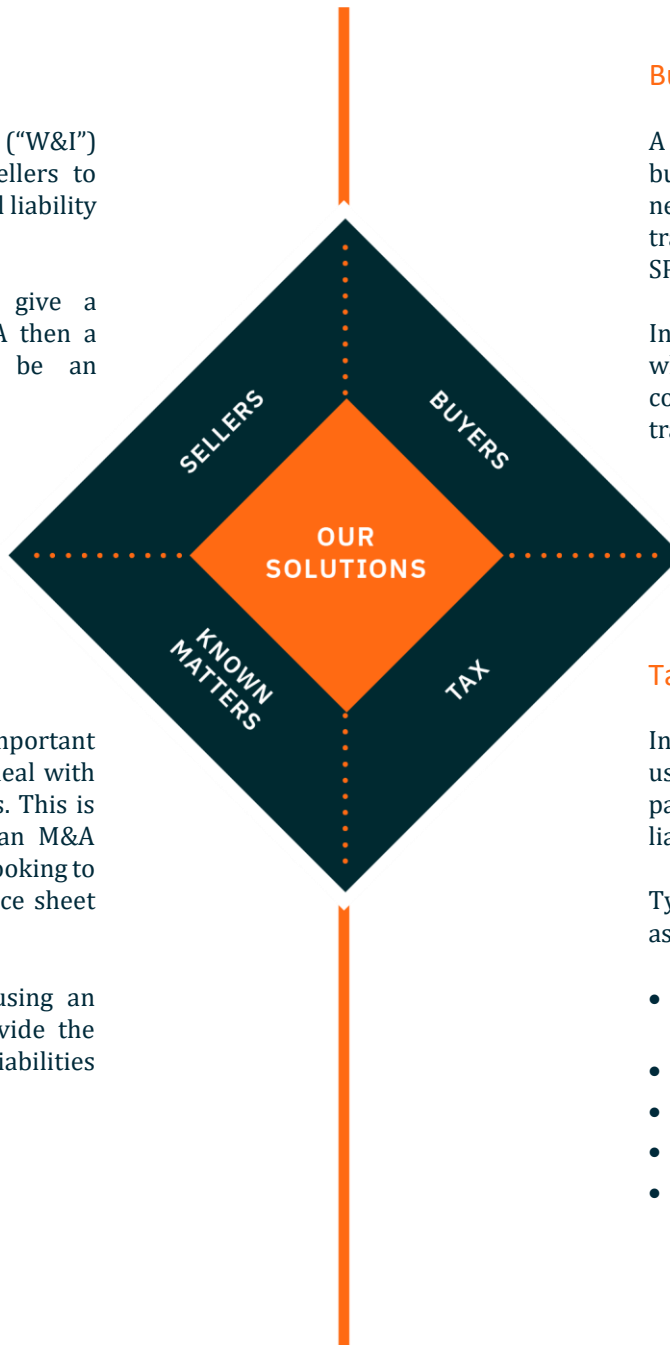
Warranty and indemnity ("W&I") insurance can be used by sellers to manage the level of contractual liability they have under a SPA.

If a seller is required to give a significant cap under the SPA then a sell-side W&I policy may be an appropriate solution.

Buyer's W&I

A buy-side W&I policy can be used if a buyer is unable to obtain, unwilling to negotiate or reluctant to rely on the traditional seller recourse under the SPA.

Insurance offers an effective solution which provides buyers with comprehensive protection for the transaction.



Known matters

It has become increasingly important for businesses to adequately deal with known or contingent liabilities. This is particularly the case during an M&A process or when a business is looking to release capital against a balance sheet provision.

Ring-fencing such liabilities using an insurance "wrapper" can provide the required certainty. Typical liabilities include:

- Litigation
- Pensions
- Environmental
- Capital release
- Balance sheet provisions

Tax

Insurance solutions have become a useful tool to provide certainty when parties are exposed to potential tax liabilities.

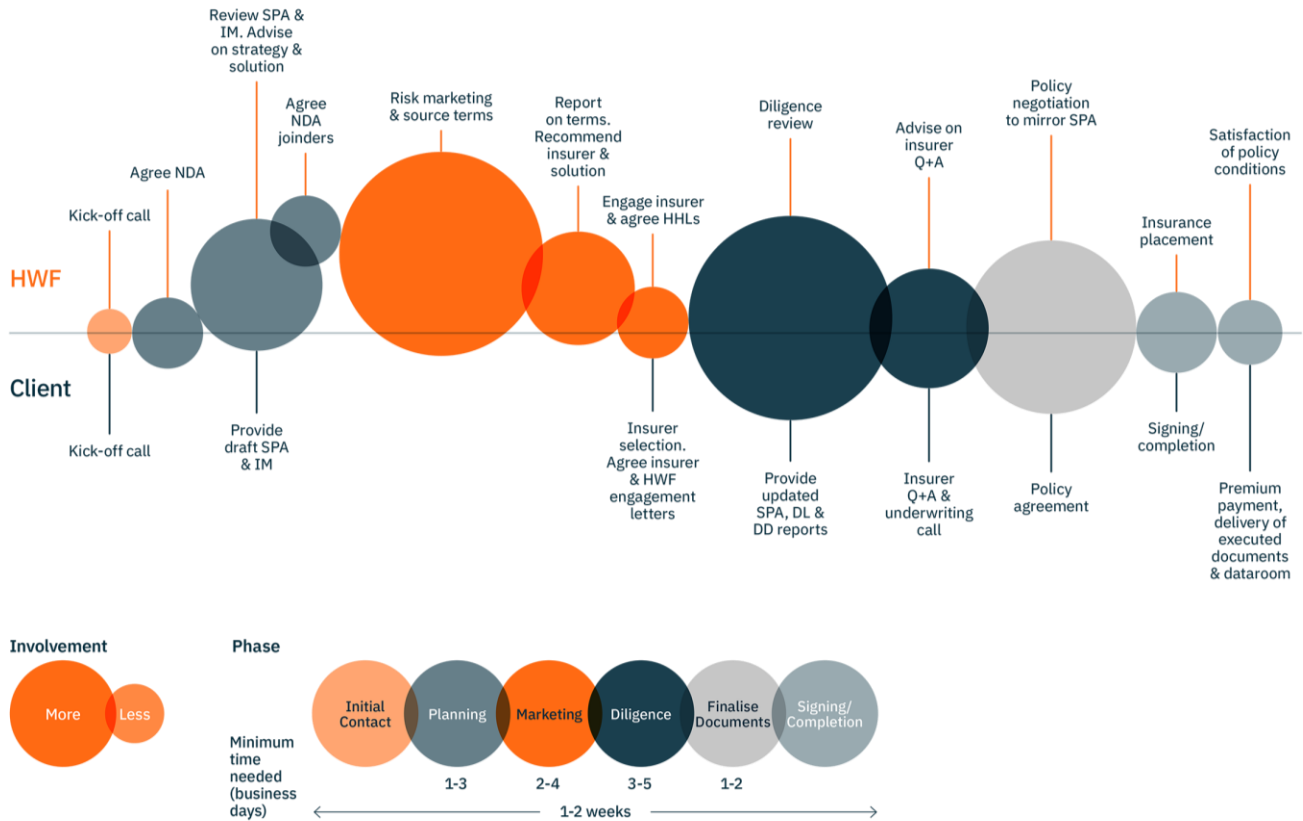
Typical areas in which insurance can assist with such tax liabilities include:

- M&A processes, including prior disposals/acquisitions
- Restructurings
- Re-organisations
- Company formation
- General tax treatment during trading

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.

The diagram is based upon a typical W&I insurance solution for an M&A transaction and 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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