



M&A Insurance in the  
Renewables Sector:  
Giving Sellers a Clean Exit



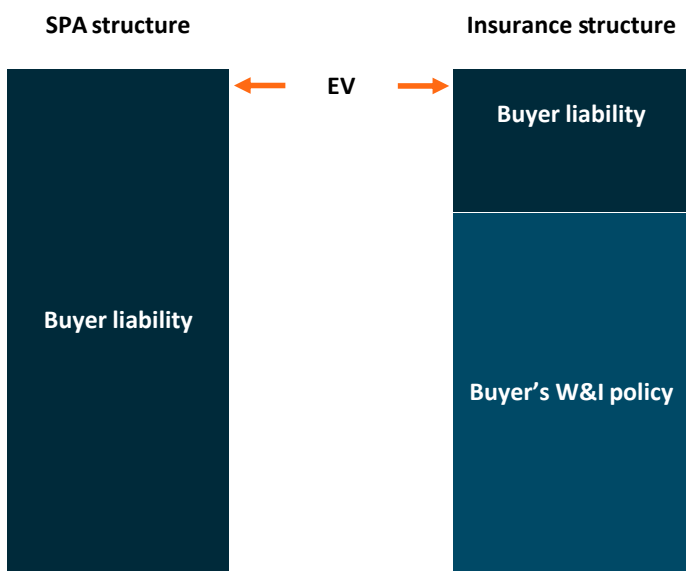
PROVIDING CERTAINTY

# Giving Sellers a Clean Exit in the Renewables Sector

The growth of transactional risk insurance has been driven by buyers and sellers using the products as a strategic tool to materially reduce the contractual liabilities of the seller – enabling them to execute transactions more efficiently.

A seller will typically resist having to tie up sale proceeds or have any residual liabilities post completion. A failure by the parties to reach agreement on liability apportionment can adversely impact the transaction; making negotiation difficult, affecting the target’s value, or leading to deadlock.

A seller-initiated buyer warranty & indemnity (“W&I”) insurance policy is the tool of choice for bridging this gap in the expectations of the parties.



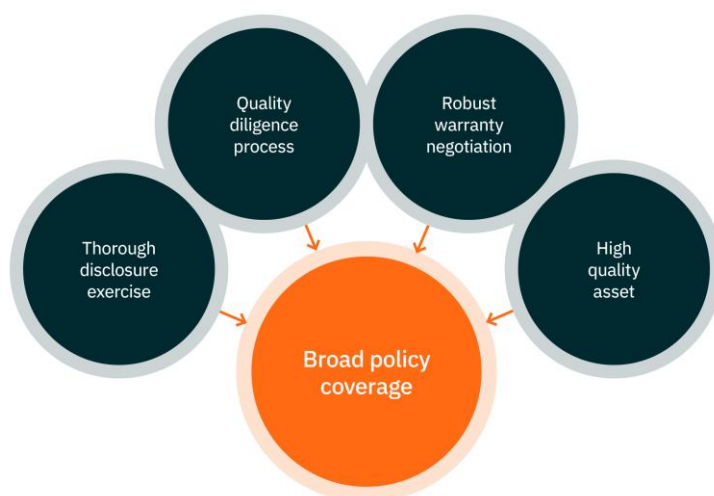
### Key Points:

- Sellers give the warranties (and a tax indemnity) in the normal course but are typically able to cap their liability at £/€/\$.1.
- The policy provides protection over and above a policy excess, this is typically nil, allowing for ground up recovery.
- Cover is typically for 2/3 years for general warranties and 7 years for title and tax.
- The seller will often pay for at least a portion of the premium in recognition of the reduction of their exposure.

### Who benefits?

This solution is particularly relevant for the following parties:

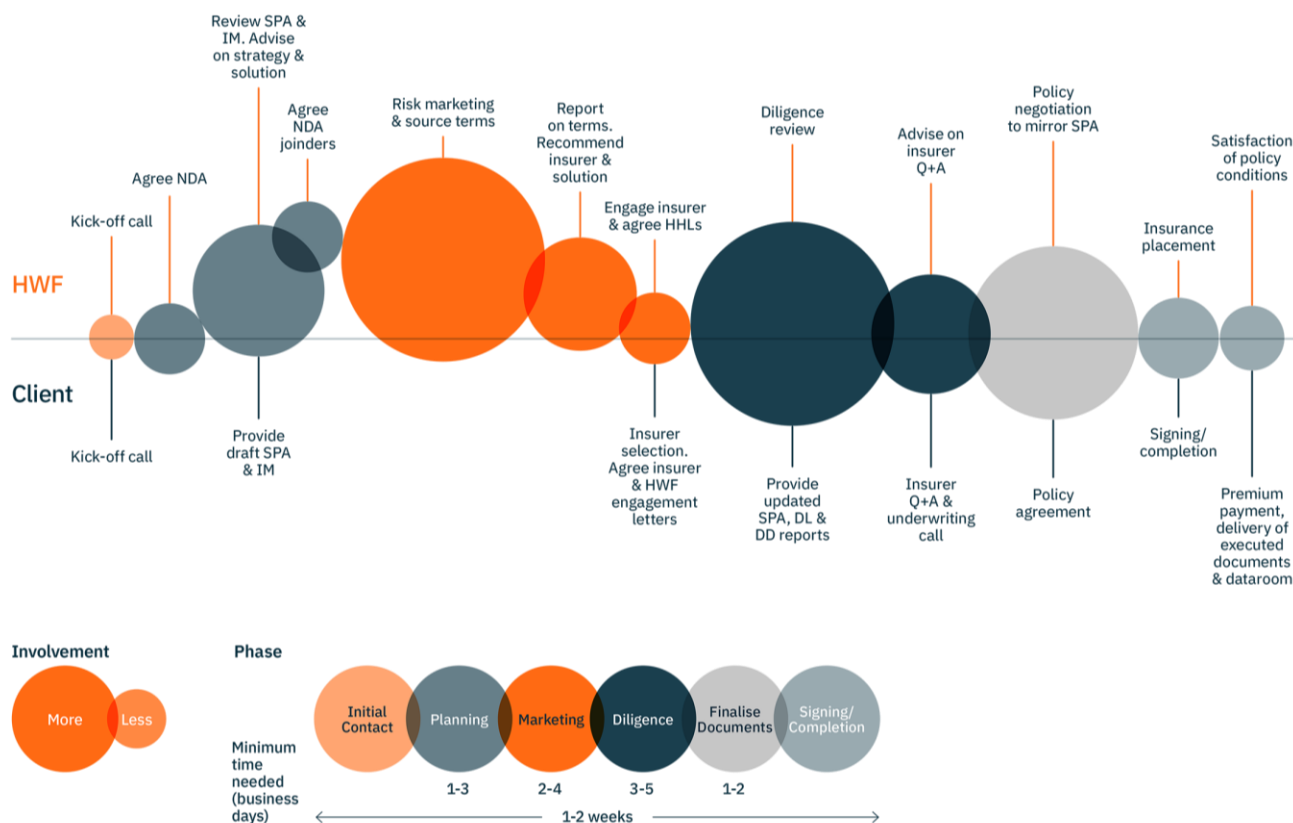
- EIS funds where there is a separation between ownership and the operation of the assets.
- Other exiting funds who want to distribute sale proceeds.
- Developers who want certainty in relation to the consideration they receive.
- Banks financing the acquisition of projects.
- Funds looking to wind up with no residual liabilities.



## 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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