

Zurich Representations & Warranties Insurance

Protecting your M&A transaction from unwelcome surprises

For private equity firms who are acquiring or divesting businesses, as well as for corporations focused on growth, expansion into new markets and economies of scale, mergers and acquisitions are just a way of doing business. However, even companies experienced in such transactions can face hidden and unanticipated risks such as inaccuracies or misrepresentations regarding assets, liabilities or other critical information about a business being acquired. And such surprises can inject troublesome snags into the process, perhaps even resulting in significant, post-closing financial loss.

Zurich Representations & Warranties Insurance (RWI) can help protect your M&A transaction against financial losses arising from a breach of the representations and warranties made by the seller or target company in the agreement governing a merger, acquisition or divestiture.

Coverage highlights:

- Available to cover full range of representations and warranties, including environmental matters
- Zurich capacity is \$30 million for each transaction
- Premiums generally 2 percent to 5 percent of limit of liability
- Retentions typically 1 percent to 3 percent of transaction value
- Policy periods match indemnity provided in transaction agreement, but can be extended for additional protection
- Target transaction size of \$20 million - \$1 billion

Buyer-side policy benefits

- Supplement indemnity amount provided by sellers
- Extend survival period of representations and warranties provided by sellers
- Distinguish bid in a competitive auction by scaling back indemnity requests
- Meet fiduciary obligations to protect buyer's stakeholders
- Avoid potentially significant claims against the post-closing target company management team

Seller-side policy benefits

- Avoid significant post-closing indemnity payments
- Lock in proceeds from sale for distribution to investors and/or creditors
- Supplement disclosure process/avoid unintentional nondisclosure, especially relevant for minority investors

Zurich RWI coverage is a demonstration of our commitment to the transactional insurance marketplace and our dedicated support for the dynamic M&A business. With locations in New York City and London, the epicenters of global merger and acquisition activity, Zurich's M&A and Private Equity Group is the industry's only fully integrated underwriting unit focused on the highly specialized needs of the transactional marketplace.

For more information about Zurich RWI coverage and our solutions for M&A transactions generally, contact:

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This is intended as a general description of certain types of insurance and services available to qualified customers through the companies of Zurich in North America. Your policy is the contract that specifically and fully describes your coverage. The description of the policy provisions gives a broad overview of coverages and does not revise or amend the policy.

Insurance coverages underwritten by member companies of Zurich in North America, including Zurich American Insurance Company. Certain coverages not available in all states. Some coverages may be written on a nonadmitted basis through surplus lines brokers.

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