



Transactional Risk & Insurance

2023



PROFILED:

ROY REYNOLDS

Great American Insurance Group





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ROY REYNOLDS

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PERSONAL BIOGRAPHY

Roy Reynolds has been underwriting transactional risk since 2001. He earned an MBA from the University of Chicago and a JD from Georgetown University. Prior to joining the insurance industry, he practised M&A and tax law at major firms. Much of his career has been spent managing M&A insurance groups, making him one of the most experienced M&A underwriters in the US.



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Q&A WITH ROY REYNOLDS

**What do you consider to be your major career achievements?**

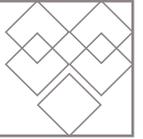
◆ As an early entrant into the mergers & acquisitions (M&A) insurance industry, I have been involved in the growth of transactional risk insurance as it has risen from obscurity to become a significant component of M&A deals. The industry has grown dramatically, as deal lawyers, brokers and insureds have utilised representations and warranties (R&W) and tax indemnity insurance to eliminate escrow, manage residual risk and free up capital. The culmination of my career has been building the Great American M&A division from the ground up. Garry Gordon and I started Great American Insurance Group's mergers & acquisitions liability division in 2016. Since then, we and our team have grown it into a meaningful part of the company's overall business.

What strengths and characteristics do you, your team and your firm strive to demonstrate to clients?

◆ Integrity is the most important value that we strive to demonstrate to our insureds, as well as to brokers, colleagues and reinsurers. Customers buy insurance policies based on trust that claims will be paid. Brokers place business with us based on trust that we will execute their deals smoothly. Reinsurers and our company trust us to deploy their capital wisely. Underwriting complex transactional risk products successfully requires a delicate balance between being cautious and being commercial. Our goal is to underwrite carefully through volatile fluctuations in M&A and in the transactional risk insurance market, to ensure we will be a stable market in the long term.

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Reflecting on your area of expertise, how do you see this sphere of the market shaping up over the coming months? Are any exciting trends or developments on the horizon?



◆ M&A insurance is in the midst of a soft market. Premium rates are low and coverage terms have become extremely broad. However, there are signs that the environment may be changing. There is a consensus across the industry that rates are unsustainably low in light of the level of claims activity. Some underwriters have lost their financial backing. Other insurers or reinsurers may pull out soon. With claims increasing across the industry, I expect premium rates to increase in the mid term. We are underwriting cautiously through the soft market, positioning ourselves to be a stable, long-term player in transactional risk. ■

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REPRESENTATIVE ENGAGEMENTS

- ◆ Provided tax indemnity insurance for the acquirer of a large real estate investment trust (REIT) in case the target is determined not to have complied with the requirements to be taxed as a REIT.
- ◆ Provided representations & warranties (R&W) insurance for the owner and operator of a professional football team.
- ◆ Provided a Canadian R&W policy for a vehicle parts manufacturer.
- ◆ Provided an R&W policy for a bourbon distillery.

