

## Representations and Warranties Insurance

Great American E&S Insurance Company provides Representations and Warranties (R&W) Insurance to protect your clients' business transactions.

In most merger and acquisition (M&A) transactions, the seller makes contractual representations and warranties regarding its business. R&W insurance protects your clients' business deals against losses arising from R&W breaches.

### Great American's R&W insurance offers:

- Dedicated team of seasoned underwriters, legal, tax and accounting experts to provide highly customized coverage
- Experienced claims handling to promote client satisfaction
- A+ rated carrier, committed to long-term engagement

Common risks that R&W insurance covers include errors in tax returns and/or financial statements; environmental; employee benefit package issues; asset and equity ownership; intellectual property; and much more. Your clients also benefit from:

- **Streamlined negotiations.** Less time negotiating can also mean a reduced indemnity ceiling and escrow.
- **Fewer surprises.** R&W insurance policies help your clients walk away from closing with confidence.
- **Facilitated deals.** R&W insurance can eliminate risks neither party is willing to assume.
- **Enhanced ROI.** Transactional proceeds can be distributed without putting up internal reserves.
- **Simple risk transfer.** Backed by the financial strength of Great American E&S Insurance Company, due diligence gaps are filled.
- **Facilitated financing.** Buyer-side policies can help support financing or subsequent resale by assigning coverage to the lender or subsequent purchaser.



Mergers & Acquisitions Liability



## Coverage Highlights

- Buyer-based policies are available
- Maximum policy limit is \$50 million
- Policy term is generally up to six years
- Coverage available for most business classes
- Tax indemnity insurance

**To submit a Representations & Warranties Insurance policy:**

- Provide basic underwriting information, including:
  - Name(s) of potential insured
  - Target company
  - Acquiring company
  - Requested policy limit
  - Current acquisition agreement draft
  - Acquisition purchase price
  - Desired retention
  - Most recent audited financial statements of the target company
  - If available, an offering memorandum
- A brief explanation of any identified heightened risks
- A nondisclosure agreement, if confidential information protection is needed
- After review of the initial submission, a non-binding indication is provided. The indication will specify:
  - Proposed policy terms and conditions (subject to underwriting review)
  - Additional steps required
- Although we can move as fast as the deal requires, coverage is generally bound two to three weeks after full submission is received

**Tax Indemnity Insurance** covers the risk associated with uncertain tax positions, including taxes, penalties and interest that may be incurred after or as part of a merger or acquisition. Generally, submission requirements include a legal opinion or tax memorandum addressing the uncertain tax position, a loss calculation (determination of what the potential additional tax, penalties and interest may be) and the reason that tax insurance is being requested together with associated tax returns.

**To get started or to learn more, contact:****Roy H. Reynolds**

Divisional President - Mergers &amp; Acquisitions Liability

212-885-1581

RReynolds@gaig.com

## Great American E & S Insurance Company Ratings

A.M. Best **A+** (Superior)

Standard & Poor's **A+**

Moody's **A1**

A.M. Best rating affirmed December 16, 2022.  
S&P rating affirmed March 8, 2022. Moody's rating  
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Great American  
Insurance Company

**110+** years  
with an **A** or better  
rating by  
AM Best

for all the *great* you do®

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