Transaction Risk – About Us Presentation to:

By:

Date:

TOKIO MARINE HCC

Contents

1. About Tokio Marine Group
2. About Tokio Marine HCC
3. TRI at Tokio Marine HCC
   - History
   - Today
4. Why choose our TRI team?
   - Underwriting
   - Claims
5. Our Products
6. Meet the Team

TOKIO MARINE HCC

About Tokio Marine Group

Quick Facts – Tokio Marine Group

- Founded in 1879
- Operating worldwide
- Diversified insurance business:
  - Life Japan (Tokio Marine & Nichido Life)
  - Non-life Japan (Tokio Marine & Nichido Fire)
  - Non-life International (IBDD)
  - Financial & general

Total assets of $202bn*

Shareholders' equity of $34bn*

** Figures as of 3/31/2024*
***Figures as of 9/30/2024*

Quick Facts – Tokio Marine Group

North America

- Delphi Financial Group, Inc.
- First Insurance Company of Hawaii, Ltd.
- Philadelphia Insurance Companies
- Privilege Underwriters, Inc.
- Reliance Standard Life Insurance Company
- Safety National Casualty Corporation
- Tokio Marine America
- Tokio Marine HCC
- Tokio Marine Compañía de Seguros (Mexico)
- Tokio Marine Canada Ltd.

South America

- Tokio Marine Seguradora S.A. (Brazil)

Europe

- Tokio Marine Kiln Group

Japan

- Tokio Marine & Nichido Fire Insurance Co., Ltd.
- Nisshin Fire & Marine Insurance Co., Ltd.
- Tokio Marine & Nichido Life Insurance Co., Ltd.
- E.design Insurance Co., Ltd.

Asia Pacific

- Tokio Marine Asia Pte. Ltd.
- Tokio Marine Management (Australasia) Pty. Ltd.
- Tokio Marine Newa Insurance Co., Ltd.
- The Tokio Marine and Fire Insurance Co. (HK) Ltd.
- The Tokio Marine & Nichido Fire Insurance Company (China) Limited

Middle East and Africa

- Tokio Marine Egypt General Takaful S.A.E.
- Al Futtaim Development Services Company
- Hollard Group

About Tokio Marine HCC

Tokio Marine HCC
Global Leader in Specialty Insurance

50 Years
of Specialty Service

$7.6
Billion GWP*

4,300
Employees**

Over 100
Product Offerings

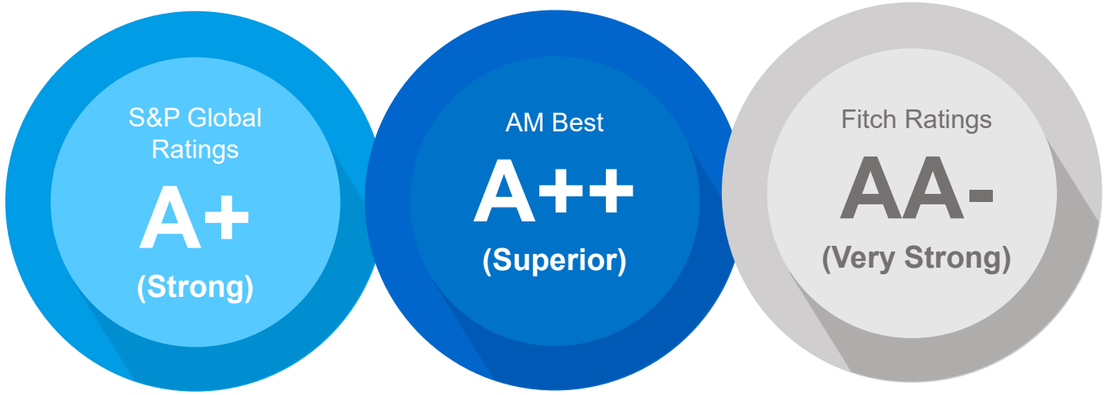
60+
Acquisitions

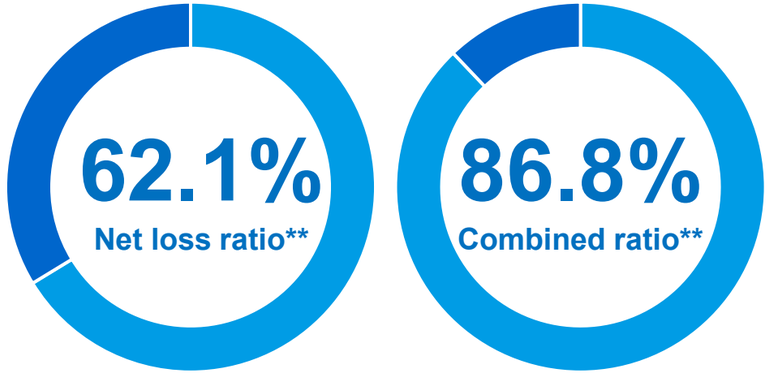
Global Parent
Ranked #6**

** Figure for the year ended 12/31/2023*
*** Figure as of 6/30/2024*
**** The 6th largest P&C insurance company in the world in terms of market capitalization per Bloomberg as of the end of December 2023; Asian companies (except Japan) excluded.*

Tokio Marine HCC

- Founded in 1974
- Transacting business in approximately 180 countries
- Underwriting more than 100 classes of specialty insurance
- Strong balance sheet reflected by financial strength ratings
- Consistent high-quality performance





** Figures as of 3/31/2024. ** Figures for the year ended 12/31/2023*

Inspiring confidence. Accelerating progress.

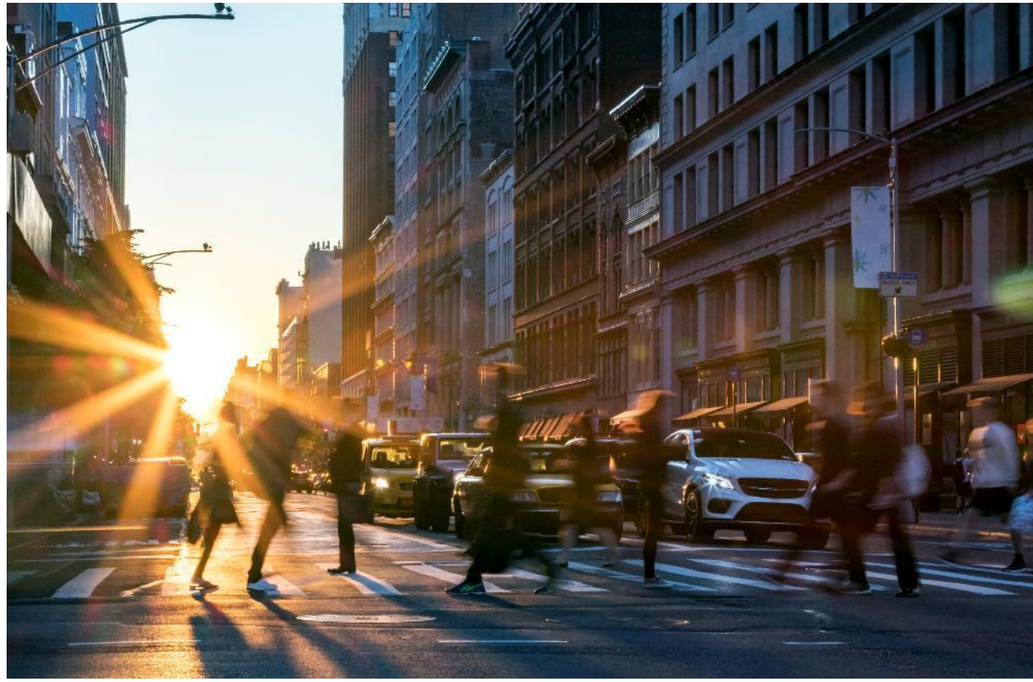
- Laser focus on Specialty products and services
- Highly specialized underwriting and claims teams with deep technical knowledge
- Lean and decentralized business structure
- Global capabilities and local expertise
- Diversified and uncorrelated portfolio

Transaction Risk Insurance

At Tokio Marine HCC

Tokio Marine HCC – TRI History

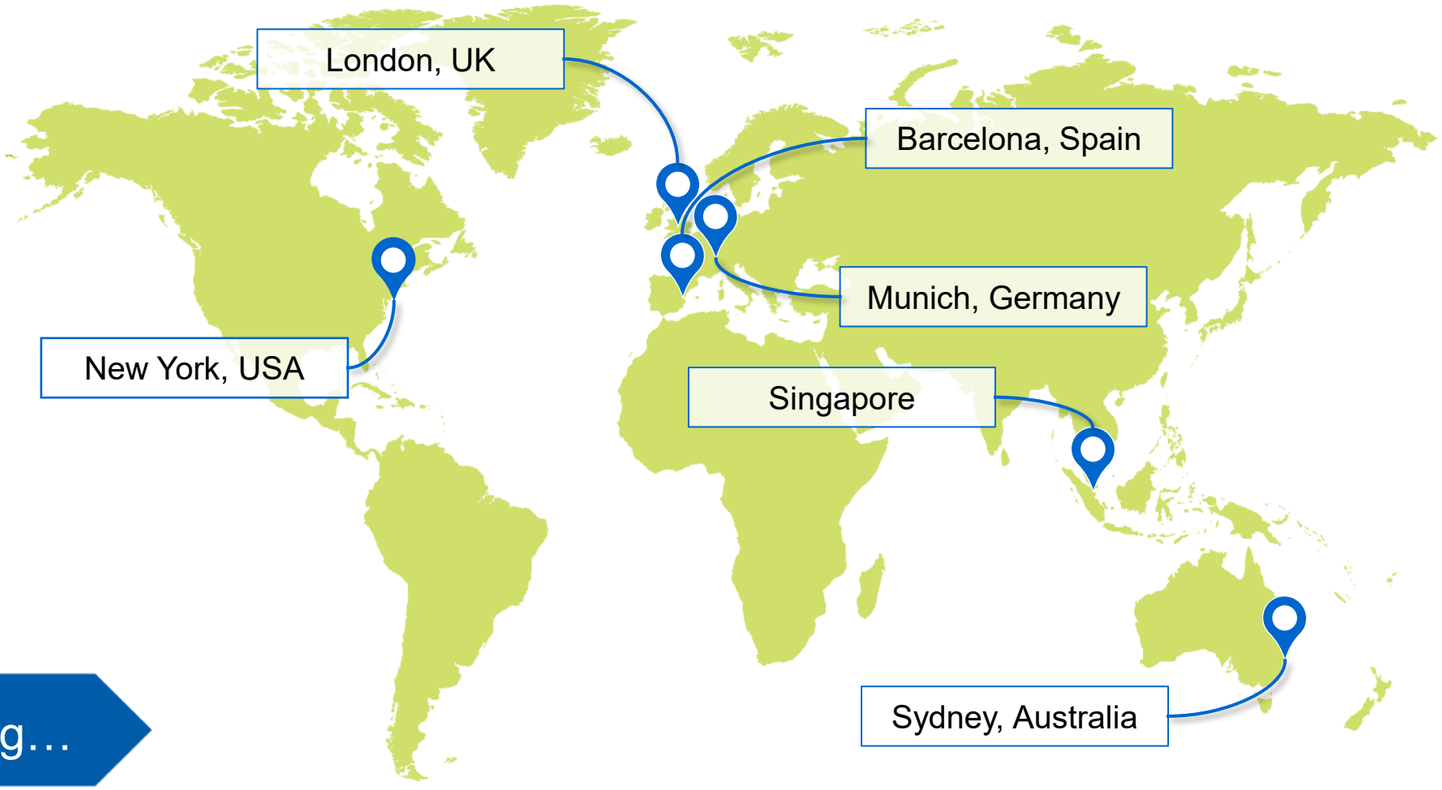
- 2009 – 2010: TRI underwriting team established in Barcelona
- 2010 – 2015: TRI team grows, building a strong market positioning in Europe, Australia and New Zealand
- 2016: Tokio Marine acquires HCC and obtains ability to write policies in Japan and selected APAC countries
- 2017 – 2018: TRI sets up specialist teams in London, New York and Singapore
- 2018 – 2019: expansion of TRI licensing abilities across Asia and Latin America
- 2019 – 2020: TRI team established in Sydney and Munich
- 2022: restructuring of our TRI underwriters across the globe into two areas: US and International
- 2024: new product offering - Contingency and Tax Insurance



Tokio Marine HCC – TRI Today

- Global Team exclusively focused on TRI
- Strong security ratings

S&P Global Ratings	A.M. Best	Fitch Ratings
A+	A++	AA-
(Strong)	(Superior)	(Very Strong)



Policies bound to date: **1700** and counting…

Capacity: 70M US$ / 70M EUR / 50M GPB / 85M AUS$

TOKIO MARINE HCC

Why choose our TRI Team?

Why choose our TRI Team – Underwriting

Experienced Team

- Diverse team with 100+ combined years of TRI underwriting experience
- Solid market reputation
- Underwriters with legal, financial and insurance backgrounds
- 10 languages spoken

Competitive Cover and Policy Wording

- Flexible, customised, customer-centric underwriting approach
- Tailored policy wordings for local markets

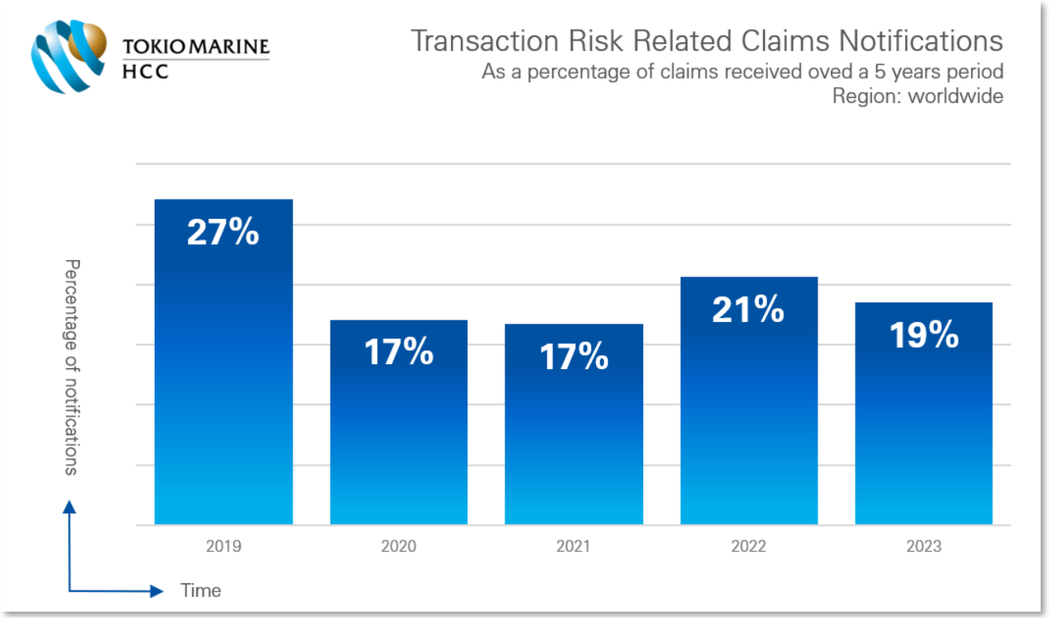
Company Paper

- TRI is offered directly by Tokio Marine and is centrally managed (one P&L)
- No outsourcing to MGAs or agencies
- One of the best security ratings in the market
- Policies offered in Europe, UK, USA, LATAM, & APAC

Why choose our TRI Team – Claims

Our Experience

- Over 15 years of increasing TRI claims experience
  - W&I claims are on the rise as the product matures
  - Increased business means we handle more claims



The Team

- One of few teams with a dedicated TRI claims service
- In-house claims resource – Europe and USA
- TRI claims leader is a solicitor qualified in England and Wales

Claims Paid

- Multi-million W&I claims paid out to a number of insureds
- Most frequent notice type: Tax
- Largest losses: Financial statements

W&I / R&W Claims Paid: 2013 – 2024 Highlights

5m – 10m
USD - EUR - GBP - AUD

Manufacturing

Insured: Corporate

Breach: Financial statements

Various inaccuracies in Accounts, including under-provisioning for finished goods and early release of stock provision; Material Adverse Change

Tourism

Insred: Investor

Breach: Financial statements

Various accounting inaccuracies

Breach: Tax

Inaccurate treatment of VAT credits

Waste Management

Insured: Investor

Breach: Financial statements

Improper cash distributions, failure to prepare financial statements in accordance with GAAP.

Manufacturing

Insured: Corporate

Breach: breaches of Compliance with Law and Labor representations whereby the Target paid bribes to secure client contracts and made cash payments to employees to avoid pension and union obligations

Automotive

Insured: Corporate

Breach: Material Contracts

Inappropriate benefits paid to employees of key contractor

Breach: Employment

Unlawful labor and employment practices

Logistics

Insured: Corporate

Breach: Financial statements

Late recognition of expenses.

1m – 5m
USD - EUR - GBP - AUD

Technology

Insured: Corporate

Breach: Financial statements

Certain expense transactions inappropriately capitalized on Balance Sheet and monthly accruals regarding incurred but unpaid wages incorrectly reversed

Energy

Insured: Investor

Breach: Compliance with Law and Condition of assets representations

Breaches in which the Seller failed to disclose noncompliance with applicable environmental laws to state regulators and failed to provide adequate pre-closing maintenance to the assets acquired

Technology

Insured: Corporate

Breach: Financial statements

Overstatement of EBITDA, early recording of revenue, non-recording of costs and receivables.

Retail

Insured: Corporate

Breach: Employment

Back-payment of wages and superannuation contributions due, owning to failure by the Target to comply with an Enterprise Agreement governing pay.

Energy

Insured: Investor

Breach: Financial statements and Tax representations

The seller misstated its assets retirement obligations related to its oil & gas properties and failed to file its tax returns in a timely manner

Retail

E-commerce

Insured: Investor

Breach: Financial statements

Different revenue recognition policy used for Management Accounts and Statutory Accounts.

1m – 5m
USD - EUR - GBP - AUD

Technology

Insured: Corporate

Breach: Intellectual property

Target under-licensed to use Microsoft software

Manufacturing

Insured: Corporate

Breach: Working regulations

Target had allegedly failed to correctly remunerate employees for paid leave time

Retail

Insured: Investor

Breach: Contracts

Third party alleges that Target had breached a distributor contract

Education

Insured: Investor

Breach: Financial statements

Different methods applied to calculate accrued revenue for Management Accounts and Annual Accounts

Manufacturing

Insured: Corporate

Breach: Financial statements

Incorrect accumulation of costs as WIP, overstatement of assets on balance sheet

Real Estate

Insured: Investor

Breach: Litigation

Undisclosed liability for arbitration relating to the unpaid third party invoices.

<500k
USD - EUR - GBP - AUD

Publishing

Insured: Corporate

Breach: Financial statements

Alleged failure to disclose and adequately account for a large dilapidation liability in relation to a property lease

Energy

Insured: Investor

Breach: Tax

Miscalculations of VAT and corporation tax

Manufacturing

Insured: Investor

Breach: Financial statements

Overstated extend of the decrease in rent for premises used by the Target

TOKIO MARINE HCC

Our Products

TRI products and characteristics

Product	Covers known issues
Warranty & Indemnity / Reps & Warranties	No* *certain known low-risk issues can be covered
Tax Indemnity Insurance	Yes
Contingent Risk Transfer Insurance	Yes

W&I / R&W Insurance – The product

R&W	W&I
US	non-US

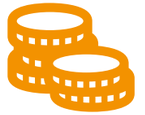
Cover

- Financial loss arising from a breach of the warranties in deal documents (e.g. SPA)
- Only for matters unknown to insured at start of policy
- Forward-looking statements/warranties are not covered
- Policy follows definitions & concepts of the SPA and is tailor-made

Type of policies

Seller

covers seller's liability to indemnify buyer for their losses



Buyer

covers direct losses under deal document suffered by buyer

W&I / R&W insurance is a convenient **risk transfer solution** for buyers or sellers in M&A deals.

At Tokio Marine HCC we offer W&I / R&W policies tailored to match the requirements of each deal.

W&I / R&W Appetite – Target domicile

High

Australia and New Zealand
Europe
Hong Kong
India
Latin America
(Mexico, Colombia, Chile, Peru)
Singapore
Switzerland
USA and Canada

Medium

Africa
(South Africa, Botswana, Egypt, Kenya, Mauritius)
Japan
Israel
Middle East
(Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates)
Latin America
(other countries)
South-East Asia
(Indonesia, Malaysia, Philippines, Thailand, Vietnam)
South Korea
UK

Low

Africa
(except for countries with medium appetite)
Turkey

No appetite

Bangladesh and Pakistan
Central Asia
(inc. China)
Middle East
(except GCC countries)
Russia
Sanctioned Countries

We have a broad appetite for all industries (except coal and Public Sector), with a preference for mid-range deals – $/€/£ 50m - $/€/£ 700m EV

Contingent Risk Insurance – The product

A contingent risk insurance policy is typically tailored to specific circumstances.

For a risk to be insurable, the following criteria are necessary:

- Advice from a credible advisor. This can include due diligence reports, structure papers or legal opinions.
- The risk must be quantifiable. High impact.
- The probability of loss needs to be relatively low.

Coverage

The contingent risk policy typically covers:

- Known liabilities identified
- Interest
- Penalties
- Defence costs
- Gross-up

Contingent risk insurance **offers cover for an identified legal** risk allowing a party to reduce or eliminate an exposure. The insurance transfers a known or uncertain contingent liability from a buyer's balance sheet to an insurance company.

Tax Indemnity Insurance – The product

Tax contingency insurance can be an advantageous solution

- Low tax risks identified as part of the M&A due diligence process that are likely to be excluded from any W&I policy.
- Protection against operational tax risks.
- Insuring tax risks arising due to reorganisations or corporate restructurings.
- Tax risks under audit or at litigation stage.

Coverage

The tax insurance policy typically covers:

- Tax liability
- Interest
- Penalties
- Defence costs
- Gross-up

Tax risk insurance is a solution to **mitigate a potential liability** (whether as part of an M&A transaction or for separate stand-alone transactions or operational frameworks) of tax exposures resulting from former investments or business activities.

Transaction Risk Insurance

As well as holding extensive experience and in-depth knowledge of worldwide transaction risk related issues, our dedicated transaction risk insurance team of underwriting, lanny'ers and claims specialists offers a fast and efficientservice.

Being internationally focused means that, wherever you are based, we have the intelligence to help you close the deal successfully.

TOKIO MARINE HCC

#TMHCC_TRI

www.tmhcc.com

Locations

Barcelona

Torre Diagonal Mar
Josep Pla 2, Planta 10
08019 Barcelona
Spain

London

The St Botolph Building
138 Houndsditch
London EC3A 7BT
United Kingdom

Munich

Rindermarkt 16
80331 Munich
Germany

New York

600 Lexington Ave.
22nd Floor
New York, 10022
USA

Singapore

20 McCallum St. #13,01
Tokio Marine Centre
Singapore, 069046
Singapore

Sydney

Level 3/1 Chifley
Sydney, NSW 2000
Australia

Thank you!

TOKIO MARINE HCC