

Transaction Risk Insurance

Mergers, acquisitions and disposals are a necessary part of corporate dynamics. However, each one presents a completely new and unique set of risk issues for the company to consider. These issues need to be addressed during the course of negotiations, and risks need to be allocated agreeably between the deal parties. Some aspects of a corporate transaction can be difficult to resolve and, should no solution be found, can impede, hinder or delay its completion.

Transaction Risk Insurance (TRI) products are often employed to effectively bridge a gap between the deal parties' positions (typically between buyer and seller) and at times can even enhance them.

Warranty and indemnity (W&I) insurance provides protection against financial loss arising due to the breach of warranties and indemnities given in a sale and purchase agreement (SPA). There are two types of W&I policy, 'buyer' or 'seller' side policies, which are structured to meet the risk retention and recourse requirements of the deal parties and are set up to follow the SPA closely.

Coverage can:

- enable the seller to limit exposure to liability for any breach of warranties;
- protect the value of the buyer's investment in the target;
- facilitate the transaction by removing potential 'deal-breakers' over risk allocation;
- greatly reduce, or eliminate, the need for escrow, delayed payments or loan notes;
- enhance the deal by providing security to support the warranties.

Tax opinion liability insurance (Tax) and contingent risk transfer insurance (Contingent) are also included in the TRI range and cover specific identified tax or legal risks of uncertain outcome, whether they are addressed or not by a specific indemnity under the SPA. Such solutions are also available outside of the context of an M&A transaction.

Tokio Marine HCC specialises in customising innovative TRI solutions, allowing the seller to protect deal proceeds while the buyer gains adequate recourse should any unexpected losses or liabilities arise once the deal is finalised.

The complexity of risks inherent in a corporate-level transaction, such as a merger or acquisition, can be such that it threatens the deal itself.

W&I

- Financial capacity of up to €70 million (US\$70 million / £50 million / AU\$85 million / CHF 70 million) per TRI policy
- Primary or excess

Tax and Contingent Liability Risks

- Capacity up to € 10M (US\$10 million / £7.5 million / AU\$12million / CHF 10 million) / Primary and Excess

A smart approach

Our centralised and unified management structure promotes real-time interaction between our transnational teams of underwriting, claims and legal professionals. The fact that our assets are consolidated under 'one roof' makes us institutionally quick: quick to respond, and to provide intelligent advice, innovative solutions and efficient claims-handling.

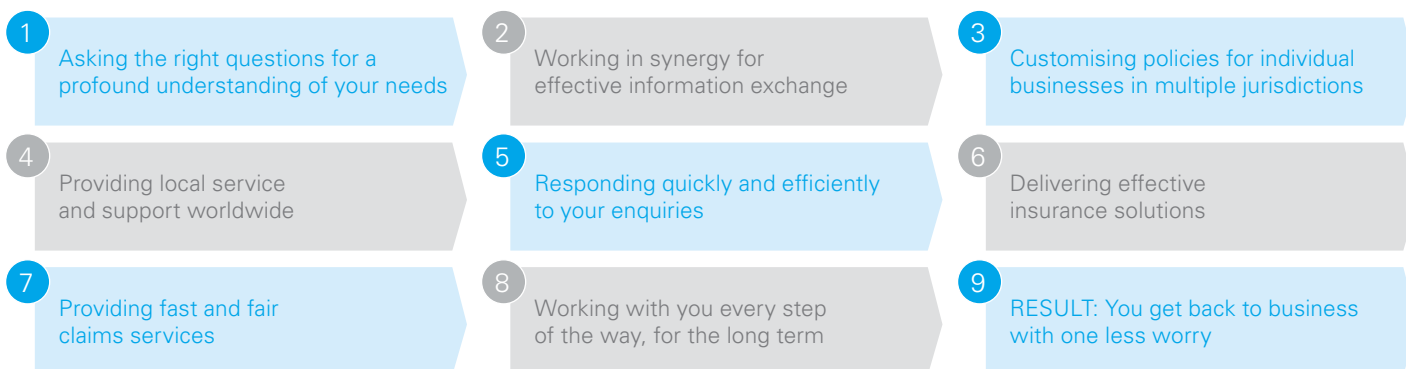
About Tokio Marine HCC

Tokio Marine HCC is a leading specialty insurance group conducting business in approximately 180 countries and underwriting more than 100 classes of specialty insurance. Headquartered in Houston, Texas, the company comprises highly entrepreneurial teams equipped to underwrite special situations, companies and individuals, acting independently to deliver effective solutions. Our products and capabilities set the standard for the industry, as many of our employees are industry-leading experts.

More information about our financial strength here:



tmhcc.com/en/about-us →



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Tokio Marine HCC - Financial Lines

A member of the Tokio Marine HCC group of companies

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The policyholder will always be informed of which insurer in our group will underwrite the policy according to jurisdiction.

Not all coverages or products may be available in all jurisdictions. The description of coverage in these pages is for information purposes only. Actual coverages will vary based on local law requirements and the terms and conditions of the policy issued. The information described herein does not amend, or otherwise affect, the terms and conditions of any insurance policy issued by Tokio Marine HCC Group of Companies. In the event that a policy is inconsistent with the information described herein, the language of the policy will take precedence.