

# MERGERS & ACQUISITIONS TAX LIABILITY INSURANCE

Tax Liability insurance is a valuable tool for managing significant tax risks arising out of complex merger or acquisition transactions. Often, during M&A negotiations, the seller may be unwilling to indemnify any known tax issues and the buyer may be unwilling to assume tax risks that relate to matters that occurred prior to the buyer's ownership. In such instances, a tax liability policy transfers this known tax risk away from both the seller and the buyer.



## TAX LIABILITY PRODUCT OVERVIEW

Allied World underwrites and insures clearly identifiable, contingent tax liability arising within the context of a wider M&A transaction. Examples include:

- Taxes / risks that already reside within the company (e.g., due to a previous restructuring of the target company)
- Taxes / risks that arise at the time of the merger or acquisition (e.g., where the structure of the agreement or target company accounting practices will result in a specific contingent tax risk)

In all cases, we would expect that the underlying M&A activity would be the driver behind the requirement for insurance (e.g., the risk is accepted by all parties as remote yet neither the seller nor the buyer wishes to retain the risk).

## CAPACITY

- Company Market: up to \$25M / €20M / £15M or local currency equivalent
- Lloyd's Syndicate 2232: up to \$25M or local currency equivalent

## UNDERWRITING PROCESS

Our M&A team possesses the expertise – both financial and legal – to develop comprehensive Tax Liability insurance policies. In order for us to properly craft this coverage,

we require access to all potential tax liability advice that was given to the relevant parties. Upon receipt of such documentation, we produce a non-binding quote – very quickly setting out the structure of the policy, terms and conditions, and a range of pricing. We offer access to real-time decision making, enabling an efficient process even when time frames are very tight.

## MULTINATIONAL COVERAGE

For more information on Multinational Coverage available via our ALLIED WORLDWIDE® platform, please contact the listed underwriters or visit us online at [www.awac.com/alliedworldwide](http://www.awac.com/alliedworldwide)

## RISK MANAGEMENT AND LOSS CONTROL

Risk management and loss control is core to Allied World's proactive approach to insurance. It is embedded in our underwriting process and is a key differentiator of our client service offering.

## CLAIMS SUPPORT CLIENTS CAN COUNT ON

Our claims team has significant expertise across numerous product lines and is committed to the highest levels of professionalism, responsiveness and good faith in claims handling.

## CONTACTS

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### Allied World

Rated "A" (Excellent)  
by A.M. Best Company

Rated "A-" (Strong)  
by Standard & Poor's

Rated "A3" (Good)

by Moody's

### Lloyd's Syndicate 2232

Rated "A" (Excellent)  
by A.M. Best Company

Rated "A+" (Strong)  
by Standard & Poor's

Rated "AA-" (Very Strong)

by Fitch Ratings

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(continued)

## FINANCIAL STRENGTH

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We recognise how important it is that a carrier has the financial strength to ensure that it will be there when your clients need it. We believe that our ratings, conservative balance sheet, expanding scope of operations and solid capital base put Allied World in a superior position to withstand future economic upheavals and to provide our insureds with the protection they need.

Allied World's Lloyd's Syndicate 2232 benefits from the ratings assigned to Lloyd's: A (Excellent) from A.M. Best, A+ (Strong) from Standard & Poor's and AA- (Very Strong) Fitch Ratings. In addition, we are part of the Lloyd's chain of security and as a result all policies written by Syndicate 2232 are backed by the Lloyd's central fund.



Coverage is subject to the satisfaction of applicable regulatory licensing requirements and will be provided through appropriately licensed insurance intermediaries. Actual coverage may vary and is subject to policy language as issued. Risk management services are provided by or arranged through AWAC Services Company (Ireland) Limited, a member company of Allied World. **Allied World Europe** Coverage will be underwritten by Allied World Assurance Company (Europe) dac, which is regulated by the Central Bank of Ireland and is rated "A" (Excellent) by A.M. Best, "A3" (Good) by Moody's and "A-" (Strong) by Standard & Poor's. Coverage underwritten within Switzerland is by Allied World Assurance Company, AG, which is regulated by the Swiss Financial Market Supervisory Authority and is rated "A-" (Strong) by Standard & Poor's. **Allied World Syndicate 2232** Coverage will be underwritten by Allied World Syndicate 2232. Syndicate 2232 is managed by Allied World Managing Agency Limited, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The Lloyd's market is rated "A+" (Strong) by Standard & Poor's and "AA-" (Very Strong) by Fitch Ratings. © 2017 Allied World Assurance Company Holdings, GmbH, a Fairfax company. All rights reserved.