

Transactional risk insurance

CHUBB®



What does Chubb offer?

Chubb offers transaction insurance products to help parties manage the risks inherent in mergers and acquisitions.

These can enable buyers and sellers to allocate transaction risk efficiently; maximise deal value and returns; enhance a buyer's bid in competitive auctions; and bridge gaps where there are obstacles to a deal closing.

Warranties and indemnities (W&I) insurance

This product lies at the heart of our proposition. We offer policies to protect the parties in a transaction from financial losses arising from an unintentional and unknown breach of a seller's warranties. This includes the costs associated with defending claims.

We serve the needs of both buyers and sellers through distinct policy offerings, negotiating bespoke policies tailored to the specific needs of each policyholder.

Benefits of a buyer-side policy include:

- Protection beyond the negotiated indemnity cap/survival limitations of a purchase agreement.
- Protection against the collectability or solvency risk of a seller's unsecured liability.
- May distinguish a buyer's bid within a competitive auction process.
- Supports key relationships by mitigating the need for a buyer to pursue claims against sellers.
- Reduces the need for escrows or purchase-price holdbacks, providing the seller with a 'clean exit' and facilitating faster distribution or retention of proceeds.
- Potentially enhances the seller's return on capital.

Benefits of a seller-side policy include:

- Provides a backstop for negotiated warranty obligations for private equity and venture capital funds.
- Protects minority/passive sellers concerned with joint and several liability exposure to the buyer.
- Provides additional comfort for sellers.

What information do we need?

In order to consider a risk, we will ask for:

- Transaction information (about the target, the seller and the buyer)
- Deal background (rationale, auction process and value)
- Documentation (including, where available, information memorandum; accounts and management accounts; share purchase agreement; tax deed; disclosure letter, due diligence report; and data room access)

Our offering includes:

Bespoke policy offering coverage to match the warranties in the purchase agreement as closely as possible. Policy period designed to mimic the warranty survival period or can be extended beyond the period provided in the purchase agreement.

What limits do we offer?

We offer policy limits of US\$50m /£35m /€50m. However additional capacity is available for certain risks.

Who do we cover?

Our products are designed to meet the needs of both buyers and sellers in a transaction.

We target dealmakers such as strategic buyers and sellers, private equity sponsors and business owners and their advisors and managers, undertaking medium to large-size transactions.

Our appetite is not generally restricted by sectors and extends to a wide variety of business types. However our appetite is restricted for businesses in the following sectors :

- Healthcare
- Mining
- Oil & Gas
- Public Admin & Defence

In addition we are not able to insure individuals or micro enterprises.

We underwrite both UK-based and international businesses, servicing them through our network of local offices and the London wholesale broker network.

Why Chubb?

- The reassurance of cover from the global leader in financial lines.
- Tailored products aligned to each transaction's specific needs.
- In-house claims expertise including our own transactional risk resource.
- Access to Chubb's expertise and product range for other liability lines, such as environmental risk.
- Longstanding London insurance market experience and presence.
- Worldwide availability through our office network and Lloyd's licences.
- Choice of company or Lloyd's paper.

Contact Us

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IMPORTANT NOTICE: In order to prepare for the UK's exit from the European Union, Chubb is making certain changes. It is currently anticipated that during 2018 Chubb European Group Limited will convert to a public limited company, when it will be known as Chubb European Group Plc. It is then proposed that the company converts into the legal form of a European Company (Societas Europaea), when it will be known as Chubb European Group SE. The company will still be domiciled and have its registered office at the same address in England and will remain authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

To stay up to date with our Brexit preparations and for more information about what it means for you, refer to our website at chubb.com/brexit

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