



About CFC Transaction Liability

Headquartered in London and with offices in Brussels, New York NY and Austin TX, CFC is a specialist insurance provider and a pioneer in emerging risk serving more than 70,000 business in over 80 countries. CFC operates as a managing general agent, backed by certain underwriters at Lloyd’s of London (A+ rating from Standard & Poor’s AA- from Fitch and A from A.M Best) and is regulated by both Lloyd’s of London and the Financial Conduct Authority, UK.

CFC has been writing transaction liability risks since 2016. In that time, we have become one of the largest small and mid-market transaction liability insurers globally. We have capacity of up to USD50 million on representation & warranty insurance, tax insurance and contingent liability insurance.

In addition to completing the information below, please also provide the latest draft acquisition agreement, target financial statements and the information memorandum/ management presentation (if available) so that we can prepare a non-binding indication.

For any submissions or general enquiries, please contact TransactionalLiability@cfcunderwriting.com

Section 1: Transaction Overview

1.1 Please state the name of the project:

1.2 Please state the policy type: Buy-Side Seller-Flip Sell-Side

1.3 Please state the type of acquisition Share Purchase/ Merger Agreement Asset Purchase

1.4 Please state enterprise value or the purchase price for the assumed percentage of the Target:

1.5 Please state the name(s) of the:
a) Buyer:
.....
b) Buyer’s legal advisor(s):

1.6 Please state the name(s) of the:
a) Seller:
.....
b) Seller’s legal advisor(s):

1.7 Please state the name of the entity to be acquired (the “Target”):

1.8 Please provide a description of the business operations of the Target:

1.9 Please state the governing law of the acquisition agreement:

1.10 Please state the seller’s retained or rollover equity, if any: %

(i.e. Percentage of equity the Sellers will retain in the Target or reinvest into the Target’s newco post-closing).

Section 2: Insurance Requirements

2.1 Please advise limit options (we typically offer limits of c.10% of enterprise value):

Option 1:	\$	.....
Option 2:	\$	.....
Option 3:	\$	.....
Option 4:	\$	.....

2.2 Please advise retention options:

Option 1:	Seller Indeminty	No Seller Indeminty
	% of enterprise value dropping to	% of enterprise value after 12 months post-closing
Option 2:	Seller Indeminty	No Seller Indeminty
	% of enterprise value dropping to	% of enterprise value after 12 months post-closing
Option 3:	Seller Indeminty	No Seller Indeminty
	% of enterprise value dropping to	% of enterprise value after 12 months post-closing
Option 4:	Seller Indeminty	No Seller Indeminty
	% of enterprise value dropping to	% of enterprise value after 12 months post-closing

No Seller Indeminty (NSI) is reference to an indemnification structure where the seller is not liable for losses following a breach of any of the representations or warranties given by the seller to the buyer in the acquisition agreement. If a R&W insurance policy is procured in the name of the buyer, sole recourse for any losses as a result of a representation or warranty breach will be to the insurers in accordance with the terms of the policy.

Seller Indeminty (SI) is reference to an indemnification structure where the seller is liable for losses following a breach of the representations or warranties given by the seller to the buyer in the acquisition agreement. Commonly, the seller is liable for 50% of losses that erode the R&W insurance policy retention amount and the buyer is liable for the remaining 50%. Losses in excess of the R&W insurance policy retention amount will be borne by the insurers in accordance with the terms of the policy.

2.3 Please advise proposed duration of coverage of representations and warranties:

General representations	.....	years after closing
Fundamental representations	.....	years after closing
Tax representations and tax indemnity	.....	years after closing

R&W survival periods in the acquisition agreement:

General representations within a SI transaction structure typically have a twelve (12) to twenty-four (24) month survival period, whilst general representations expire at closing for NSI transactions.

Fundamental and tax representations typically survive until six (6) years after closing or sixty (60) days after the expiration of the statute of limitations period applicable to the underlying subject matters being represented.

R&W insurance policy duration of coverage:

Our R&W insurance policy will generally provide three (3) years coverage for general representations, six (6) years coverage for fundamental and tax representations and six (6) years coverage for the tax indemnity.

Standard Exclusions:

The Policy will contain certain market standard exclusions, including issues known to the Buyer, pension underfunding or withdrawal liability, forward looking statements, uninsurable fines or penalties, punitive and exemplary losses (except for related costs and expenses), purchase price adjustments, asbestos and polychlorinated biphenyls, transfer pricing liabilities and the amount, availability or existence of any net operating losses, tax credits or other tax attributes.

2.4 Please state any policy enhancements required:

Section 3: Due Diligence

3.7 Please describe the anticipated scope of due diligence:

Area of diligence	Diligence provider	
	Name of third-party diligence provider:	
Legal	Written Report	No Written Report
	Internal Report	No Diligence
	Name of third-party diligence provider:	
Finance	Written Report	No Written Report
	Internal Report	No Diligence
	Name of third-party diligence provider:	
Tax	Written Report	No Written Report
	Internal Report	No Diligence
	Name of third-party diligence provider:	
Environmental	Written Report	No Written Report
	Internal Report	No Diligence
	Name of third-party diligence provider:	
Insurance	Written Report	No Written Report
	Internal Report	No Diligence
	Name of third-party diligence provider:	
Other		

Section 4: Timing

4.1 If known, please state the expected signing/exchange date (DD/MM/YYYY):

4.2 If known, please state the expected closing date (DD/MM/YYYY):

Timeline

Once we are formally engaged, we aim to underwrite this transaction so that a Policy can be issued within five (5) business days following receipt of due diligence, acquisition agreement, disclosure schedules and financial statements.

Underwriting Process:

Step 1: Formal engagement to underwrite the transaction, following our non-binding indication.

Step 2: Review due diligence and transaction materials and instruct our counsel.

Step 3: Conduct an underwriting call.

Step 4: Issue R&W Policy.
