



Mergers & Acquisitions Insurance

Companies involved in a purchase and sale, asset, or share transaction—either on the buyer or seller side—face exposure to significant financial risk arising from the breach of a representation or warranty. Mergers & acquisitions/transactional risk insurance provides peace of mind for such exposure, and can be purchased by either the buyer or seller.

Transaction Solutions as Unique as the Deal Itself

The most frequently used M&A solution is Representations and Warranties insurance. The Sale and Purchase Agreement (SPA) contains assurances, or Reps & Warranties, about the business given by the sellers to induce the buyers to enter into the contract. Representations and Warranties insurance can protect either a buyer or seller involved in a transaction from financial loss as a result of inaccuracies in the Reps & Warranties.

A Valuable Solution for Both Buyers and Sellers

Buyer's Value Proposition

- Protection against risk of seller fraud
- Recover directly from regulated insurer
- Extend duration and breadth of warranties
- Ease collection concerns from multiple sellers, foreign sellers or sellers at risk of insolvency
- Protect relationship with retained management

Seller's Value Proposition

- Reduce or eliminate escrow
- Protect passive sellers or silent partners
- Covers defence costs and settlement

- "Severability" from other sellers (even in the event of fraud)
- Claims support from industry professionals

Representations and Warranties Insurance can be used in many situations, namely to:

- Enable parties to utilize the sale proceeds immediately after closing
- Bridge gaps between expectations of buyers and sellers
- Eliminate obstacles to completing a transaction
- Distinguish from competing bidders or attract more favourable bids

Core Coverages

- Customized coverage for transactions of any size
- Policies are Non-Cancellable; ensuring coverage remains intact for the duration of potential liabilities
- Multi-year policies where the policy period either match or extend the survival periods in the SPA
- Premiums typically range from 3.5% to 5% of the amount of insurance purchased
- Deductibles are typically between 1% to 3% of the transaction value



Claims Services

- Client advocacy during insurer disputes
- Claims tracking
- Periodic claim review sessions
- Coverage analysis and recommendations
- Embedded claims protocol bolstered by education sessions on procedures and best practices

About PRL

Through more than half a century of experience, PRL has worked with clients from all of Canada's major industries, as well as on international projects with our exclusive network of international brokers. We've committed ourselves to delivering the highest level of service to all of our clients, regardless of size—and we intend to keep providing Canadian companies and individuals with the same expertise and service level that has come to represent our firm for decades.

Our Mission Statement

Our success is a result of consistently providing exceptional, professional service and advice while nurturing trusting relationships with our clients, insurers and colleagues.

Our Commitment to You

- **Our People and Culture:** We attract industry experts who take pride in delivering value and hands-on service
- **Our Service Model:** We customize our service delivery to meet your needs
- **Our Cost Structure:** We manage our costs to allow us to stay competitive with firms of all sizes and avoid unnecessary overhead or financial pressure

- **Our Ownership:** We're a private provincially incorporated firm with no public shareholders to service, allowing us to move quickly and make decisions without outside influence

Our Corporate Values

- **Client Focus:** Align ourselves with our clients and understand their business
- **Service Excellence:** Provide timely advice and service
- **Professionalism:** Through the quality of our work
- **Passion:** For growing our business
- **Integrity:** Be transparent and honest
- **Collaboration:** Optimize the intellectual power of the group

Our Commitment To Our Employees:

- **Rewarding Performance:** By advancing careers and sharing in the profits of the company
- **Ownership:** Providing opportunity for established leaders to participate in the equity of the company
- **Respect:** Maintaining an equitable and safe environment
- **Balance:** Recognizing the importance of work and life balance
- **Personal Development:** Growing through education and mentoring

Learn More

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