



Transaction liability

Product brochure
USA

Overview

Our transaction liability insurance products are structured to protect against financial loss arising as a result of inaccuracies in representations or warranties made in share and asset purchase agreements. Available to both parties, our policies can minimise seller liability on business exit, enhance bids by potential buyers and bridge differing indemnification expectations. We offer a full suite of transaction liability insurance products, including representation and warranty insurance (R&W) and insurance for contingent tax and other liabilities arising in the context of mergers and acquisitions (M&A).



About CFC

CFC is a specialist insurance provider and a pioneer in emerging risk. With a track record of disrupting inefficient insurance markets, CFC uses proprietary technology to deliver high-quality products to market faster than the competition while making it easier for brokers to do business. Our broad range of commercial insurance products are purpose-built for today's risks, and we aim to give our customers everything they need in one, easy-to-understand policy.

Headquartered in London, CFC serves more than 70,000 businesses in over 80 countries. Learn more at cfcunderwriting.com and [LinkedIn](https://www.linkedin.com/company/cfcunderwriting).

Contact



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Coverage highlights

Bespoke cover

Each policy is tailored to a specific M&A transaction, ensuring that cover is flexible enough to address the specifics of the deal.

Breach of warranties

Our R&W policy provides cover for financial loss or liability arising from a breach of a representation or warranty in an M&A acquisition agreement.

Clean exit

Our R&W policy can help minimise the impact of post transaction claims against the seller by the buyer, which can allow a seller to make a clean exit from their investment.

Bid enhancement

The question of indemnity caps is a significant issue in M&A transactions. CFC's R&W insurance provides alternative recourse on a deal, a buyer can accept a lower indemnity cap from a seller, which makes their bid more attractive to the latter.

High quality recourse

Companies located in overseas jurisdictions may not offer a buyer sufficient security for post-indemnification claims. Being 100% backed by Lloyd's, our policy offers access to stable and high quality capital recourse.

Cross-border deals

Different indemnification expectations on cross-border deals often lead to widely differing requirements for buyers and sellers. Having a R&W insurance policy provides a more certain course of action for both parties.

Limits, deductibles, premium and transaction size

Maximum limit	USD 50m
Retention	Typically, 1% of Enterprise Value (or lower) dropping to 0.50% (or lower) at 12/18 months post-closing
Minimum premium	USD 100,000
Average underwriting fee	USD 30,000
Enterprise value (primary placement)	USD 15m – USD 500m

Appetite

What we love

Lower-middle market deals across the manufacturing, technology, retail/leisure and hospitality, education, transportation and real estate sectors.

What we consider

Professional services, mining, incidental services to the healthcare industry (such as software or non-invasive medical devices), energy and utility providers, aviation and pharmaceutical companies (manufacturing or consumer products).

What we ordinarily decline

Primary US healthcare, financial services, insurance companies (but not insurance brokers) and pharmaceutical companies.

Unaudited targets with an enterprise value or revenue in excess of USD 100m.

Optional extras

- US style coverage outside of North America (also known as transatlantic coverage)
- Erosion of the retention for interim breaches
- Minority investment and rollover coverage requirements
- Nil retention for fundamental and certain tax representations
- Additional capacity available for fundamental and tax representations
- Exclusive 'Portfolio Solution' available to clients making a series of bolt-on / portfolio acquisitions. Our solution provides for a cost-effective insurance solution with streamlined underwriting and certainty of coverage

Coverage is subject to underwriting and the terms, conditions, and limits of the issued policy.