Transaction liability private enterprise

Product brochure

Republic of Ireland

Overview

Transaction liability private enterprise (TLPE) is CFC's first-to-market insurance product specifically designed to provide small business sellers with peace of mind during an M&A transaction.

The policy insures sellers against the risk of financial loss as a result of a breach of representation or warranty, providing cover for 100% enterprise value (EV) indemnity and defense costs in the event of a buyer claim.

About CFC

CFC is a specialist insurance provider, pioneer in emerging risk and market leader in cyber. Our global insurance platform uses cutting-edge technology and data science to deliver smarter, faster underwriting and protect customers from today's most critical business risks.
Headquartered in London with offices in New York, San Francisco, Austin, Toronto, Brussels, Sydney, Melbourne, Perth and Brisbane, CFC has over 900 employees and is trusted by more than 150,000 businesses in 90 countries. Learn more at cfcunderwriting.com and LinkedIn.

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Coverage highlights

Breach of warranties

Our TLPE policy provides cover for financial loss or liability arising from a breach of a warranty given by sellers in a share or asset purchase agreement.

Defense costs

CFC's TLPE policy provides cover for defense costs arising from the claim of an inaccuracy in a representation or warranty.

Full indemnity policy limit

Unlike traditional W&I policies which typically provide a policy limit of 10% of enterprise value (EV), CFC's TLPE policy insures the full indemnity given by the seller in the sale agreement, up to EUR 15m. This means we can offer a limit of up to 100% EV.

Duty to defend

Underwriters have a duty to defend, giving insureds the benefit of sophisticated legal advice and representation in the event a buyer makes a claim against them for a breach of warranty given under the sale contract" after "representation".

Streamlined underwriting

Coverage can be bound within 24 hours following receipt of the transaction documentation and responses to the questions in the TLPE insurance application.

Escrow replacement

The buyer can be added as a loss payee, meaning any settled claims are paid directly to them. This often allows sellers to negotiate to reduce or eliminate the escrow entirely. Where TLPE is being taken out by the seller, we now offer an accompanying policy to protect the buyer against the seller's fraud and negligent misrepresentation (FNM). This add-on works such that the seller is insured under the sell-side TLPE policy, whilst the buyer is protected against the seller's fraud and negligent misrepresentation under the FNM policy.

Appetite

What we love

Small and micro deals with an enterprise value of EUR 250k - EUR 15m across the manufacturing, education, franchise, retail, leisure, hospitality and real estate sectors.

What we consider

Professional services, technology service and product businesses, transport and insurance brokers.

What we ordinarily decline

Financial services, oil and gas, mining, pharmaceuticals, managed service providers (MSPs) and heavily industries (such as telecommunications). Although these sectors are ordinarily out of appetite, there are exceptions so please do send in enquiries for review. Deals greater than EUR 20m may be insurable under our standard W&I insurance product.

Limits, deductibles, premium and transaction size

Maximum limit	EUR 20m
Retention	Nil*
Minimum premium	EUR 2,500
Underwriting fee	Nil
Policy fee	EUR 500
Policy period	8 years (plus odd time)

*Subject to the basket/threshold within the acquisition agreement being 0.5% of EV or greater. Separate deductible for costs and expenses.