



Aon Tax Liability Insurance

Tailored M&A insurance solutions

The uncertainty surrounding identified tax issues can be an obstacle to strategic planning and getting an M&A deal across the line. Tax Liability Insurance can remove a specific tax concern from a transaction that might otherwise be a deal breaker. Tax Liability Insurance effectively transfers the risk of an identified tax issue from the taxpayer to the insurer and provides certainty to the parties involved.

Key Features

- Reduces or eliminates a contingent tax exposure arising from a transaction, investment or other tax position where the underlying legal conclusions may be subject to future challenge by tax authorities.
- Provides greater purchase price certainty for a buyer in the M&A context by ring-fencing an identified tax exposure.
- Enables a clean exit for sellers by eliminating a long-tail contingent exposure.
- Addresses uncertainties arising from the application of disclosure regimes around uncertain tax positions.
- Coverage can be structured for the failure of the insured to realise certain tax benefits in a transaction or for an existing or ongoing corporate tax issue, such as the validity of tax deductions.
- Provides support for the position put forth in a tax opinion prepared by the taxpayer's advisers.
- Covers all tax consequences arising from the insured tax event including federal, state, provincial, local and foreign taxes, defence costs, interest and tax gross-up, and non-criminal fines and penalties.
- Premium is a one-off payment for a multi-year insurance policy which generally extends for the applicable statutory limitation period.
- Policy wording is tailored to the tax exposure and the transaction

Aon M&A and Transaction Solutions

Aon M&A and Transaction Solutions provides tailored insurance programs designed to facilitate and support M&A transactions including Warranty & Indemnity, Tax Liability, Environmental, Litigation and Contingent Liability Insurances. We also provide insurance due diligence services, placement of general insurances and, with Aon Hewitt, human resource due diligence and integration services in the context of M&A transactions.

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