



Aon Warranty and Indemnity Insurance

Tailored M&A insurance solutions

One of the most hotly debated aspects of any sale and purchase agreement is the nature of the warranties and indemnities given by the seller. Warranty & Indemnity (W&I) insurance facilitates the successful completion of M&A transactions by effectively taking off the table the contentious issue of the allocation of risk postcompletion W&I claims.

For sellers, W&I Insurance can be used to replace or supplement escrows or indemnities, facilitate a clean exit and allow more of the sale proceeds to be distributed to investors at completion. For buyers, W&I Insurance is an attractive alternative when the seller will not or cannot provide sufficient protection for breaches of warranties and indemnities.

Key Features

- Covers financial losses arising from breaches of representations and warranties or a claim under the tax indemnity.
- Enables a clean exit for sellers and accelerated returns being paid to investors by insuring the contingent liability associated with warranties and indemnities.
- Protects ongoing relationships between buyers and sellers by replacing the sellers indemnity obligations with insurance.
- Enables a bidder to distinguish its bid in a competitive auction scenario.
- Can supplement a seller's escrow or indemnity or replace it entirely.
- Coverage extends to all commercially negotiated warranties (including tax and environmental warranties).
- Insures the buyer or the seller depending on the structure of the transaction.
- Extends the applicable survival period of warranties in the purchase agreement.
- Can be arranged at any point in the deal process, including after completion.
- Covers defence costs, including the costs of defending a warranty claim.
- The premium is a one-off payment for the multi-year coverage and can be paid by either the buyer, seller or some combination thereof.
- Coverage is specifically tailored to the transaction at hand.

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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