



Representations and warranties insurance

Representations and warranties insurance offers protection for unknown breaches of representations and warranties provided by the target and the seller in a purchase agreement.

Representation and Warranties Insurance (RWI) is a specialized insurance product designed to provide protection in the event of a breach of representations and warranties made during a merger, acquisition, or other corporate transaction. By transferring the risk of potential breaches and associated financial losses from the seller to the insurer, RWI serves as a safety net that can promote a more collaborative atmosphere during negotiations. This not only results in smoother and more efficient discussions but also expedites the deal-closing process, as both parties can feel more secure in the knowledge that their interests are protected.

Benefits for buyers and sellers

Buyers	Sellers
Receive broader representations than sellers may otherwise offer	Collect proceeds up front without funds tied up in escrow
Benefit from extended survival periods (customarily three years for general representations & six years for fundamental representations)	Reduce the risk of prolonged or contentious negotiation over representations and indemnification provisions in a transaction agreement
Avoid post-closing proceedings against sellers who may remain active at the company	Avoid post-closing contingent liabilities and proceedings
Benefit from security where there is concern over the ability to collect against an indemnification	Protects minority and passive investors from any indemnity obligations arising out of joint and several liability obligations



Why WTW

Experienced team	Claims management
20+ dedicated deal experts in North America, including former practicing lawyers and transactional risk underwriters	Dedicated claims specialists who work closely with our clients, guiding them through the initial stages of a process toward the satisfactory resolution of claims payment
\$100+ billion in policy limits placed	Recovered \$170+ million in claims proceeds in 2022 in North America
Ability to execute on the same fast-paced deal timelines and provide support	Our transactional risk brokers remain actively involved as a direct point of contact throughout the claims process
Seamless global integration across Canada, U.S., Europe, Asia and South America	Our team has handled hundreds of claims and routinely maximizes the insurance proceeds payable to our clients
High-touch broking	

Additional services

To insure known risks during a M&A process, our team can provide tailored solutions, including tax liability insurance and contingent liability insurance. In addition, our team can arrange for customized solutions to offer protection across a wide array of bespoke transactional risks, such as insurance on secondaries transactions, de-SPAC transactions, end of fund insurance, etc.

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Disclaimer

WTW hopes you found the general information provided in this publication informative and helpful. The information contained herein is not intended to constitute legal or other professional advice and should not be relied upon in lieu of consultation with your own legal advisors. In the event you would like more information regarding your insurance coverage, please do not hesitate to reach out to us. In North America, Willis Towers Watson offers insurance products through licensed subsidiaries of Willis North America Inc., including Willis Towers Watson Northeast Inc. (in the United States) and Willis Canada, Inc. (in Canada).

About WTW

At WTW (NASDAQ: WTW), we provide data-driven, insight-led solutions in the areas of people, risk and capital. Leveraging the global view and local expertise of our colleagues serving 140 countries and markets, we help you sharpen your strategy, enhance organizational resilience, motivate your workforce and maximize performance. Working shoulder to shoulder with you, we uncover opportunities for sustainable success — and provide perspective that moves you. Learn more at wtwco.com.



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