

Overview of Suite of Transaction Liability Products

Product	Description/ General Price Range	Impact on Negotiations & General Pricing
Representations & Warranties (R&W)	Buyer policy protects the buyer against loss from unknown breaches of R&W including F/S, which are discovered post-close (or post-signing if structured accordingly). The policy can extend the scope/duration of the seller's indemnity. Seller policies provide a backstop to seller indemnification.	<ul style="list-style-type: none"> - Can increase speed of deal execution in light of reduced pressure on risk allocation issues as between buyer and seller (average 10-14 days to quote and put policy in place; can be done more quickly) - Favorable impact on auctions - Minimizes escrow / indemnity caps (can be as low as 50 bps of enterprise value) - Provides longer term protection than typical seller indemnity (3 years for general reps; 6 years for fundamental and tax reps)
Tax Indemnity	Alternative to Private Letter Ruling (PLR); protects insured from adverse ruling by IRS or relevant taxing authority regarding anticipated tax treatment of a given transaction or issue. Covers tax, interest, penalties, contest costs and gross up.	<ul style="list-style-type: none"> - Improves execution by bridging the discount a buyer may put on an issue relative to the seller's analysis - Can cover 338(h)(10) elections, NOLs, 355(e), transfer pricing, sale of REIT shares, real estate issues, cross border issues, etc. - No tax opinion needed, though helpful to have; Reduces time and can reduce cost
Litigation / Contingent Liability / Fraudulent Conveyance	Provides certainty via a "box" or "ring fence" around existing or likely litigation to protect insured against catastrophic loss that exceeds the expected loss amount.	<ul style="list-style-type: none"> - Improves execution by bridging the discount a buyer may put on an issue relative to the seller's analysis - Can function as "signaling capital" by showing adversarial parties objective view of risk