



Representations & Warranties Insurance ("RWI")



Why do Buyers and Sellers choose RWI?

RWI continues to attract new and repeat users due to its well-earned reputation as an effective, bespoke risk-mitigation tool that facilitates M&A transactions and for its underwriting processes, which can match the pace of the underlying M&A deal.

Put concisely, RWI enables the insured to transfer the risk of loss arising out of the breach of a covered seller and/or target representation or warranty. It also either back stops an existing indemnity for certain pre-closing, target-level taxes ("PCTI") or, in a no-seller indemnity scenario, a synthetic PCTI can be built into the policy.

RWI offers sellers a number of advantages to a traditional indemnity/escrow, including:

- An expedited sale process.
- The accelerated distribution of returns to investors.
- The diminution of certain post-closing indemnity obligations.

Buyers value RWI because the policy:

- Extends the period during which they can discover and report a claim to the insurer.
- Offers limits that tend to far exceed the indemnity escrow amount.
- Defines loss as inclusive of first-party losses as well as defense costs arising from third-party claims.
- Lends a competitive edge to a buyer in a competitive auction process.

RWI has proven suitable in the following contexts:

- Limited seller indemnity or no seller indemnity transactions.
- Audited or unaudited targets, subject to revenue recognition principles and the target's class of business.
- Minority or Equity Investments.
- Section 363 Sales (so-called "distressed M&A").
- De-SPAC transactions.
- Roll-ups or endorsements for add-ons consummated shortly after an insured platform deal has closed.
- Real estate and REIT transactions.
- Secondary PE market transactions.
- Cross-border transactions.
- Strategic transactions.



Exceptional Customer Service

Hauser works continuously to deliver exceptional customer service and approaches RWI policy negotiation with an emphasis on obtaining superlative coverage.

TRS adds value by quickly:

-  Rejecting “boilerplate” policy forms in favor of enhanced, negotiated contracts.
-  Updating policy precedents to reflect the current market’s most insured-favorable language.
-  Negotiating policy language that is suitable for the transaction and assuages anxieties about past RWI claims experiences.

Cost-Effective

Many brokers charge exorbitant “supplemental fees” irrespective of the particulars of a transaction. Even brokers add the same value as Hauser reportedly charge a placement fee. Hauser may charge a reasonable fee depending on the complexity of the transaction and other factors.