

Transactional Risk Solutions

Covering the knowns and unknown risks in an M&A Situation

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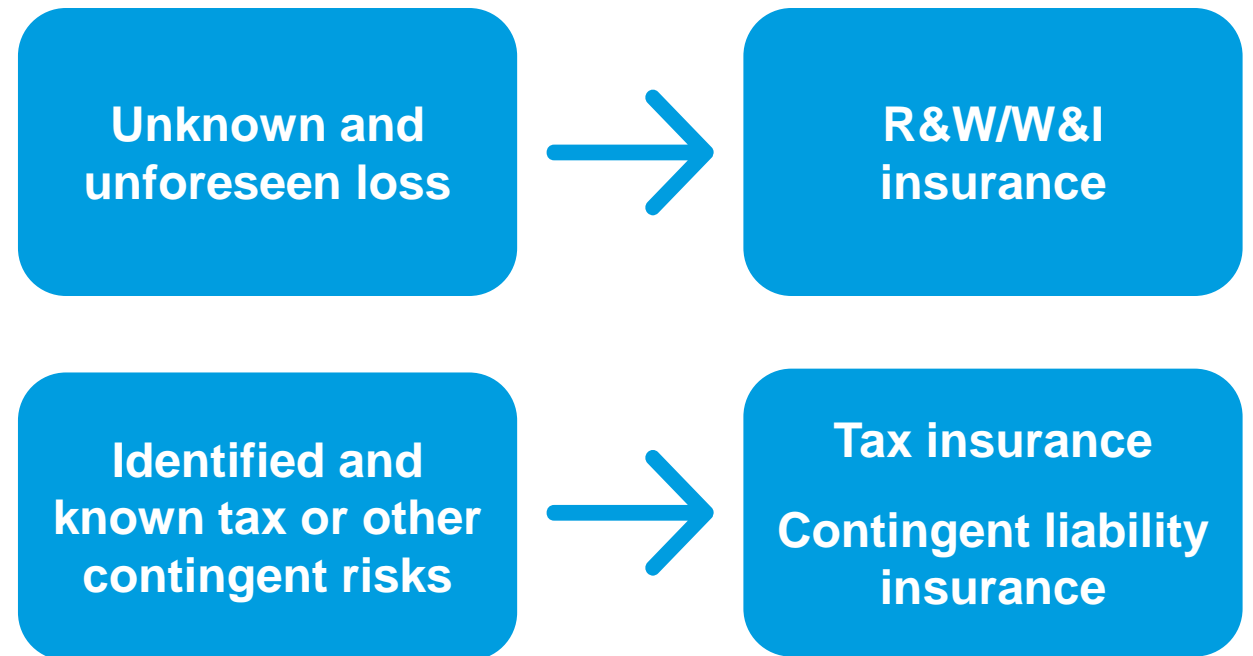
Introduction to Transactional Risk Solutions

Transactional Risk Insurance Overview

Created to facilitate M&A transactions by addressing indemnification issues that arise during the negotiation of the transaction or during due diligence that may prevent the deal from signing:

-  R&W/ W&I insurance
(Premium Rates: 1%-1.5%)
-  Tax indemnity insurance
(Premium Rates: 2%-4%)
-  Contingent liability insurance
(Premium Rates: 5%-9% for non-litigation
10%-20% for legal proceedings)

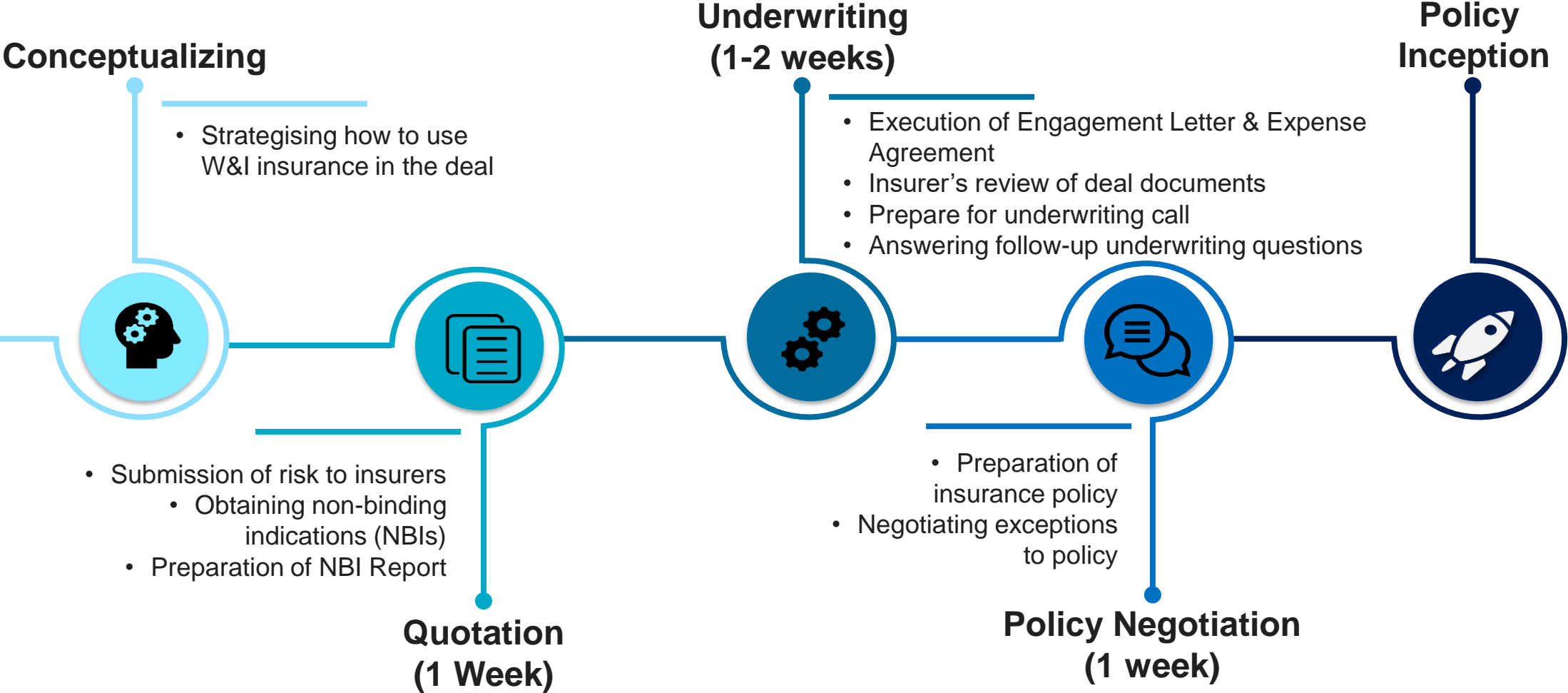
Transactional risk insurance is used to protect or mitigate two types of risks that typically arise from M&A transactions:



Warranty & Indemnity

Process and Timeline

4 Stages up to Policy Inception



Transactional Risk Solutions

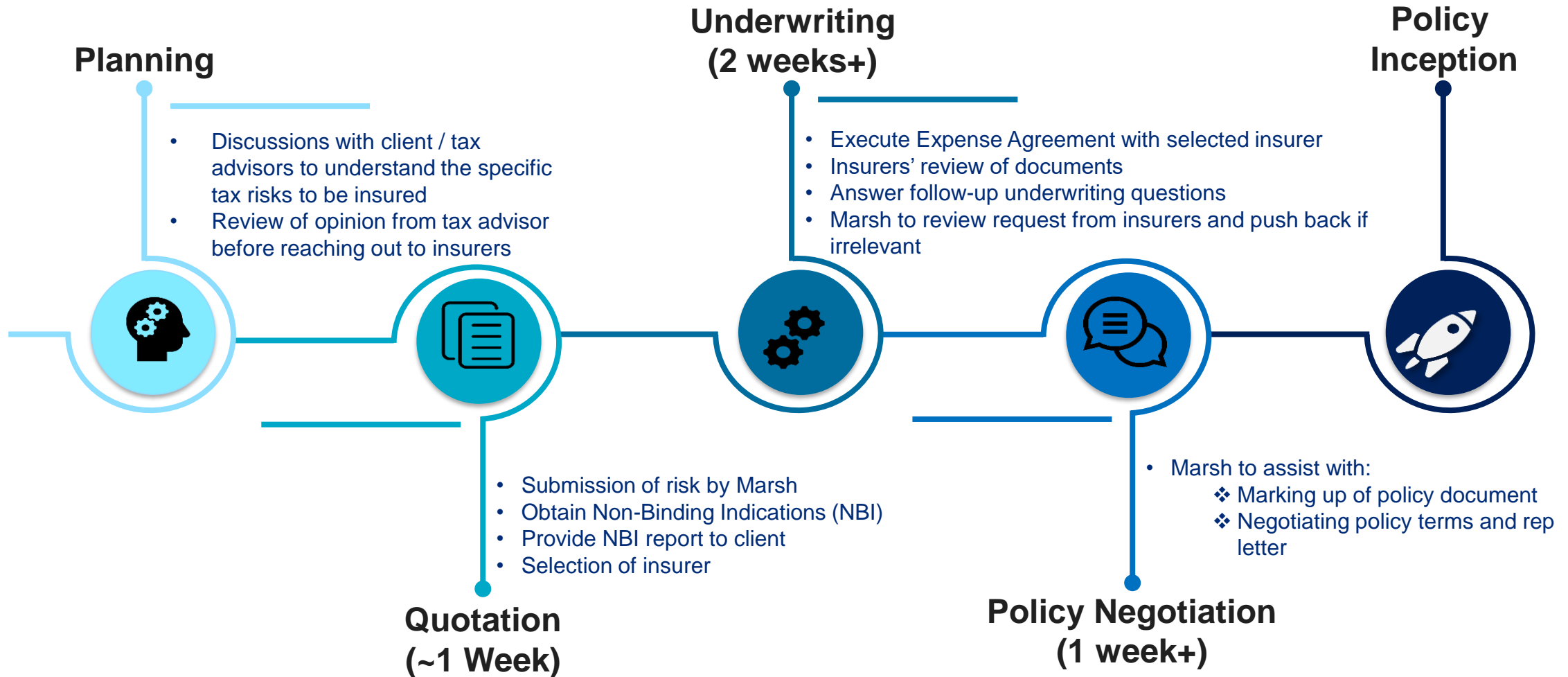
Buy-side Warranty and Indemnity Insurance

- **Insured:** The Buyer
- **How it works:**
 - Responds to buyer's loss resulting from warrantors' breach in the SPA
 - Trigger for policy responding is loss suffered by the buyer as a result of a breach of insured warranties / call on the tax indemnity, irrespective of certain limitations in the SPA
 - Buyer suffers a loss and claims directly against the policy, loss is paid directly to buyer
- **Key exclusions:** knowledge of buyer which includes information provided by due diligence documents and data room

Tax

Process and Timeline

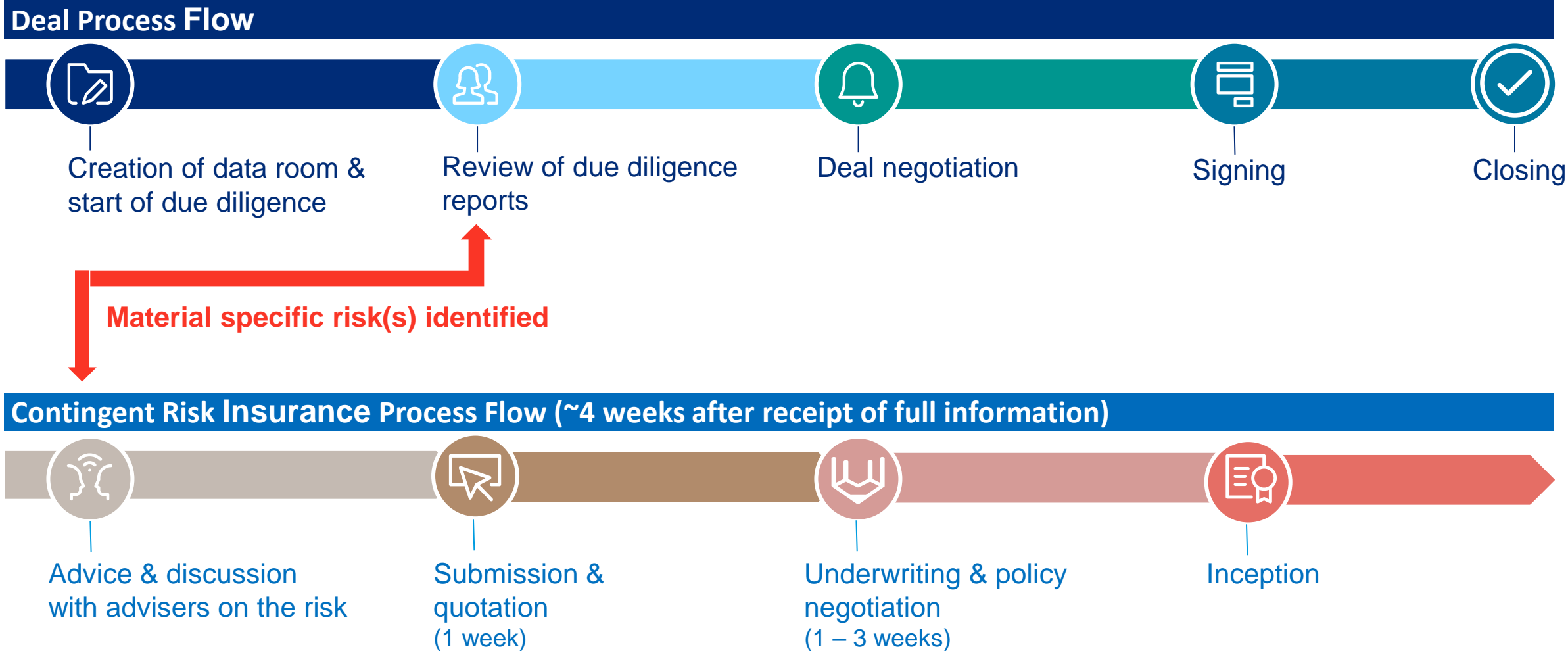
4 Stages up to Policy Inception



Contingent Risk Liability

Process and Timeline

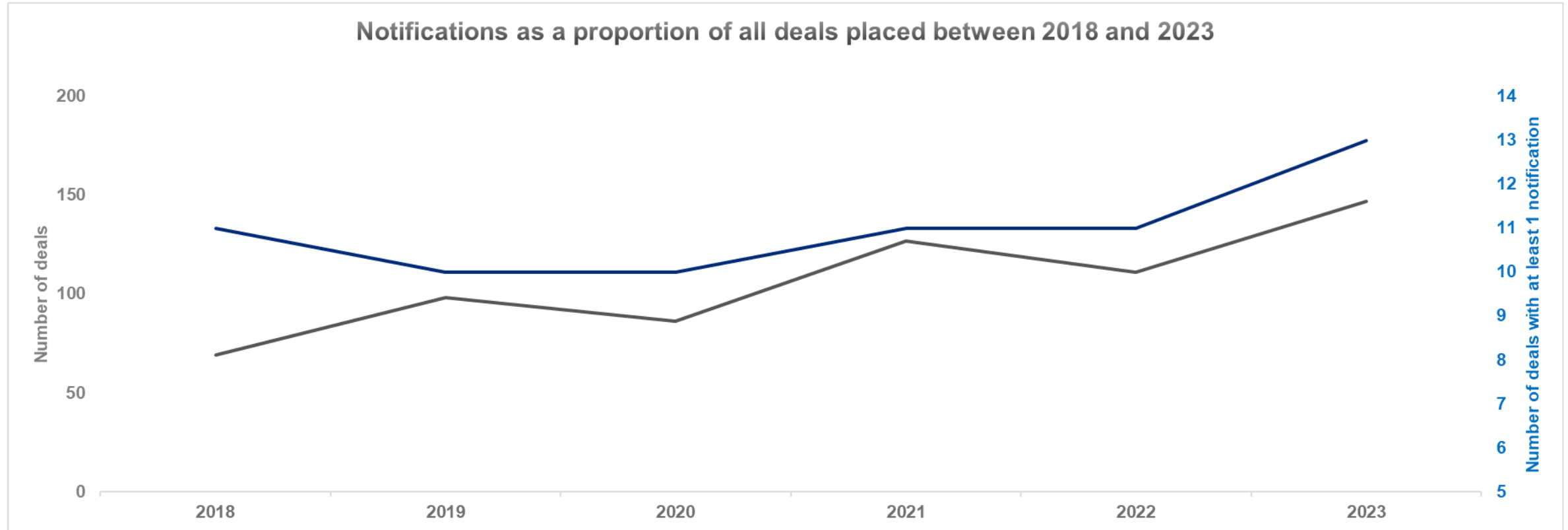
Placing Contingent Risk Insurance in the midst of a deal



Claims Statistics

Transactional Risk Claims

Clear correlation between placement and claims trends

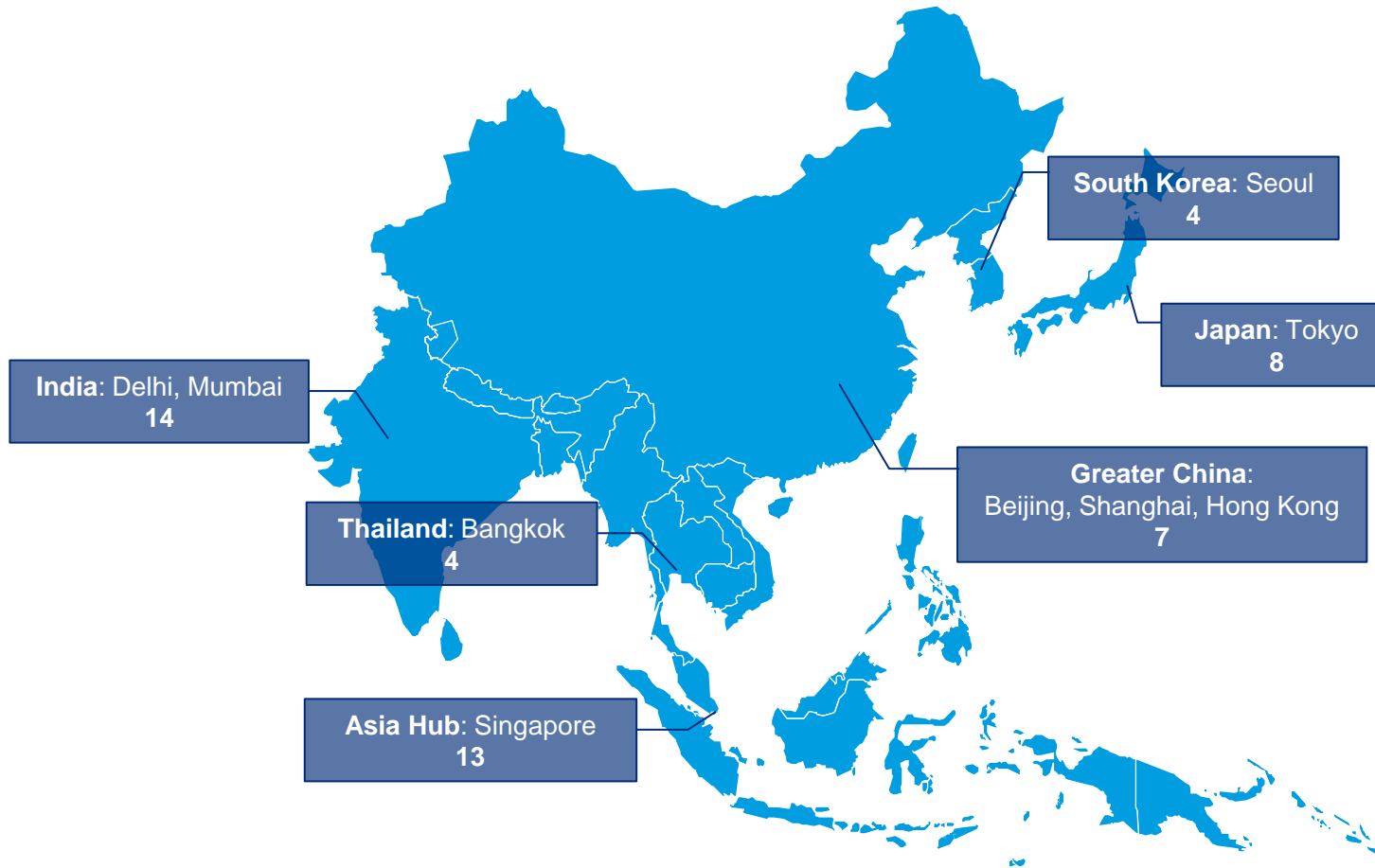


Trendline for both placement and claims are very similar – we have traditionally seen the rate of claim per deal fluctuate between 9% - 10%. In 2023, due to an increase in the volume of placement, the rate was 9%.

Marsh: A Global Presence in Asia

PEMA Asia

Our physical footprint



**Note the wider Marsh and Marsh McLennan organisation has other offices and colleagues across Asia besides those highlighted above.*



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