



**Your world is our world.**

Our M&A team understands your business to help you maximize your opportunities.



**Liberty**  
Global Transaction  
Solutions™



## Speed + stamina. Get both with a focused M&A team within a larger, global insurer.

With both speed and stamina, we're the partner you can count on at a moment's notice — and years after the ink has dried. As one of the largest global mergers and acquisitions (M&A) insurance teams in the industry, Liberty Global Transaction Solutions (GTS) has the scope for transactions of many types and sizes. With more than 80 specialists, we have helped facilitate more than 1,500 M&A deals a year on average — successfully insuring thousands of transactions since our inception. We'll help you come to the table with confidence.

GTS offers specialized products and services to help facilitate M&A transactions for buyers and sellers, including Representations & Warranties (R&W)/Warranty & Indemnity (W&I) Insurance, Tax Liability Insurance, and one-off policies created for individual contingent risks. While the scope of our resources is important, the key to our growth is our unique process. We operate under one global business unit.



Big enough to provide precise expertise for the DNA of your deal.  
Small enough to match your tempo.

This allows us to select and customize our teams based upon their local, regional, and sectoral expertise, not solely on the physical location of the underwriter — ensuring that a GTS team's experience and skill set match the DNA of each and every deal.

It doesn't matter if the client is in London or Shanghai; we'll select a team of GTS experts who are most suited for that specific deal. The tight time frames involved on a merger or acquisition require an incredibly focused approach. From claims to underwriting, GTS empowers employees at every level to make timely and autonomous decisions to help keep our clients on track. There are enough surprises in the M&A world; delays in finding an insurance solution shouldn't be one of them.

<sup>1</sup> As of December 31, 2021  
<sup>2</sup> December 31, 2021



**Capacity:** \$48.2 B  
annual consolidated revenue<sup>1</sup>



**Compatibility:** one of the largest global teams in the industry with a dedicated M&A team of more than 80 specialists



**Commitment:** one of the largest line sizes available with up to \$200 M

### Liberty Mutual Insurance Group industry rankings<sup>2</sup>

**A = Excellent**  
A.M. Best rating

**A = Strong**  
Standard & Poor's rating

**100 years**  
of financial strength and security

## Representations & warranties insurance



### R&W insurance: The solution that keeps deals moving

- Allows parties to release or utilize sale proceeds
- Breaks a deal deadlock
- Bridges the gap in expectations between parties on risk allocation
- Allows the parties to “get comfortable” with their negotiated positions
- Satisfies lenders

Whether you’re representing the buyer or seller, GTS offers a depth and breadth of R&W experience that is unparalleled in the industry – spanning hundreds of clients across a variety of business sectors throughout the years. When so much is on the line, there’s no such thing as too much protection.

**The most  
important deal  
is the one you’re  
working on now.**

### R&W insurance for buyers: coverage that’s as impressive as the investment itself

GTS offers first-party protection to buyers, which may cover financial losses resulting from a breach of warranty or lack of seller indemnity provisions relating to the purchase agreement of a private equity deal. These policies can sit on top of the warrantors’ cap (top-up cover), sit alongside the warrantors’ cap, or straddle the cap. This type of coverage saves buyers from lengthy and expensive legal battles often needed to recoup losses related to a breach or misrepresentation by the seller such as accounting or tax records that are not disclosed or inaccurate.

In addition to protecting buyers from sellers who offer limited indemnity provisions, R&W insurance may also prove beneficial when the seller does offer a satisfactory indemnity. In this case, the buyer may instead opt for an R&W insurance policy to cover any liabilities in order to increase the competitiveness of the offer and enhance their chances of winning the bid.

### R&W insurance for sellers: a shift in post-closing liabilities

Sellers are generally required to provide representations and warranties to purchasers during the sale of a private business. Should there be any misrepresentations or breaches post-closing, the seller is liable for losses for the period of time set out in the agreement, usually seven years.

To cover any legacy liabilities, a certain portion of the proceeds from the sale are typically held up in escrow, handcuffing sellers from using those funds. With GTS R&W insurance, eligible defense costs and settlements would be covered by the policy – allowing sellers to spend, reinvest, or disburse the proceeds from the sale immediately and move on to their next big deal. Terms and conditions apply.

## Tax liability insurance



### Tax liability: Shift the risk to us

All M&A transactions require careful due diligence by both sides. Sometimes tax liabilities are uncovered during this long and arduous process where the accountability is obvious. Other times, the lines may be a bit more blurred as to who bears the responsibility. And then there are times, months or even years down the line, when unexpected back taxes – as well as the corresponding interest, fees, and penalties – give new owners more than they bargained for. All of this uncertainty can add to an already taxing situation.

GTS tax liability insurance shifts the responsibility for tax contingencies from the insured to the insurer – minimizing financial risk and exposures and reducing the friction between buyers and sellers, so both parties can move forward quickly and confidently in their deal – and the only thing taken off of the table is the uncertainty.

### Reducing exposure, removing concerns

Tax liability insurance can help a taxpayer reduce or eliminate exposure to a specific, identified risk of a tax-related loss. Tax liability insurance has been used to:

- Provide peace of mind to a company/individual that they will not be exposed to a historic tax position
- Take a contentious tax issue off the negotiating table on an acquisition
- Improve a bidder's offer by not requiring protection for a potential issue in the target
- Release funds from escrow
- Give a liquidator the comfort to release funds to investors
- Cover uncertainties created by group restructuring and reorganizations
- Allow investment funds to close and return proceeds to investors

### What can be covered?

- Individual, bespoke tax risks which are considered low or low/medium risk
- The covered loss will typically include the tax liability itself as well as interest, penalties, and defense costs.
- The cost of the insurance will depend on the technical analysis of the risk, where it is, and the background facts. Typically this is in the range of 2 - 8 percent of the limit of the insurance.
- Some of the types of risks that we have historically covered include the following:
  - Availability of losses
  - Cross-border restructuring and availability of tax-neutral treatments on reorganizations
  - Residence for tax purposes
  - Application of real estate transfer taxes to transactions
  - Application of withholding taxes to payments
  - Availability of interest deductions

**Aligned M&A partners,  
culturally attuned to the  
dynamics of deal-making**

**Solutions  
that keep  
negotiations  
moving**

## Contingent legal risk insurance



Contingent legal risks come in a broad and diverse variety of forms, but share the common theme that they must be risks that are capable of legal analysis and evaluation.

Contingent legal risks may, and often do, arise in the context of an M&A transaction but they may also be stand-alone risks with no connection to a deal. When used on a deal, contingent legal risk insurance (CLRI) may be used in conjunction with R&W/W&I policies and are often used to cover a known risk that is excluded from cover under the R&W/W&I policy, and which may otherwise block a deal if neither the buyer nor the seller is willing to bear that risk. The fundamental distinction between CLRI policies and R&W/W&I policies is that, like tax liability insurance policies, CLRI policies cover known legal risks whereas R&W/W&I policies are designed to cover unknown risks.

**When risks are unique, experience matters.**

### **Contingent legal risk insurance: Truly bespoke solutions to ease the transaction**

Contingent legal risk insurance is designed to respond to our clients' requirements to rerisk one-off identified issues (by transferring them to an insurer) and can be used in a wide range of circumstances.

Most commonly, CLRI policies are used to transfer legal risks that might otherwise prevent or adversely affect a range of transactions, including M&A deals, or which might result in one party bearing a greater exposure to that risk than they are commercially comfortable.

Each CLRI policy is unique and tailored to the specific facts related to the legal risk to be insured. The GTS CLRI underwriting team will focus on the facts and commercial context that shape and inform the risk in question in order to provide bespoke policy coverage that meets our clients' requirements.

For example, CLRI policies can be structured to contain a loss payee clause for the benefit of the lenders to the insured, which is helpful when the loss to be covered is the repayment of bank debt that would be triggered by the occurrence of the insured trigger event.

### **Which types of legal issues can be covered?**

Contingent legal risks are typically low probability but high severity. Policies can be structured to cover a loss incurred as a result of the crystallization of a legal, judicial, administrative, regulatory, or legislative risk, an unexpected interpretation of a contractual provision, or because a judgment or an arbitral award in favor of the insured has been overturned on appeal.

### **Examples of the types of risks that may be covered by CLRI policies include:**

- The risk of a regulatory body finding that a business has been operating without the necessary permits or licenses or that it has been operating in breach of their terms;
- The risk of a court judgment or an arbitral award being overturned on appeal
- The risk of a court or arbitral tribunal making a higher-than-anticipated damages award
- Legacy deal liabilities that could prevent the liquidation of a private equity fund
- Contingent liabilities that might make a security trustee unwilling to distribute insolvency proceeds
- The risk of a change in law or regulation adversely affecting a business' future revenues
- The risk and uncertainty flowing from counterparties' differing interpretation of contract terms

## Dedicated claims team



### We're ready for claims long before you make them.

Liberty GTS has a dedicated M&A claims team with private practice and Lloyd's market experience that specializes in dealing with complex M&A claims. This team works closely with our team of underwriters from contract inception, so they are well-versed on all the details of the agreement. In the event of a claim, our entire team works together to ensure a timely and considered response. While this paradigm seems obvious, it's unique in our industry.

**Speed of response and certainty of outcome are equally important to both of us.**

### A unique approach to M&A claims

Our claims counsel handle only GTS claims. With claims counsel in London and New York, we're positioned to support you, wherever your transaction takes place.

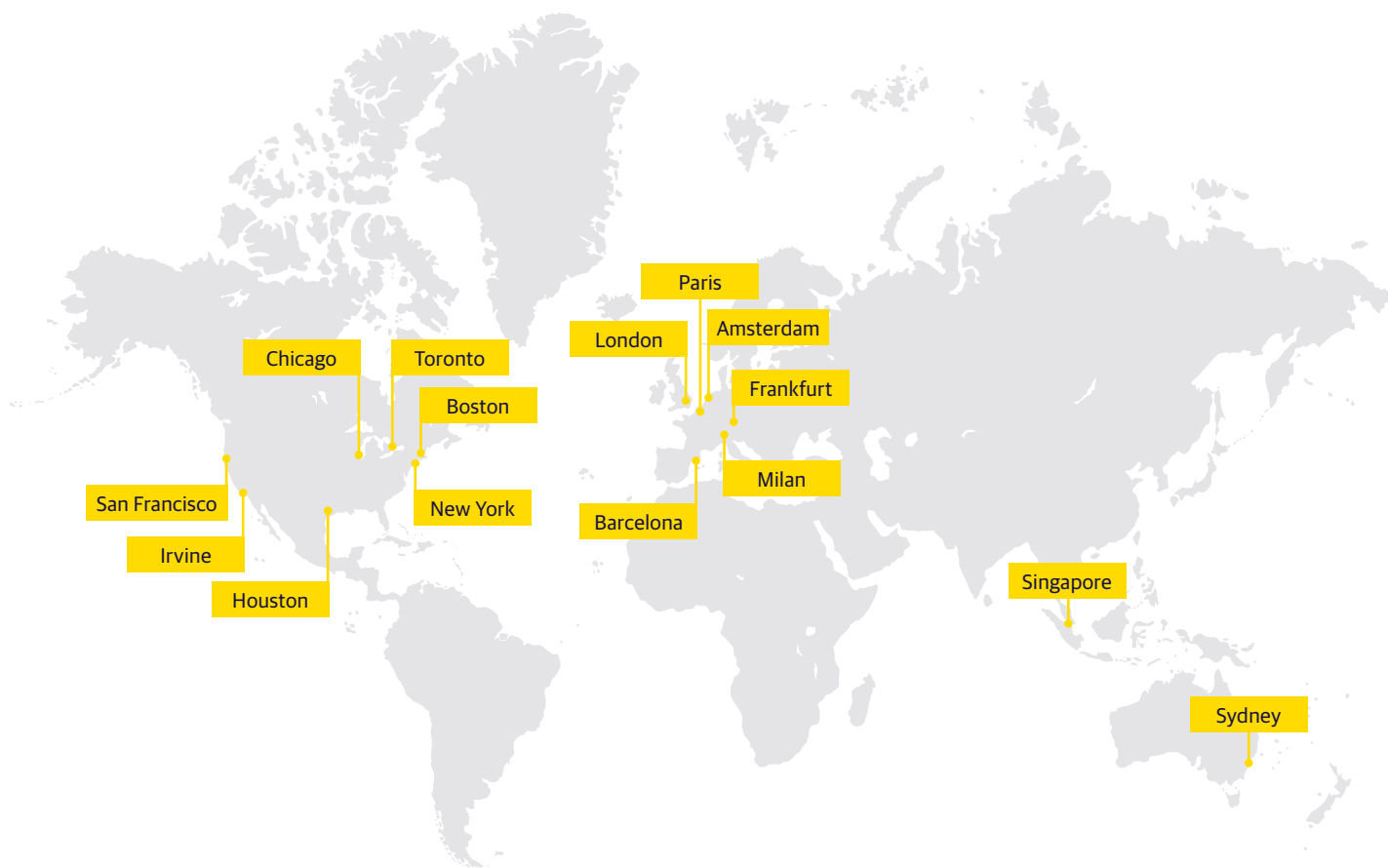
- **Only GTS claims.** That's all our claims counsel handles, so each claim gets the expert attention it deserves.
- **Easy communication.** With claims counsel embedded in the GTS team, you'll communicate with one contact for any claims-related issues. There's no need to reach out to people in additional departments or communicate with other vendors, helping save you hassle, time, and money.
- **Valued partners.** Our claims counsel sit with our underwriters, participate in underwriting training sessions, provide input on wording, and know about ongoing deal flow and market trends. In the event of a claim, they're already up to speed, so the team can provide a timely and considered response.
- **Time-saving expertise.** As experienced lawyers with a deep understanding of this product and the claims process, our counsel rarely need outside expertise and are quickly up to speed in the event of a claim.
- **Collaboration that keeps you a step ahead.** With counsel that work together to understand global market trends, develop best practices, and leverage combined expertise across markets, you get the best possible guidance.

### Claims happen. But not all insurers handle them like we do.

- **No surprises.** We make sure you understand your policy. If a claim is made, it's our priority to keep you informed at every step.
- **Working toward settlement.** In the M&A world, delays and uncertainty are no friend. To help prevent them, our entire service is designed to settle valid claims as quickly as possible.
- **Partnership matters.** You will have exclusive access to our claims counsel, who share how we work, answer questions, maintain communication, and look for ways to help at every stage.
- **Selective expertise.** Our scope allows us to choose the most suitable experts for our clients when required. If we need to tap outside expertise, we'll continue to manage the claim and any communication – so there's nothing additional for you to manage.

**We are where you are.**

Liberty GTS provides coverage wherever your deals are done.



To learn more about Liberty GTS and our M&A solutions, please contact your broker or a member of our team:

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