

# Our insurance solution for the \$8bn SME M&A market

Transaction liability private enterprise (TLPE)

| Angus Marshall, Head of transaction liability

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# What is transaction liability insurance?

R&W insurance protects a buyer  
(or seller) against financial loss suffered  
due to an inaccuracy in a representation  
or warranty given by the seller

# Let's look at a few quick examples



- 1 Financial statements
- 2 Compliance with laws
- 3 Tax matters
- 4 Material contracts

# SME M&A insurance market by region

Market	SME transactions (\$250k < \$10m)	Addressable market (GPI)*
USA	230k	c. \$8b
Canada	8k	c. \$1b
UK	42k	c. \$2b
Ireland	1.5k	c. \$100m
Australia	15k	c. \$1b
New Zealand	1.5k	c. \$80m
<b>Total</b>	<b>c. 300k</b>	<b>c. \$12b</b>



# Our first-to-market solution

Deals  
between  
\$250k and  
\$10m  
enterprise  
value (EV)



Sell-side only –  
Legal and  
contractual  
damages and  
defense costs



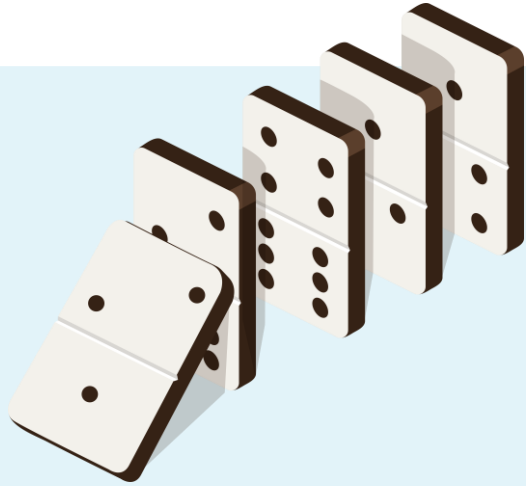
Competitive  
terms



Streamlined  
underwriting



# Understanding the coverage



## Trigger

Buyer claims against a breach of representation & warranty

Policy limit

**Up to 100%**  
of EV (\$10m)

Policy period

**3-6 years**

Cover

Includes damages and defence cost



# Exclusions

## Specific deal exclusions

Based on responses to our underwriting questions in the Insurance Application

## Industry exclusions

The industry code determines standard deal exclusions

## Known matters

Issues known to you (including disclosures under sale agreement)

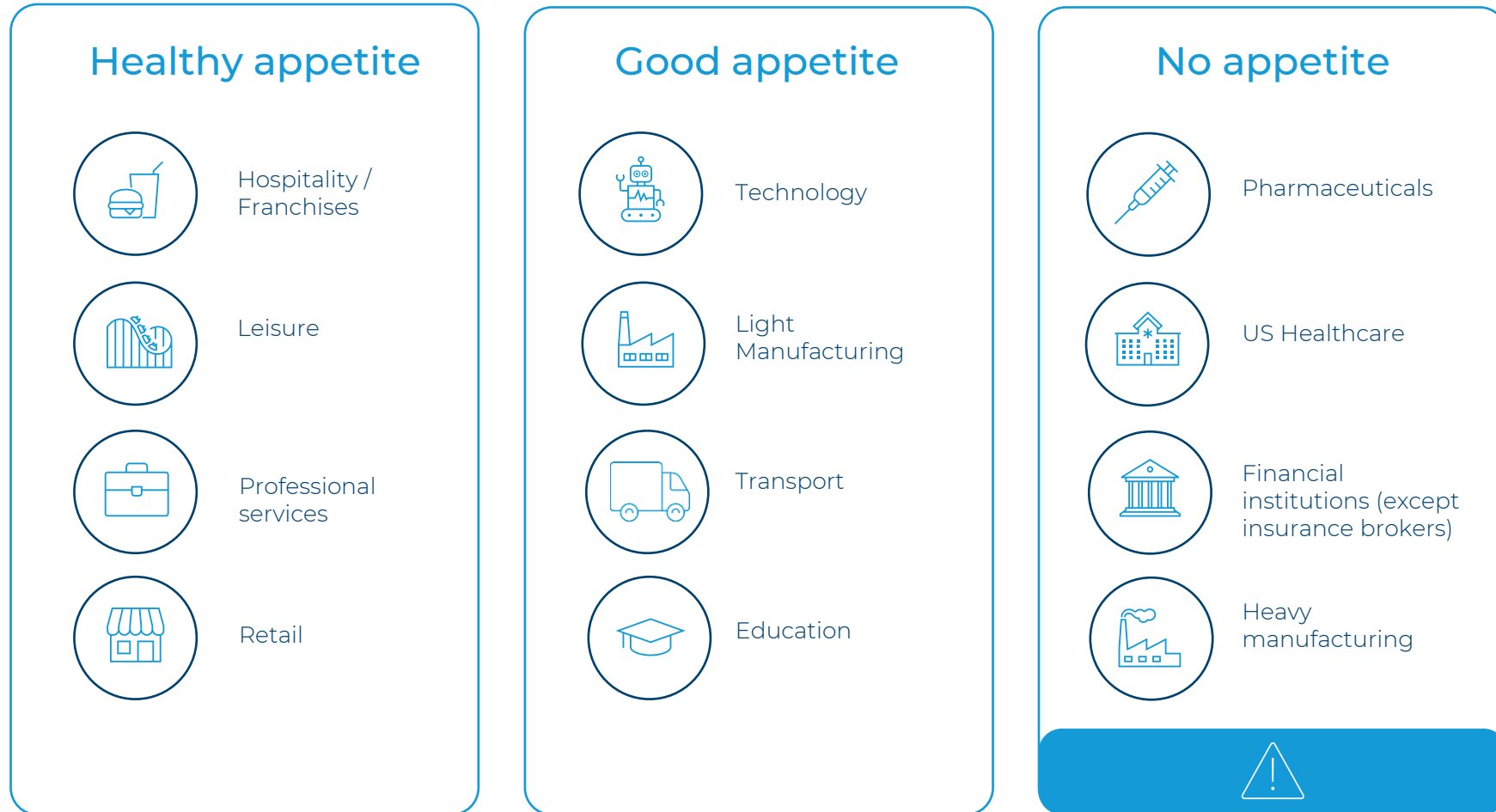
## Dishonest acts

Similar to D&O concept

## Standard exclusions

- Accounts receivable
- Adjustments
- Environmental
- Pensions
- Specific indemnities
- Tax Relief

# Appetite





# Client opportunities

I'm wanting to sell my business and retire

A financial sponsor is interested in my business

Now is the time to sell my business and do something else

I want to maximise the value but not with additional risk

# Objection handling

I'm covered by my D&O

I know my business inside out– I don't need insurance

I know the buyer – they won't claim against me

I've never had an issue before – why do I need insurance now?

# Key takeaways

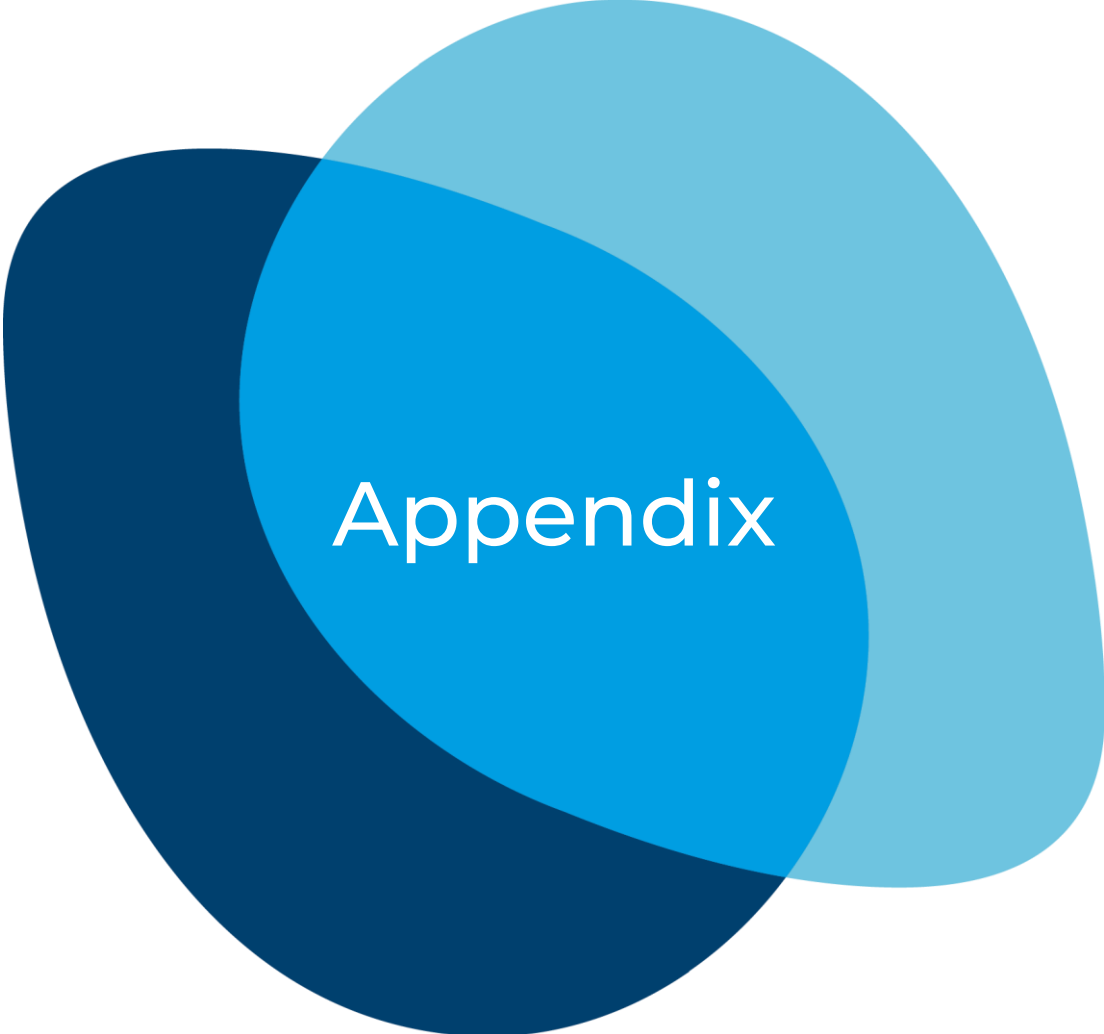
- TLPE gives “peace of mind” to sellers selling micro and SME businesses.
- TLPE covers innocent misrepresentations made by the seller to the buyer
- TLPE can be used on transactions with an enterprise value between \$250,000 and \$10,000,000
- TLPE is issued to the seller only

# Questions?

Angus Marshall, Head of Transaction Liability

[tlpe@cfcunderwriting.com](mailto:tlpe@cfcunderwriting.com)





Appendix

# R&W v TLPE

	TLPE	R&W
Insured	Sell-side	Buy-side & sell-side
EV range	\$250k to \$10m	> ~\$30m
Underwriting fee	✗	✓
Policy fee	✗	✗
Underwriting period	3 days	5+ days
ROL	1% to ~2%	1% to 3.5%+
Retention	Higher of 1% EV and \$10k	1% to 1.5%
Underwriting call	✗	✓

# TLPE process

