



PROFESSIONAL LIABILITY UNDERWRITING SOCIETY

PLUS Transactional Risk Webinar Series Underwriting Reps & Warranties – Part I

June 15, 2016

Presented by PLUS Diamond Sponsors



- May 11* The Rise Of Transactional Risk Insurance
- May 25* Basic M&A Concepts I
- June 1* Basic M&A Concepts II
- June 15 Underwriting Reps & Warranties I
- June 22 Underwriting Reps & Warranties II
- July 13 Reps & Warranties: Claims, Trends and Process
- July 27 Tax Opinion Insurance
- August 10 Market Standards, Unique and
Hard to Place Risks and Exposures

*Archived and available for viewing on the PLUS Website Multimedia Page



The information and opinions expressed by our panelists today are their own, and do not necessarily represent the views of their employers or of PLUS. The contents of these materials may not be relied upon as legal advice.

A copy of the presentation slides will be available following this webinar, on the PLUS website at: www.plusweb.org



Meet the Presenters

MODERATOR:

Daniel Auslander, RPLU, Director, Ambridge Partners

PANELISTS:

Jeffrey Cowhey, President, Ambridge Partners

Peter Rosen, Partner, Latham & Watkins, LLP

Christine Wartella, Vice President – Transactional Risk Practice, Chubb



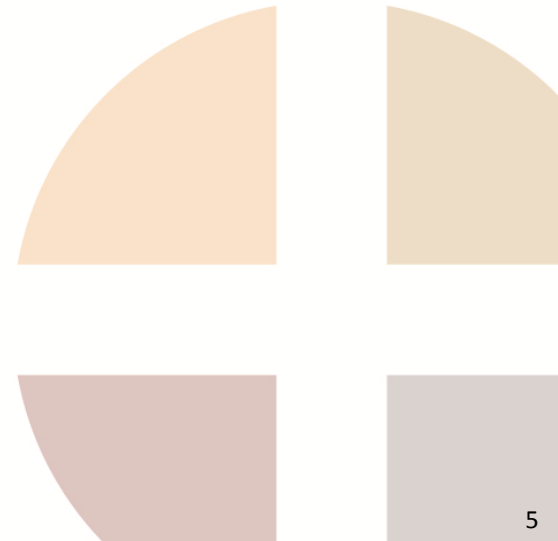
The Underwriting Process

There are Two Phases to Underwriting R&W Insurance

- Initial Underwriting Analysis (today)
- Full Underwriting Review (next week's webinar)

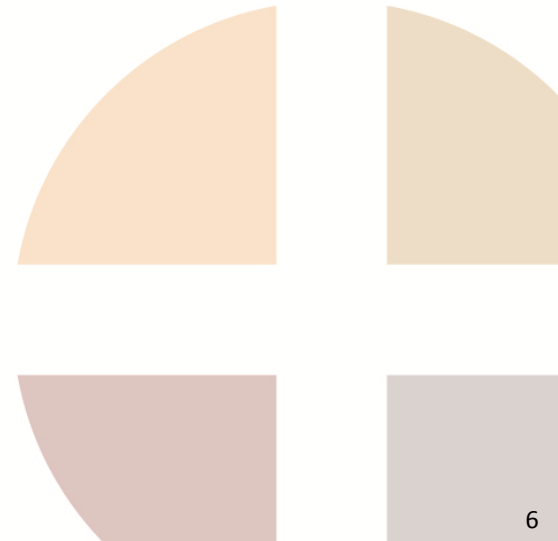
Steps in the Initial Underwriting Process

- Executing Non-Disclosure Agreements
- Reviewing Deal Structure
- Analyzing the Target Business
- Vetting the Purchase Agreement



NDA's are executed for practically all R&W Submissions with insurers negotiating a document that:

- Expires on a Date Certain
- Is limited to a Specific Transaction
- Can be Shared with Lawyers, Reinsurers
- Must be archived for Regulators

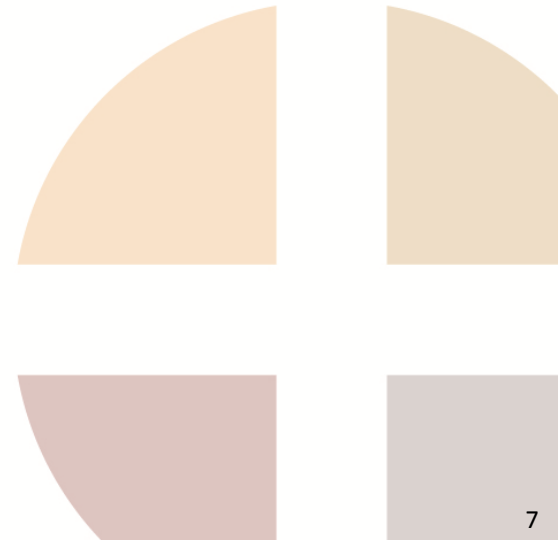


Deal Documents (Underwriting Submission)

- Draft Purchase Agreement, CIM's, Audited Financial Statement of Target

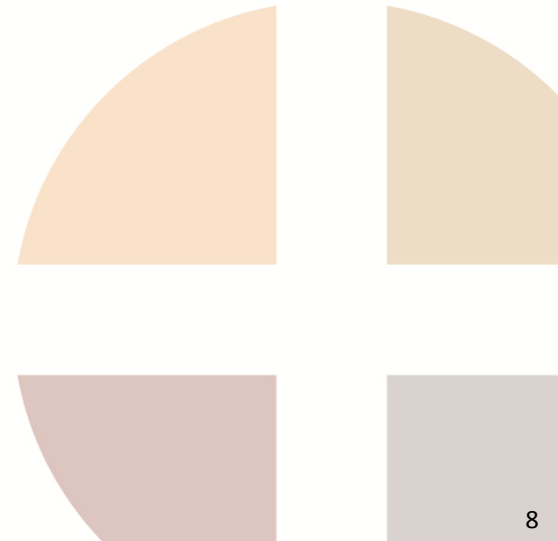
Analyze information with a particular focus on:

- Buy-Side vs. Sell-Side
- Private Equity vs. Strategic
- Roll-Over Investors
- Bidder vs. Exclusive Buyer



Operational risk analyzed to determine exposure in key areas:

- Financial Statements
- Regulatory
- Environmental
- Employment
- Tax
- Intellectual Property
- Jurisdiction
- Product Liability
- Professional Services

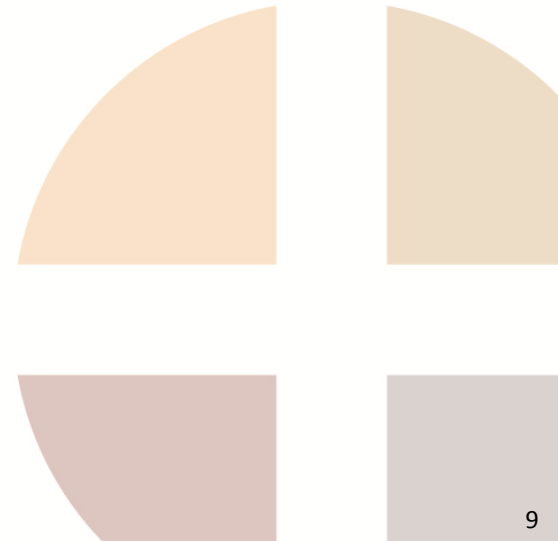


Analysis of Purchase Agreement is focused on:

Definition of Loss

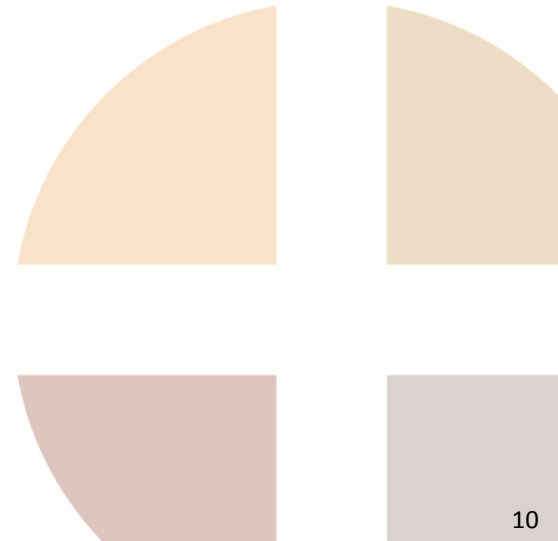
Representations

- Scope of Representations
- The Disclosure Rep
- The Insolvency Rep
- Sufficiency of Assets (Asset Purchase)
- Collectability of Accounts Receivable
- No Undisclosed Liabilities (GAAP Standard)
- No Litigation
- The Tax Rep

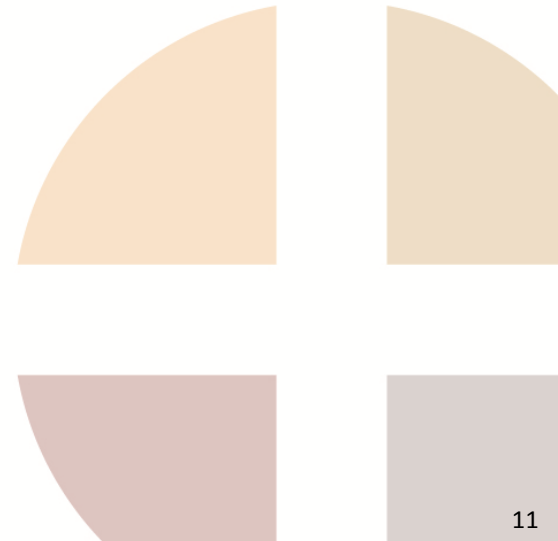


Indemnification

- General vs. Fundamental Survival Periods
- Single or Double Materiality Scrape
- Mini-Basket, Basket (tipping or non-tipping), Escrow
- Indemnification Provisions



Questions





MODERATOR:

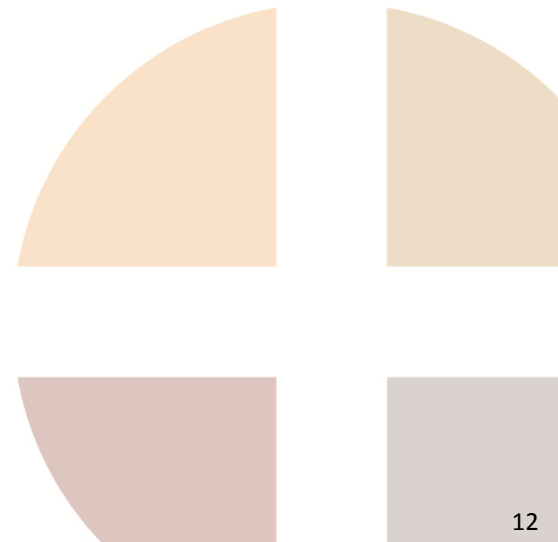
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Thank you, PLUS Diamond Sponsors





Thank you for your time.

**A replay of this webinar will be
available to PLUS Members at:**

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