ACQUINEX

Warranty & Indemnity *Insurance*

PART OF THE UNDERWRITING COLLECTIVE

Contents

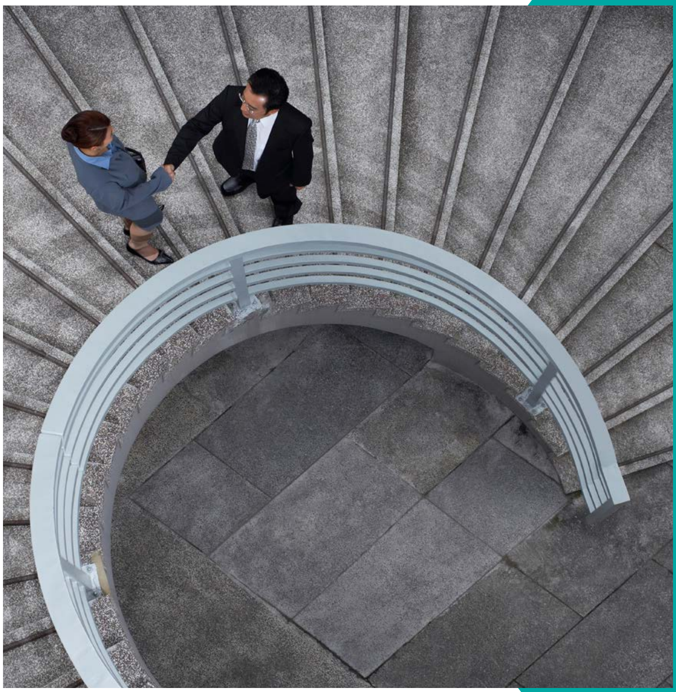
What is W&I Insurance?

Warranties & Indemnities (W&I) Insurance is designed to protect both buyers and sellers when issues arise after completion of a transaction. It covers financial loss arising from a breach of warranty or indemnity given in the acquisition agreement.

More than just a risk transfer solution, W&I insurance is a powerful deal enabler. It helps to reduce uncertainty and potential friction around:

1. The level of liability the seller is expected to assume
2. The scope and reliability of the buyer's recourse
3. Specific issues that could affect the final purchase price

By transferring these risks to Acquinex, W&I insurance can remove the need for escrow arrangements, release capital back to the seller and help both parties move forward with greater confidence.



Cover options

Cover Type	Insured	What it does	Key Advantages	Claims process
Buy side W&I insurance	Buyer	Protects the buyer beyond contractual recourse for breaches of warranty or indemnity in the acquisition agreement.	Higher recovery limits; longer claim periods; flexible SPA parameters; supports cleaner exits and stronger bids.	Buyer claims directly against the insurer for covered loss; no need to pursue the seller or management.
Sell-side W&I insurance	Seller	Protects sellers warrantors against loss if the buyer brings a valid claim under the acquisition agreement	Reassurance for sellers; can remove or reduce escrow; supports quicker distribution or reinvestment of proceeds	Buyer claims against the seller; seller notifies insurer, who indemnifies covered loss up to SPA exposure.

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Key Benefits

Clean exit for sellers

Provides buyers with meaningful recourse while allowing sellers a cleaner exit.

Particularly valuable where sellers cannot give extensive warranties or wish to distribute or reinvest proceeds quickly.

Avoiding *difficult claims*

Allows buyers (under buy side policies) to claim directly under the policy without first pursuing sellers or management.

Especially useful where key individuals will have an ongoing relationship or role post completion (e.g. management teams continuing to run the business post-sale).

Bridging gaps and strengthening protection

Bridges the gap between the liability that sellers are prepared to offer and the level of protection that a buyer may require.

Can increase limits, extend claim periods and provide additional comfort where seller covenant strength is a concern.

Competitive edge in auctions

Enables sellers to offer a more attractive liability package.

Allows buyers to propose lower caps and cleaner exits, helping bids stand out in competitive processes.

Appetite & Reach

Acquinex supports transactions across most industries and a wide range of European jurisdictions, with local experts sitting in multiple UK and European jurisdictions. In particular, Acquinex provides a bespoke solution for the SME and real estate M&A market, providing best-in-class process, value and underwriting expertise designed specifically for these transactions.

Each W&I policy is tailored to the deal, responding to covered breaches of warranty and losses under indemnities. Our aim is to provide cover that is as close as possible to “back to back” with the acquisition agreement, subject to standard exclusions. The warranty package in the acquisition agreement is central to any transaction. It drives disclosure from sellers & warrantors and gives buyers recourse where factual statements prove inaccurate.

Typically Warranty Areas

(and potential W&I cover)

- Title and capacity (including good title and authority to transfer ownership)
- Capitalisation and group/company structure
- Licences, authorisations and permits
- Anti bribery and corruption
- Financial position (assets, liabilities, revenues, profits, debts)
- Current trading position and material contracts
- Adequacy of the target’s own insurance arrangements
- Employment and pensions
- Litigation
- Real estate (freehold and leasehold), including title and planning/lease compliance
- Environmental compliance and permits
- IT systems and proprietary software
- Intellectual property
- Tax

Common Exclusions

W&I policies typically exclude:

- Known risks (including matters known to the buyer or fairly disclosed in due diligence)
- Forward looking statements
- Purchase price adjustments and leakage
- Future unavailability of certain tax reliefs or losses
- Certain secondary tax liabilities
- Transfer pricing
- Certain pension underfunding risks
- Fines and penalties that are uninsurable by law

Premiums

W&I insurance with Acquinex is written for a single, up front premium covering the full lifetime of the policy.

The premium is calculated as a percentage of the insured limit (rate on line) and typically ranges between 0.5% and 2.0%. Unlike many insurers, Acquinex does not apply minimum premiums. We believe deals of all sizes should be able to access cost effective W&I cover.

Underwriting Considerations

Every transaction is different. A range of factors influences both the scope of cover and pricing.

Transaction specifics	Insurance parameters
Industry of the target	Required limit as a proportion of enterprise value
Geographical location of the target's operations	Excess/deductible as a proportion of enterprise value
Governing law of the acquisition agreement and policy	Required policy period/coverage duration
Scope and balance of the warranties in the acquisition agreement	
Quality and completeness of the disclosure process	
Scope and quality of adviser due diligence	
The seller's liability position under the acquisition agreement.	

Underwriting Process

Acquinex has streamlined the W&I placement process to be clear, efficient and low touch.

Initial feasibility (no names view)

Provide a brief, no names outline so we can indicate pricing and coverage based on:

- Industry of the target company
- Desired excess or deductible
- Required limit of insurance
- Approximate enterprise value
- Domicile/location of the target

Step 1

Quotation

You share:

Insurance options
(limits and deductibles)

Draft SPA and key transaction documents

Target financials
(if available)

Brief description of the target

You receive:

- Non Binding Indication (NBI) with premiums and key comments
- Draft policy wording and schedule

Step 2

Underwriting Review

We complete a focused review of:

Signed SPA & disclosure letter

Data room and due diligence reports

We align the policy to the final deal terms and NBI

We issue the policy in execution form, ready to incept at signing or completion

Step 3

Binding & Inception

At exchange or completion we:

Issue the executed policy

Confirm cover
(subject to policy terms)

Before inception we receive:

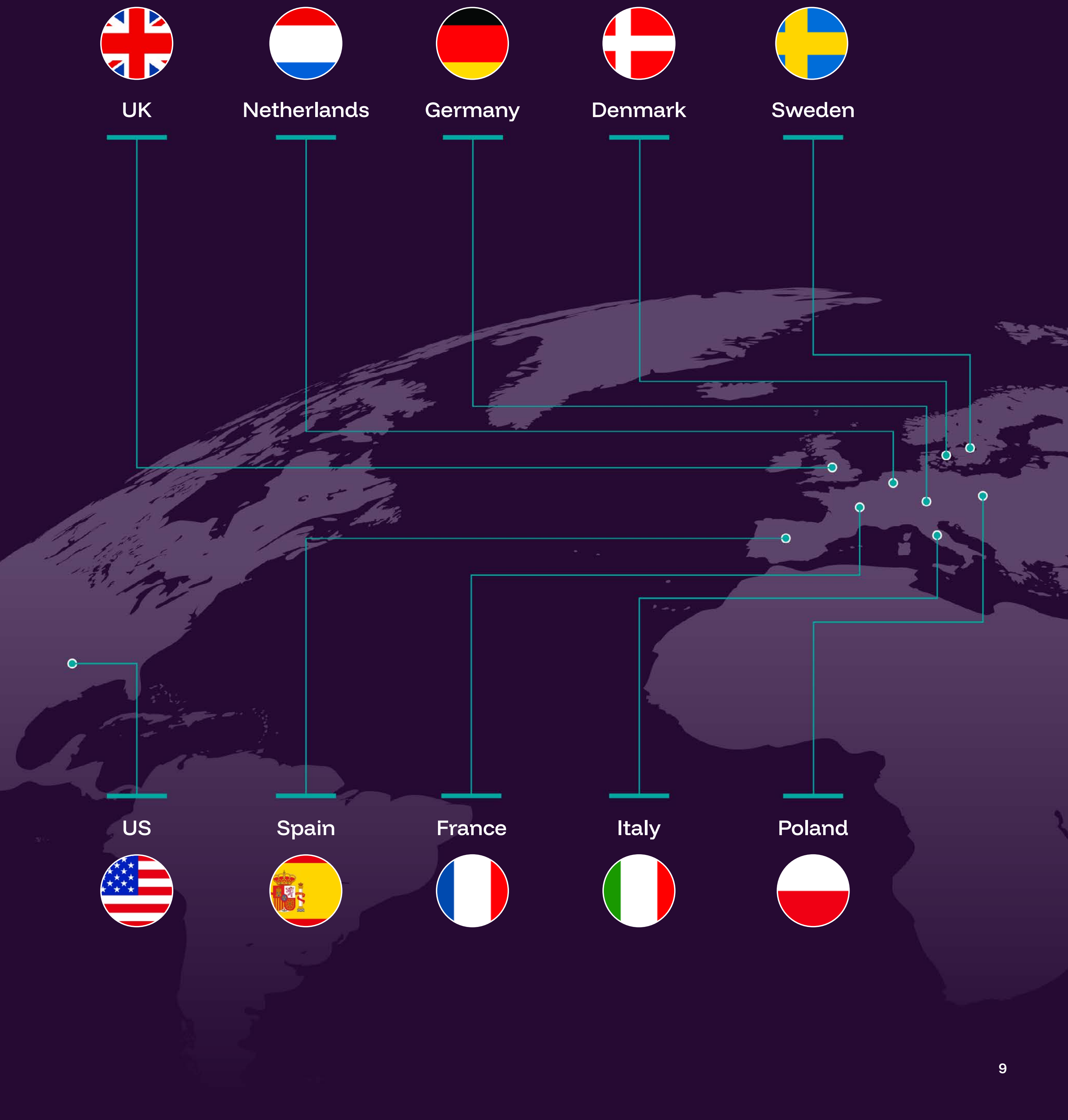
No Claims Declaration from the insured

Final executed deal documents and DD reports

Premium and underwriting fee are paid on completion

Our Offices

We have local underwriting teams servicing Transactional Risk Insurance solutions across the UK, Europe & the US:



Acquinex Team

Acquinex is a truly market leading provider of W&I insurance with a clear policyholder centric approach. We focus on our service, our reach and our coverage to ensure we respond to the challenges our Policyholders face. Local expertise is at the heart of our offering – experts in the jurisdiction, on the ground produce better service and cover outcomes as they understand the need of the local market.

Henry Pearson

Global Head of W&I

henry.pearson@acquinex.com

Truly unique offering

> *"We combine the exceptional flexibility and responsiveness associated with start-up business with the robust controls, claims management and underwriting infrastructure of the most sophisticated of corporate insurers. This is a truly unique offering in this market.*

Henry Pearson, Global Head of W&I

Speak to one of our *specialists* today

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