

## Product Profile

# Warranty and Indemnity

Navigating the complexities of mergers and acquisitions can be challenging, with hidden risks that threaten to derail even the most well-planned deals. AIG Australia's Warranty and Indemnity insurance is designed to provide the protection against the unknown, mitigating the risks that come with complex transactions.

Whether on the buyer or the seller side, our tailored solutions offer extensive protection against financial losses caused by inaccuracies in warranties and indemnities during a merger or acquisition. By mitigating these risks, AIG helps businesses navigate these transactions with more confidence, allowing them to focus on seizing new growth opportunities.

## Product Coverage

Each policy is customised to meet the specific needs of each transaction, with coverage designed to:



Work back-to-back with the recourse and risk allocation regime agreed between the buyer and the seller in the acquisition agreement.



Mirror the minimum claim provisions (de minimis and retention thresholds) and other limitation language in the acquisition agreement.



Match the warranty survival period under the acquisition agreement (including any extended period for tax), but the policy term may be extended beyond if required by the client.



Cover first and third party claims and associated defence costs. Cover on a buyer policy can also respond to fraud by the seller.

## Quick Fact

Over the past 20 years, AIG has paid clients USD\$1.4 billion in Warranty and Indemnity claims globally.

Our longevity in the M&A insurance market, as well as the scale and breadth of our book of business, puts us in a good position to share insights into claims trends.

For more information on the latest global insights, visit [AIG M&A Claims Intelligence Series](#)

## Key Features



### Large Capacity

We offer highly bespoke coverage for transactions of any size, from local deals to complex multi-jurisdictional acquisitions.



### Broad Cover

Our coverage can extend to the full range of warranties and indemnities provided by the seller, including those related to title, commercial agreements, and tax issues.



### Ease of Reimbursements

Buyers can recover approved covered losses directly from AIG, bypassing the need to track down the seller or their assets.

## Your AIG Team

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### David Bertram

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## Our Expertise

Businesses that choose AIG's M&A insurance products benefit from the convenience of a single dedicated insurer, eliminating the need to coordinate with multiple parties.

### Global Scenarios



#### Coverage for the unknown

##### Challenge

A corporate buyer purchased a Warranty and Indemnity policy for the acquisition of a manufacturing company. After the deal closed, federal inspectors shut down the factory of the acquired company for three days on account of regulatory violations.

##### Solution

The buyer submitted a claim under the policy for its direct losses. AIG confirmed that a breach of the compliance with laws warranty had occurred and agreed that the amount of direct losses suffered by the buyer on a multiplied basis



#### Cross-border capabilities

##### Challenge

A client was acquiring a company that had various multinational exposures, with operations in North America, Europe and Asia Pacific.

##### Solution

AIG leveraged its local teams' expertise to underwrite the risk in the various jurisdictions.

Scenarios are purely for illustration purposes. Policy coverage will depend on the policy terms, conditions, exclusions, and the factual circumstances of the particular claim.

## The AIG Advantage



#### Local Insight

Our dedicated regional underwriters, equipped with deep local M&A market expertise, act as dynamic problem-solvers, delivering agile, client-specific solutions.



#### Flexibility and Agility

AIG's size and global structure make us agile. We can respond to our clients' needs and accommodate their deal timelines by drawing on our internal capabilities and expertise.



#### Claims Excellence

Locally-based and dedicated claims experts with the added benefit of leveraging our global network for quick and informed decision-making.

This brochure is intended as a guide only. The precise scope and breadth of policy coverage is subject to the specific terms and conditions of the policy wording. Availability and terms and conditions of coverage are subject to underwriting and application criteria. Information is as at October 2024 and is subject to change.



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