



**HOLFIN**  
INSURANCE BROKER

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## WARRANTY AND INDEMNITY INSURANCE (W&I)

**Failure properly to disclose against warranties can result in large compensation claims from purchasers.**

The warranties given in the sale and purchase agreement (SPA) play an essential role in a transaction. Properly drafted, they clarify the position of the seller through the disclosure of certain key aspects and issues.

The W&I insurance is a powerful deal tool to streamline negotiations between the parties. W&I can allow the seller to limit its liability to a low level, while also giving the buyers their desired protection.



The W&I insurance provides financial cover for the unknown risks associated with breaching warranties or, a claim under the covenants set out in the underlying acquisition agreement.

This insurance is addressed to buyers or sellers in a M&A and real estate transactions. A buyer-side policy affords the buyer more control and comfort; if you are the buyer, you can claim directly from the insurer, with no need to involve the seller.

### What does Warranty and Indemnity insurance cover?

The W&I insurance covers unknown risks associated to:

- representation and warranty clauses specified in acquisition agreements
- claims under specific covenants set out in sale and purchase agreement, including tax claims
- share ownership titles
- ownership titles for real estate assets
- contingent risks (e.g. legal costs and settlement for on-going litigations and contractual disputes)
- environmental liabilities

Known, identified risks, transfer pricing and secondary tax liabilities (uncovered by warranty and covenants clauses) are key exclusions in W&I policy. Other typical warranties that insurers may not cover include: bribery and corruption, certain regulatory issues and certain financial warranties (including 'leakages').

The insurance can be tailored according to specific of the transaction and the desired protection targeted by the policyholder.

### Are you a buyer? Why you need a Warranty and Indemnity insurance?

Buy-side W&I insurance is particularly relevant where you as a buyer have doubts regarding the seller's financial standing post-closing of the transaction, or the seller caps its exposure at a lower level than you want, or insists on a shorter claim period than you are prepared to accept.

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is authorized by Financial Supervisory Authority (Decision 114401/2006), being registered in the Brokers Registry under no. RBK-368  
Trade Registry Number: J40/14097/04.09.2006; Fiscal Number: 18988490

Safer future. **Better lives.**

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### What can we do for you or your business?

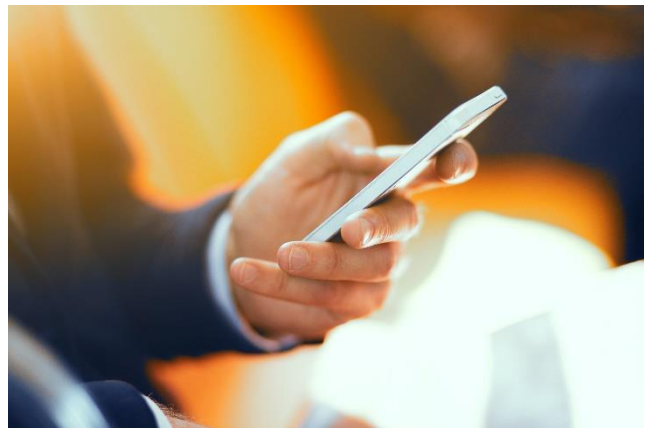
- ✓ Provide you with free and impartial specialist advice concerning risk management and cover options
- ✓ Provide you with the right insurance product which best suit your specific needs, helping you to:
  - ✓ Minimise your exposure to risk
  - ✓ Save your time and money
- ✓ Manage your insurance policies, timely informing you about the relevant aspects
- ✓ Manage your claims, provide assistance and representation in front of insurance partners
- ✓ Give you peace of mind that you are protected for things that matter to you

### Why you should choose us?

- ✓ Our services are based on technical expertise and robust business knowledge, underpinned by complete understanding of your specific needs
- ✓ We have access to a large range of insurance providers allowing us to offer bespoke insurance solutions with the best value for you - both in terms of cover and price
- ✓ For highly specialized insurance products and / or better premiums we have access to international markets through Lloyd's syndicates, brokers or first class insurers and reinsurers
- ✓ We think holistic and act responsible. We believe that respect and integrity are vital to building and maintaining trust and good long term relationships

### Contact us in confidence at:

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**W:** www.holfinasig.ro



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