

My Insured is Thinking About Selling Their Business. Now What?

If your insured tells you they are selling their business, it is time to provide them with Transactional Liability coverage. This coverage can help your insured for those “unknown” breaches of representation or warranty claims resulting from the financial loss caused to the buyer due to that “unknown” breach. We have a market that can provide Transactional Liability coverage for 100% of enterprise value for indemnity and defense costs, should they have a buyer claim.



Target classes are sellers that are in:

- Education
- Franchise
- Hospitality
- Leisure
- Manufacturing
- Real Estate Sectors
- Retail

They may consider:

- Insurance Brokers
- Product Businesses
- Professional Services
- Technology Services
- Transport & Aviation

Enterprise values between \$250K - \$15M

Why should my insured buy this coverage?

1. Contractual breach is typically excluded in a D&O policy. Breach of warranty or representation during the merger and acquisition is considered contractual.
2. Their D&O coverage typically won't cover them during the sale.
3. They may be able to replace their escrow (if required) if they have this policy in place.
4. This coverage gives the buyer and the insured peace of mind knowing they have this coverage in place.

Claims Example:

A local restaurant chain sold its business to a regional restaurant group. Soon after the sale was final, the buyer notified them that they failed to disclose equipment leases. A couple of months later, labor law violations surfaced that occurred before the sale. The management team mistakenly failed to disclose the lease agreements, and they weren't aware of the labor violations at the time of the sale.

If your insured doesn't fit into the above, we have other options, including those for larger M&A accounts as well!
Call one of our brokers to learn how we can help your insured with their Transactional Liability needs!

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