



RUBICON
M&A INSURANCE SERVICES
Member of The Liberty Company Network of Insurance Brokers



TRANSACTION LIABILITY PRIVATE ENTERPRISE (TLPE) INSURANCE

An insurance product designed to protect the Seller and Buyer in an M&A transaction for a breach of the Seller reps and warranties. TLPE is the only such program available for the sub \$30M enterprise value sector.

M&A professionals worldwide are using an insurance policy known as Representation and Warranty (R&W) to transfer risk from the deal parties to an insurance company. This tool has become indispensable in more transactions than ever before, and yet, it has been unavailable to the vast number of M&A deals where the enterprise value is below \$30M. That is until now. CFC Underwriting has launched TLPE, a Sell-side R&W policy exclusively for the underserved, “Main Street” market.

FOR THE SELLER

1. TLPE provides cover for defense costs arising from the claim of an inaccuracy in a representation or warranty.
2. Provides up to 100% of the enterprise value to pay indemnity to the buyer in the event of a breach.
3. Locks in the return of sale proceeds and provides a clean exit as the indemnity exposure is covered.
4. Expedites the sale by getting the indemnification issue “off the table”.

FOR THE BUYER

1. Eases concerns about collecting on a Seller’s indemnification
2. Buyer enjoys the benefits of R&W protection without the cost
3. Preserves the relationship with the Seller. In the event the Seller is remaining with the company, the Buyer pursues the Seller’s insurer, and not the Seller personally in the event of a breach.
4. Expedites the sale by getting the indemnification issue “off the table”

“From our perspective, R&W is for Wall Street. We wanted TLPE to be for Main Street”

- Angus Marshall, Head of Transaction Liability, CFC

TRANSACTION LIABILITY PRIVATE ENTERPRISE (TLPE)

IDEAL RISKS:	Light manufacturing, educational, franchise, retail, leisure, hospitality and real estate sectors
ELIGIBLE RISKS:	Professional services, technology services, product businesses, transport and insurance brokers
INELIGIBLE:	Healthcare, financial services, heavily regulated industries and deals greater than \$30M in Enterprise Value (EV)
LIMIT CAPACITY:	Full EV available from \$250,000 up to \$20,000,000
RETENTION:	The greater of 1% of EV, or \$10,000 per Claim (higher for CA domiciled risks)
PREMIUM:	From \$15,000 TO \$20,000 per \$1M of Limits (1.5% to 2% ROL). Rate scales to the lower end the higher % of EV is purchased.
UNDERWRITING FEE:	NONE
POLICY TERM:	Designed to match the survival period(s) as outlined in the purchase agreement – up to 6 years.
EXCLUSIONS:	Prior Knowledge Fraud – if proven in court Financials - if unaudited and are represented to be in accordance with audited and/or GAAP standards Contingent Liability

UNDERWRITING & PLACEMENT PROCESS

(3 days from submission to binding)

1. Complete, sign and date CFC TLPE application
2. Provide latest annual and YTD financial statements (enables applicant to skip Q.6.13 on the application)
3. Within 3 business days, proposal issued
4. Policy Bound upon receipt of:
 - a. Signed No Claim Declaration (embedded in proposed policy)
 - b. Copy of signed purchase agreement
 - c. Confirmation deal closed
 - d. Payment of premium

"Our deal was literally dead due to a material disagreement on the IP rep's. TLPE came along bridged the gap between us and our Buyers and we closed two weeks later. Thanks, TLPE!"

- Founder SaaS Company – TLPE policyholder

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