

Buyer protect

Product brochure
USA

Overview

Buyer protect is an innovative insurance policy designed specifically to provide buyers of small businesses with peace of mind during and after the transaction, providing cover for up to 100% of enterprise value (EV).

Coverage highlights

Buyer protect

As a customer of your M&A marketplace, you are automatically eligible for a specialized insurance policy called buyer protect. Buyer protect provides cover for financial loss arising from a breach of or inaccuracy in the representations or warranties given by the seller or on their behalf, where there is evidence that the seller had knowledge of the breach.

Coverage

The policy has been designed to enable buyers to more easily claim for loss as a result of the seller's non-disclosure of information which impairs the value of the business. The policy will respond where there has been a material misrepresentation of the seller's representations and warranties, supported by documentary evidence of the seller's knowledge of the fact, matter or circumstance causing the breach. The policy covers all standard representations and warranties given by a seller to a buyer in the sale of a small business or business asset.

Streamlined underwriting

This policy has been underwritten based on the information already provided to your M&A marketplace. You don't need to provide any additional information to be eligible for the policy - all you need to do is 'opt in' and when your transaction concludes, you will be sent your policy documentation.

Policy details

Limit - The seller's full indemnity under the acquisition agreement

Deductible – Nil

Premium – The premium, applicable taxes and fees are funded by you, separately and in addition to the fees payable to your M&A marketplace

Policy period – 18 months

Maximum EV – USD 5,000,000

For transactions with an EV in excess of USD 5,000,000 Rubicon would be pleased to arrange a non-binding indication of terms (NBI) outside of your M&A marketplace

Frequently asked questions

1. What is Rubicon?

Rubicon is acting as a surplus lines insurance broker in relation to your policy. A surplus lines insurance broker is needed to facilitate the placement of insurance policies with surplus lines insurance carriers. Aura Risk Management & Insurance Services, LLC (FEIN: 85-3835733; Regulatory license number: 6003436; Registered Office Address: 5595 DeSoto Avenue, Suite 250, Woodland Hills, CA 91367, USA) trading as Rubicon M&A Insurance Services, LLC ("Rubicon").

2. When do I pay premium?

If you elect to take up the buyer protect insurance policy, you are liable to pay the premium when your transaction closes. In practice, your M&A marketplace will bill you for the premium, taxes & fees as part of their invoicing process for their fee payable upon closing. Alternatively, for some policyholders, a premium payment link will be sent to you by Rubicon (see question 1, above) after closing. Only the payment mechanism that is correct for you will be identified - whether you are to be billed via your M&A marketplace invoicing process, or separately via email.

3. What happens if I don't pay the premium?

If you elect to take up the buyer protect insurance policy, you are liable to pay the premium within 30 days following the closing date of your transaction. If you don't pay the premium within this timeframe, for any reason, your policy will be cancelled from the applicable start date in the policy (known as inception), with no cover given.

4. What do I need to do to activate the insurance?

If you have opted in to purchase the insurance policy and paid the premium within the required timeframe (see question 3, above), you will be provided with your policy documentation automatically once your transaction closes. Your policy documentation will be sent to the email address you provided to your M&A marketplace. The start date for your insurance policy is the same as the closing date of your transaction.

5. How long am I insured for?

You will be covered for claims made within the 18 months following the closing date of your transaction, subject to the policy terms & conditions. Your policy will lapse after 18 months following the closing date. This means you will no longer be able to claim under the policy after that date unless you arrange to extend your policy via Rubicon, who will discuss with the insurer and confirm if this is possible.

6. How do I make a claim?

Instructions on how to make a claim are contained in Condition 1 within the policy wording, which will be provided to you when you receive your policy documentation. Condition 1 in the policy wording describes that first notification of a claim should be reported to the claims managers stated on the declarations page of the policy wording.

7. Do I have to buy the insurance policy?

No. If you have not opted in to purchase the insurance, you will not be liable to pay the premium and you will not receive an insurance policy.

Key exclusions

- Claims arising out of matters that the buyer had actual knowledge of prior to the inception of the insurance
- Claims arising out of any representation or warranty relating to the future performance of the target or the outcome of a future event or matter
- Claims for any legal or professional services or other costs incurred in response to, or pursuit of, any legal action
- Claims for any unintentional or innocent breach by the seller of any representation or warranty that was disclosed and specifically indemnified under the acquisition agreement