

**Factor
Risk
Management**

M&A AND TRANSACTIONAL RISKS

Brazilian Chamber of Commerce in Great Britain

23 OCTOBER 2024



Insurance Available

Warranties & Indemnities (W&I)

Also known as ‘Reps & Warranties’ (R&W), respond to any breach of warranties or a claim under the tax covenant in a sale and purchase agreement

Tax

Covers specific tax exposures identified in due diligence or on a standalone basis, which may be challenged by a tax authority in the future

Litigation & Contingent

Covers a wide variety of exposures including potential or on-going litigation or arbitration, regulatory and other contingent issues identified.

Secondaries & Fund Liquidation

Covers a variety of issues in the lifecycle of an investment fund, both for transfers of interests’ during and at the end of fund’s life

Title, Real Estate & Environmental

Addresses risk relating to the legal title to shares, property and other real estate / asset exposures including pollution liabilities.

Core Solutions - M&A Insurance products for Brazil

Warranty & Indemnity (W&I)

- ✓ Protects against losses arising from a breach of the warranties and claims under indemnification provisions in a SPA (unknown or undisclosed matters)
- ✓ Can be purchased by either a buyer or a seller
- ✓ Duration of the policy: 2 to 7 years
- ✓ Premium (BR): 2.5% - 5%

Tax

- ✓ Addresses known and quantifiable, but uncertain, tax risks surrounding corporate structures, transactional issues and other areas of tax uncertainty
- ✓ Available both pre or post M&A transaction (or on a standalone basis)
- ✓ Duration of the policy: 7 years
- ✓ Premium (BR): 2% - 8%

Litigation & Contingent

- ✓ Covers identified contingent risks including potential or on-going litigation or arbitration, appeals, as well as regulatory or other contingent issues
- ✓ Available both pre or post M&A transaction (or on a standalone basis)
- ✓ Duration of the policy: in line with the exposures being addressed
- ✓ Premium (BR): 5% - 15%

Transactional Risk Insurance in Brazil

Increased Awareness: W&I/R&W is being used more in Brazil, driven by cross-border M&A activity from US and Europe

Economic and Political Uncertainty: The economic and political landscape has led to an increase in clients looking to insurance to mitigate potential risks

Insurance Market: With the lower volume of M&A deals since 2021, the insurance market had broadened their appetite

Sophisticated M&A advisors: Brazilian advisors' international M&A experience provide underwriters with the required level of due diligence

Main Benefits

BUYERS

- Enhances financial protection
- Protects relationship post completion
- Provides competitive advantage

SELLERS

- Clean exit
- Enhances distribution of sales proceeds
- Protects sellers who are investors

ADVISERS

- Overcome negotiation impasses
- Strategic tool in auction processes
- Increases certainty of completion

Recent changes in relation to M&A Insurance in Brazil

- The insurance market is adapting to cater to the specific needs of Brazilian M&A transactions, e.g. Insureds in Brazil
- Competitive markets with more underwriters willing to insure Brazilian transactions and specific risks
- More economically viable premiums
- Cover for tax warranties and specific tax risks

Key contacts



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James is the Head of M&A and Transactional Risks for Factor Risk Management. He is renowned for his ability to structure comprehensive and tailored solutions for the most complex of transactions.

In his 20 years' experience, James has held management positions as both an Underwriter and Broker at international insurance firms. He is recognised as one of the most experienced practitioners in the M&A insurance industry having been involved in the early stages of the products and their development.

James is the go-to person for many leading M&A advisors and asset managers due to his professional, yet personalised approach and innovative attitude.

He is a regular contributor to industry publications and frequent speaker at seminars, having worked for clients in a wide variety of industry sectors, on almost every continent.



Camila Carvalho

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Camila is an Associate Director in the M&A and Transactional Risks team at Factor Risk Management. She frequently works with a wide range of clients across multiple jurisdictions including Europe and Latin America.

With more than 14 years' experience, Camila started her career as a corporate lawyer before moving to PwC's Deals Tax team in Sao Paulo and then London, specialising in cross-border M&A deals and group reorganisations.

She moved into the M&A insurance industry, working at international insurance brokers prior to joining Factor Risk Management, focussing on complex, international corporate and private equity transactions.

Camila is a qualified lawyer in Brazil, and speaks Portuguese, Spanish and English.

Factor team



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About Factor Risk

Our team of senior professionals come from a range of advisory backgrounds to provide a complete intermediary service; from the start of the project, to its completion and beyond.

We cater to acquisitions, investments, sales, group reorganisations, restructurings/insolvencies and fund liquidations, offering a comprehensive intermediary service; including identification of risk, structuring insurance policies tailored to each transaction scenario and the negotiation and settlement of claims.

Client satisfaction is of paramount importance to us, and we always seek to go above and beyond in delivering for our clients.

At Factor Risk we know how to translate insurance solutions into project delivery which enable clients to manage potential risks, remove deal blockers, complete the transaction and address future exposures as well.

Using our unique expertise and vast experience, we mitigate risk and maximise value for the M&A community on transactions in all industry sectors across the globe.

OUR CAPABILITIES

Specialist independent advisors and brokers of M&A, transactional risks, litigation insurance and finance.



Fully independent

We provide our clients with access to global insurance markets and providers.



Market access

We have deep and long-standing working relationships with key individuals in all the litigation finance and insurance markets in which we operate. Using our services provides you with leverage and access to funding and insurance capacity that may not exist elsewhere.



Responsive

We commit to being available whenever you need us, to keep you regularly updated and to ensure your proposal is dealt with in the shortest possible timeframe.



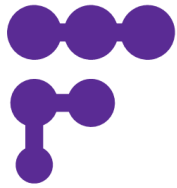
Bespoke

We are market-makers and innovators. Where a standard product or offering does not exist, we have the know-how and connections to create a bespoke solution.



Approachable and professional

We define success by the strength of our relationships. By taking the time to understand your needs we can craft solutions unique to you. We take pride in doing so in a discreet manner with attention to every important detail.



Factor Risk Management

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Notices

Disclosure

This document is intended for informational purposes only. It is not a guarantee of coverage and should not be used as a substitute for an individual assessment of client's demands and needs for insurance or alternative risk services, nor should it be relied upon as legal advice, which should only be provided by a competent lawyer familiar with the facts and circumstances of a particular matter.

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Regulation

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“ They have the ear of some very impressive law firms that they work with. I favour their work ethic, directness and candour.

CHAMBER LITIGATION SUPPORT GUIDE ”