

## Seller protect

Seller protect is an innovative insurance policy designed specifically to protect sellers of small businesses from the risks they face during an M&A transaction. The policy insures sellers for loss payable to the buyer as a result of an innocent breach of a seller representation or warranty, providing cover for up to 100% of the seller's indemnity plus defence costs.



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## At a glance

### Seller protect

Seller protect covers you in the event the buyer brings a claim against you for an innocent breach of the seller representations or warranties contained in the acquisition agreement.

### Duty to defend

The insurer has a duty to defend you against a buyer's claim for a breach of the seller representations or warranties, giving you the benefit of sophisticated legal counsel and representation.

### Streamlined underwriting

Coverage can be placed within 24 hours following receipt of the seller protect application form. Coverage can be arranged post completion.

### Buyer benefits

Buyers also stand to benefit from seller protect as a loss payee. This means that if a claim is settled, proceeds will be paid directly to the buyer. This often allows sellers to negotiate to reduce or eliminate the escrow or holdback entirely.

### What's not covered

If seller representations are incorrect and result in the buyer suffering financial loss, the seller is required to indemnify the buyer. The seller will disclose any known issues that could make these representations inaccurate – this prevents the buyer from claiming against the seller for these specific issues. **This policy does not cover issues that the seller was aware of, and did not disclose. These risks can be covered under CFC's buyer protect policy.**

### Appetite

- We ordinarily decline financially distressed businesses
- We have limited appetite for certain financial institutions, direct oil & gas, mining and pharma.
- If you consider the target business to be out of appetite, please send your enquiry for review, as our appetite can be nuanced
- Larger transactions may be insurable via our traditional transaction liability products.

### Policy details

Maximum limit	CAD 20,000,000
Deductible	Nil*
Minimum premium	CAD 2,500
Policy period	Up to 6 years
Underwriting fee	Nil
Maximum EV	CAD 30,000,000

\* Subject to the basket/threshold within the acquisition agreement being 0.5% of EV or greater. Separate deductible for costs and expenses.

### Policy fees

Enterprise value (EV)	Policy fee
Up to CAD 4,999,999	CAD 500
Up to CAD 9,999,999	CAD 1,000
Up to CAD 14,999,999	CAD 1,500
Up to CAD 19,999,999	CAD 2,000
CAD 20,000,000+	CAD 2,500