



Seller protect

Product brochure
United States

Overview

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.



About CFC

CFC is a specialist insurance provider, pioneer in emerging risk and market leader in cyber. Our global insurance platform uses cutting-edge technology and data science to deliver smarter, faster underwriting and protect customers from today's most critical business risks.

Headquartered in London with offices in New York, Austin, Brussels and Brisbane, CFC has over 900 staff and is trusted by more than 130,000 businesses in 90 countries. Learn more at cfc.com and [LinkedIn](#).

Contact



Joe Perrett
Product Manager
jperrett@cfc.com
+44 (0) 7741 151 698

Coverage highlights

Seller protect

Seller protect covers you in the event the buyer brings a claim against you for an innocent breach of the 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 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-closing.

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.

Policy details

Maximum limit - USD 20,000,000

Deductible - Nil*

Minimum premium - USD 2,500

Policy period - Up to 6 years

Underwriting fee - Nil

Maximum EV - USD 20,000,000

** 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 USD 4,999,999	USD 500
Up to USD 9,999,999	USD 1,000
Up to USD 14,999,999	USD 1,500
Up to USD 19,999,999	USD 2,000
USD 20,000,000+	USD 2,500

What's not covered

When a business is sold, the seller will make certain statements (representations) about the business being sold. If these representations are incorrect and result in the buyer suffering a financial loss, the seller is usually required to compensate (indemnify) the buyer. In making these representations, the seller will disclose any known issues with the business that could make such representations inaccurate – this has the effect of preventing the buyer from seeking compensation from the seller for those specific, disclosed issues.

This policy does not cover issues that the seller was aware of but did not disclose to the buyer when making the representations. Coverage for these types of claims can be provided to the buyer by CFC's buyer protect policy.

Coverage is subject to underwriting and the terms, conditions, and limits of the issued policy.