

LIBERTY - WARRANTY AND INDEMNITY INSURANCE PROSPECTUS

Introduction

Liberty Warranty and Indemnity Insurance (W & I) will indemnify the insured for loss resulting from a breach of warranty or tax deed/covenant in a Share Purchase Agreement (SPA) seller-side or buyer-side.

A seller-side policy covers the seller for its own innocent misrepresentations; a buyer-side policy covers the buyer against the seller's misrepresentations (innocent or otherwise).

Scope of Cover

W&I insurance can be purchased by either the seller (seller-side policy) or the buyer (buyer-side policy) in the transaction.

A seller-side W&I policy protects the seller from certain losses in the event that the buyer brings a claim against the seller under the transaction documentation for a breach of warranty or an insured indemnity. In a seller-side policy the buyer still brings a claim against the seller pursuant to the terms of the SPA and the seller then looks to the W&I policy for indemnification in respect of such claim.

A buyer-side W&I policy sits in place of the buyer's normal contractual recourse against the seller offering the buyer direct recourse against the W&I policy for a breach of warranty or an insured indemnity. In a buyer-side policy the buyer will claim indemnification directly against the W&I policy. However, note that in certain circumstances the buyer may still also bring a claim for indemnification against the seller pursuant to the terms of the SPA (for example where the buyer is seeking to recover the policy retention directly from the seller pursuant to the terms of the SPA).

Excess W & I Insurance (Buyer / Seller) Policy is designed to provide increased limits of liability over Underlying insurance cover. Insureds can purchase excess insurance coverage to insure themselves against Loss in excess of the coverage provided by the Underlying Policies and the Insurer desires to provide such excess insurance, subject to the terms and conditions of this Policy.

Depending on the specification transaction, the following coverage's included within a W&I policy

BUYER-SIDE W&I POLICY	SELLER-SIDE W&I POLICY
Coverage for breach of the warranty package set out in the Share Purchase Agreement (SPA)	Coverage for breach of the warranty package set out in the Share Purchase Agreement (SPA)
Coverage for breach of the tax covenant set out in the SPA (or separate tax deed)	Coverage for breach of the tax covenant set out in the SPA (or separate tax deed)
Coverage to match the liability time periods for bringing claims set out the in the SPA	Coverage to match the liability time periods for bringing claims set out the in the SPA
No need to offer extended policy periods as the policy only needs to match the contractual time periods set out in the SPA	No need to offer extended policy periods as the policy only needs to match the contractual time periods set out in the SPA
Coverage for certain aspects of defence costs in respect of claims covered by the Policy	Coverage for certain aspects of defence costs in respect of claims covered by the Policy

Main Exclusions

A W&I policy will typically include the following exclusions from coverage:

- Known matters that are either within the actual knowledge of the insured or have been disclosed within the transaction documentation (for example matters set out in the disclosure letter).
- Forward-looking warranties (such as warranties that guarantee the future collection of outstanding debts owed to a target business).
- Fraud of the insured.
- Matters dealt with through purchase price adjustment mechanisms.
- Certain pension underfunding liabilities.
- Exclusions in respect of any loss arising in connection with certain fines and penalties that are prohibited from being insured

Insurance is the subject matter of the solicitation.