

About TLPE

Transaction liability private enterprise (TLPE) insurance protects sellers against liabilities as a result of an inaccuracy in a representation or warranty given by the seller to the buyer in connection with the sale of a micro or small target (asset or company) (i.e. targets with an enterprise value of between \$250k and \$20m). TLPE also covers defense costs. Please note, only sellers (or individuals giving representations and warranties) can be insured under a TLPE policy – a buyer cannot be insured.

We can issue a bindable TLPE policy in as little as 24 hours upon receipt of this application, the required materials and any follow-up underwriting questions being satisfactorily answered.

For the purposes of this application, “target” means the target, asset or company which you are selling.

How to complete this form

The individual who completes this application form should be a senior member of management at the company and should ensure that they have checked with other senior managers and colleagues responsible for arranging the insurance that the questions are answered accurately and as completely as possible. Once completed, please return this form to your insurance broker.

The purpose of this application form is for us to find out more about you and the target you are selling. You must provide us with all information which may be material to the cover you wish to purchase and which may influence our decision whether to insure you, what cover we offer you or the premium we charge you. Should you not have enough space to provide your answer in the corresponding answer section of each question, you can use the space provided in the “Additional Information” section on the last page of this application.

Please ensure that the following materials are provided to us:

Contract for the sale of target / asset (including Disclosure Letter) Index of Virtual Data Room

Please note that we do not need a copy of the contents of the virtual data room (VDR), just a list of all documents and materials available in the VDR.

Section 1: Company Details

1.1 a) Company name:

b) Is the name of the company different to its trading name? Yes No

If “yes”, please provide the trading name of the company:

Has the company been known by any other name in the past five years? Yes No

If “yes”, please provide the former name of company:

1.2 Website address:

1.3 Description of target activities:

1.4 Enterprise value of target: \$

TLPE is available to sellers of targets / assets with an enterprise value of between \$250,000 and \$20,000,000. Should the enterprise value be outside of this range, we would be happy to discuss what alternative options may exist for insurance.

1.5 Please confirm the North American Industry Classification (NAIC) code of business:

NAIC codes are an important part of our underwriting process, so please endeavour to provide this information. If you are unable to obtain the code, please provide a fulsome description of the target.

1.6 Please confirm whether the company is located in California? Yes No

If “no”, please confirm whether the target sells products or provides services in California? Yes No

Section 2: Broker and shareholder details

2.1 Broker:
.....
Broker contact:
.....
Broker email:
.....

2.2 Please provide the following information in relation to each individual or entity to be insured under this Policy and their involvement in the business or asset to be sold:

Name:
.....
Address:
.....
Will the entity / individual be giving representations and warranties to the buyer? Yes No
.....
Will the entity / individuals be insured under the TLPE Policy? Yes No
.....
Type of shareholder (select one): Passive Investor Involved in management of Target
.....
Position at Target:
.....

Name:
.....
Address:
.....
Will the entity / individual be giving representations and warranties to the buyer? Yes No
.....
Will the entity / individuals be insured under the TLPE Policy? Yes No
.....
Type of shareholder (select one): Passive Investor Involved in management of Target
.....
Position at Target:
.....

Name:
.....
Address:
.....
Will the entity / individual be giving representations and warranties to the buyer? Yes No
.....
Will the entity / individuals be insured under the TLPE Policy? Yes No
.....
Type of shareholder (select one): Passive Investor Involved in management of Target
.....
Position at Target:
.....

Name:
.....
Address:
.....
Will the entity / individual be giving representations and warranties to the buyer? Yes No
.....
Will the entity / individuals be insured under the TLPE Policy? Yes No
.....
Type of shareholder (select one): Passive Investor Involved in management of Target
.....
Position at Target:
.....

Name:
.....
Address:
.....
Will the entity / individual be giving representations and warranties to the buyer? Yes No
.....
Will the entity / individuals be insured under the TLPE Policy? Yes No
.....
Type of shareholder (select one): Passive Investor Involved in management of Target
.....
Position at Target:
.....

**Please use the last page of this application if you require more space to complete this question*

Section 3: Transaction

- 3.1 a) Please confirm the transaction type: Asset Company sale
- b) Please confirm whether the target is being carved out of a larger entity or whether substantially all of the assets of the target being acquired?
- 3.2 Please confirm whether the buyer will acquire all the equity in the company? Yes No
- If "no", please confirm the percentage of equity that the buyer will acquire: _____ %
- 3.3 Please confirm the status of the transaction:
- Preparing for sale Buyer identified In negotiations with buyer Signed
- Closed
- 3.4 Please confirm whether the sellers will be rolling over any equity? Yes No
- If "yes", please confirm what percentage of the seller's equity will be rolling over: _____ %
- 3.5 a) Is there a gap between signing of the transaction and closing of the transaction? Yes No
- If so, how long is this gap anticipated to be:
- b) Will the disclosures to be given by the sellers be updated as at closing? Yes No
- 3.6 Please confirm whether you are required to give an escrow under the acquisition agreement: Yes No
- We have seen TLPE insurance used to avoid the need for an escrow. If you are obliged to give an escrow, we are able to insure against the risk that the escrow is reduced in respect of any R&W claims.
- What is your overall liability to the buyer under the acquisition agreement? _____
- 3.7 Please confirm the basket/threshold contained within the acquisition agreement:
- 3.8 Please confirm whether the buyer will know about the existence of the TLPE policy? Yes No
- 3.9 Do you want the buyer to be named as a "loss payee" under the TLPE policy? Yes No
- Having the buyer as a "loss payee" means that the buyer can receive any claims paid under the TLPE policy directly from the insurer. Buyers generally see this as a benefit.

Section 4: Insurance

- 4.1 Please confirm the policy limit: _____
- The policy limit should match the amount which the seller is indemnifying the buyer for in respect of breach of representation or warranty, plus defense costs. This is usually 100% of the enterprise value of the target / asset.
- 4.2 Please provide details of any specific coverage requests you have:

Section 5: Information about the Target

5.1 Please confirm whether the seller has prepared any diligence in respect of the transaction: Yes No

If "yes", please provide details:

5.2 Please confirm whether the seller is using legal counsel to assist in the negotiation of the transaction: Yes No

Counsel email address:

5.3 Please confirm whether the target has engaged tax advisers to assist in filing tax returns and meetings its tax obligations: Yes No

Tax advisor email address:

5.4 Please confirm whether the target has ever been subject to a tax audit, involved in litigation, investigated by a government agency or regulator (including tax authority) or in dispute with a third party or employee Yes No

If "yes", please provide details:

5.5 Please state whether the target prepares financial accounts: Yes No

If "yes", please confirm:

a) the applicable accounting standards used in the preparation of the target's financial accounts:

GAAP

Modified-GAAP

IFRS

Modified-IFRS

Cash

Other (please specify):

b) whether accounts are prepared on a modified basis: Yes No

If "yes", please provide details:

c) the name and address of the target's auditors:

Name:

Address:

d) please describe the accounting and finance functions and the internal control environment at the target:

5.6 Please state whether all tax returns have been duly filed: Yes No

5.7 Please confirm whether the target owns any intellectual property which will be sold to the buyer in connection with the transaction:

Yes No

If "Yes", please confirm whether the intellectual property is registered: Yes No

Please describe the intellectual property to be sold:

5.8 Please confirm how many employees the target has:

5.9 Please confirm how many contractors the target has:

5.10 Please confirm if there is any recurring revenue in the target: Yes No

If "yes", please describe the type and source of recurring revenue in the target:

5.11 Please confirm whether the target requires any licenses or permits to carry on its business: Yes No

If "yes", please provide details:

5.12 Please describe the insurance coverage(s) of the target including the insurance coverage, limit, insurer and expiry date:

5.13 Please confirm whether the target has made a claim under an insurance policy in the past 3 years: Yes No

If "yes", please provide details:

5.14 Please confirm whether the target owns any real estate which will be sold in connection with the transaction: Yes No

If "yes", please confirm the value of the real estate:

5.15 Has title insurance been obtained for the purposes of conveyancing the real estate being acquired in this transaction: Yes No

5.16 What is the address of the real estate owned by the target?

5.17 Please confirm which regulatory regimes are applicable to the target (including but not limited to HIPPA, Medicare, Medicaid, FDCA, CCPA, BIPA, GDPR). Does the target have any government contracts?

5.18 Are any of the assets of the business subject to any liens? Yes No

If "yes", please provide details:

5.79 Does the business have any overseas operations? Yes No

If "yes", please provide check the relevant box:

- | | |
|---|---|
| <input type="checkbox"/> Sells goods overseas | <input type="checkbox"/> Provides services overseas |
| <input type="checkbox"/> Permanent establishment overseas | <input type="checkbox"/> Sales office overseas |
| <input type="checkbox"/> Sales agent overseas | <input type="checkbox"/> Overseas subsidiary |
| <input type="checkbox"/> Overseas bank account | <input type="checkbox"/> Overseas joint venture partner |
| <input type="checkbox"/> Overseas investment(s) | |

Please provide details for any of the options checked above:

Section 6: Notifiable Circumstances Declaration:

6.7 Please state whether you are aware of any fact, matter or circumstance, which could result in a breach of any representation or warranty in the contract for the sale of the target or asset: Yes No

If "yes", please provide details:

Section 7: Additional Information

71 Please provide details of anything else we should know about the target/asset or the transaction for the purposes of the insurance coverage:

72 Please include any information you would like to provide in addition to the answers in the main section of the application.
