

# WARRANTY AND INDEMNITY INSURANCE POLICY

#### PRODUCT DISCLOSURE SHEET

**FEBRUARY 2024** 

Read this Product Disclosure Sheet before you decide to take out the Warranty and Indemnity Insurance Policy. Be sure to also read the policy wording for full terms and conditions.

## 1. What is this product about?

Merger and Acquisition Insurance (M&A) is a tailored insurance product to cover breaches in representations and warranties given in the sale of a business. It is also known as Warranty and Indemnity insurance (W&I).

### 2. What are the cover / benefits provided?

This policy covers the following:

- (a) It enables buyers to:
  - supplement protection for breaches of warranties
  - extend duration of warranties
  - protect relationships with sellers

#### (b) It enables sellers to:

- reduce the risk of contingent liabilities arising from future claims
- distribute all or most of the sale proceeds to investors or use proceeds to pay down existing debt
- protect passive sellers who have not controlled or been actively involved in the management of the target business from unintentional breaches of Sale and Purchate Agreement
- expedite a sale and potentially increase the purchase price by eliminating obstacles to closing

# 3. What is the premium I have to pay?

The premium is noted on the quotation documents. It is calculated according to various factors, of which the main factors are:

- Identity of the buyer, seller and their advisers
- Target business nature and location of operation
- Quality of the transaction process and due diligence process
- Value of the transaction
- Scope of the insured warranties
- Seller's liability under the Sales and Purchase Agreement
- The intention or motivation of taking up this policy



4. What are the fees and charges I have to pay?

Туре	Amount
Service Tax (with effect from 1 March 2024, when applicable)	8% of Gross Premium
Stamp Duty	RM 10
Commission paid to the insurance agent (when applicable)	Up to maximum 25%

### 5. What are some of the key terms and conditions that I should be aware of?

Some of the key terms and conditions that you should be aware of are:

- Importance of Disclosure: You should disclose to the best of your knowledge all material facts and confirm all the declarations are true and correct; otherwise your policy may be invalidated
- No Admission of Liability: You should not admit liability, offer, promise or pay to claimant without our written consent
- Premium Warranty: The premium due must be paid and received by us within 60 days from the inception date of the policy / endorsement/ renewal certificate
- If you fail to pay the premium within the period, your policy will be automatically cancelled and we are entitled to the pro rata premium on the period you have been on risk.

## 6. What are the major exclusions under this policy?

This policy does not provide coverage for and will not pay any claims or loss resulting from:

- · Any warranties which are explicitly excluded
- Prior claims and circumstances
- Any Breach of warranties or potential breach of warranties which is known to any Deal Team Member prior to policy inception
- Consequential loss or damage
- Civil fines or penalties
- Fraud or fraudulent misrepresentation
- Any tax which is the liability of other member of the Target Group
- Non-availability of any tax relief or losses in any member of the Target Group
- Any funding deficit or other breach of Target Group's finding obligation
- Any adjustment provisions such as post-completion purchase price adjustments
- Transfer pricing
- Any warranties in relation to estimate, projection or forward looking statement

Note: This list is non-exhaustive; please refer to the policy wording for full terms and conditions.

## 7. Can I cancel my policy?

The policy may not be cancelled or renewed by the company

#### 8. What do I need to do if there are changes to my contact details?

It is important that you inform us of any change in your contact details to ensure that all correspondences reach you in a timely manner.



# 9. Where can I get further information?

Should you require additional information about this insurance, please contact us at:

AIG Malaysia Insurance Berhad (200701037463) Level 16, Menara Worldwide 198 Jalan Bukit Bintang 55100 Kuala Lumpur

Tel: +603 2118 0188 / 1800 88 8811

Fax : +603 2118 0288 Email : <u>AIGMYCare@aig.com</u>

Web: <u>www.aig.my</u>

# 10. Other types of similar insurance cover available?

None

## **IMPORTANT NOTE:**

YOU SHOULD SATISFY YOURSELF THAT THE POLICY WILL BEST SERVE YOUR NEEDS. YOU SHOULD READ AND UNDERSTAND THE INSURANCE POLICY AND DISCUSS WITH THE AGENT OR CONTACT THE INSURANCE COMPANY DIRECTLY FOR MORE INFORMATION.

The information provided in this disclosure sheet is valid as of the date shown.