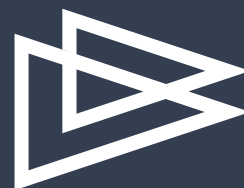


Mactavish

Expert insurance buyers



Private Equity: Transaction Support

Are you confident that your assets are adequately insured?

Mactavish offers Private Equity clients specialist & comprehensive Transaction Support, providing total peace of mind that portfolio insurances are evaluated, managed and governed effectively from point of acquisition through to exit



Mactavish
Expert insurance buyers



Private Equity: Transaction support

Mactavish supports Private Equity clients in improving the standard of insurance protection across their portfolios



Since 2018, there has been a **300% increase** in businesses having to sue insurers to get large claims paid, alongside a growing trend of **suing individual Board members** personally in derivative actions

At a time when the consequences of insurance failure are increasing, Mactavish uncovers **material deficiencies** in the standards of Portfolio Company insurance programmes, which would result in major claims being declined or disputed, in **more than 75% of cases reviewed**

We provide our PE clients with comfort that their portfolio companies' risks are adequately understood and insured through a combination of distinct services:

- 1. Insurance Due Diligence:** A significantly enhanced due diligence service vs traditional broker products at point of acquisition
- 2. W&I placement:** Expert support applying detailed insurance law expertise, vs traditional M&A management of the process
- 3. Ongoing portfolio support:** Management and renewal of PortCo insurances, utilising a panel of Mactavish-appointed brokers



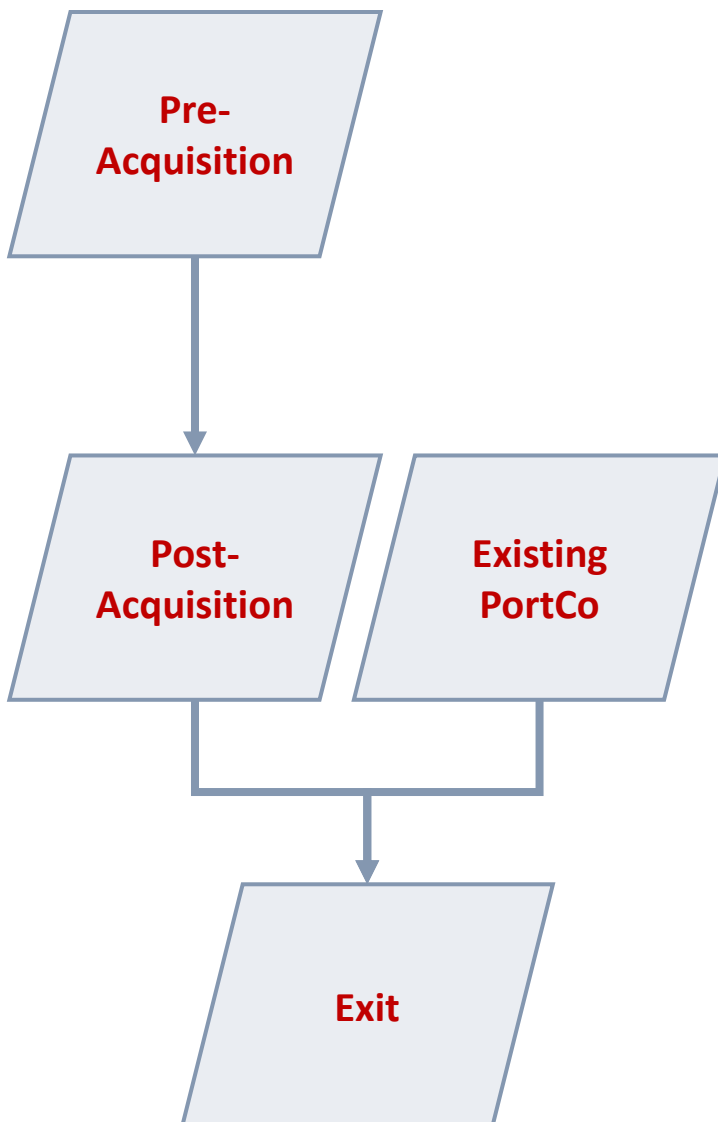
Mactavish

A comprehensive solution set

Mactavish Portfolio Support

Mactavish has developed a proposition across the full portfolio lifecycle, supporting Private Equity clients in ensuring robust insurance arrangements. Each element is designed to flow into the next, providing a complete solution from acquisition through to exit

PortCo lifecycle



Mactavish support

Our **Insurance Due Diligence** provides an enhanced review of the target insurance programme alongside a prioritised action plan

W&I support ensures that the PE firm is adequately protected through the acquisition process

Our **Broker Panel** provides ongoing **renewal management** of the PortCo insurances, based on our **IDD** or **Health Check** action plan, free of charge

Portfolio governance gives the PE firm full visibility of the portfolio insurance arrangements and any red flag concerns

Portfolio governance provides the PE firm with comfort that all insurance arrangements are robust, and that documentation is ready & available at point of exit

Insurance Due Diligence

Correcting traditional failings

Mactavish developed its Insurance Due Diligence product in conjunction with longstanding Private Equity clients. It is specifically designed to outperform standard Insurance Due Diligence products in a number of areas

Traditional IDD failings	 Mactavish
✗ Assesses the target on a sector risk basis only	✓ Investigates the specific insurable risks of the target and key requirements driven by contracts
✗ Reviews the policies against a “market standard” which is known to be deficient	✓ Technical coverage assessment against confirmed operations and activity
✗ No or limited assessment of disclosure as part of the overall contractual matrix	✓ Assesses adequacy of disclosure against legal requirements and best practice
✗ No consideration of the adequacy of key internal processes and responsibilities	✓ Includes review of claim notification and disclosure processes
✗ Limited investigation into the history of the placement	✓ Looks into placement history and broking approach to identify a wider set of concerns
✗ Rarely provides suggested remedial actions in advance of pitching for broker role	✓ Clear RAG rating of concerns and remedial actions prioritized ready for 100 day plan



Mactavish

Insurance Due Diligence

Mactavish proposition

Our process is structured to provide a significantly enhanced service, whilst maintaining a comparable cost to traditional due diligences



Targeted consultations

Consultations with your deal team and target management cover **suitability and future requirements** of the insurance programme:

- Deal / business background and intended growth strategy
- Relevant risks and loss scenarios
- Broker servicing experience
- Disclosure and claim notification protocols



Documentation review

Forensic review of available documentation, including:

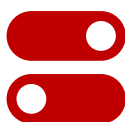
- Policy wordings
- Disclosure
- Renewal reports
- Broker contract
- Claims history
- Relevant DDs and data room files



Output report

Comprehensive, RAG rated output report including:

- **Loss Scenarios:** documentation of key insurable risks
- **Programme overview:** analysis of cover scope, estimated cost of additional covers proposed / required
- **Policy wording review:** analysis of reliability of policies to identify gaps / concerns
- **Claims Analysis:** review of loss history and major open or prospective claims
- **Disclosure Analysis:** adequacy of disclosure processes and quality of information which could impact cover reliability
- **Broker Review:** assess quality of servicing and placement activity, including any shortcomings in broker contractual position
- **Required Actions:** highlighting key insurance actions required both pre-deal and as part of the 100 day plan



Optional

Optional support: Placement of go-forward/run-off D&O policies or other policies on which a deal is contingent (e.g. cyber); Negotiation of policy improvements; Post 100-day Audit

W&I Placement

Why is W&I support required?

W&I is an extremely complex, technical product with generally low M&A lawyer familiarity

Mactavish's review of standard W&I policies typically identifies a wide range of problems that we can help to rectify



Broad exclusions: Policyholders can often be left exposed by broad, standard exclusions which are not appropriately tailored, but can render W&I cover valueless, for example those relating to service delivery, products, cyber or assets



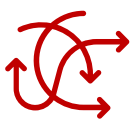
Drafting errors: Drafting errors can be prevalent and difficult to review thoroughly due to time constraints, with small drafting errors potentially leading to significant restrictions to cover which can prove fatal to claims. Needs high skill to address in the timescales



Inadequate due diligence engagement: Insufficient focus on addressing due diligence or underlying insurance gaps to maintain W&I cover as opposed to adding exclusions or deviation between W&I and SPA terms



Unreviewed conditions: A lack of detailed review of W&I policy conditions can lead policyholders to inadvertently invalidate their insurance, e.g. where the target does not maintain, or does not check that it maintains, ample insurances, or where notification requirements are extremely demanding



Unclear disclosure duties: Disclosure requirements for policyholders are challenging, and often contradicted by appendices/declarations. Simplified attempts by W&I market to "contract out" of statutory buyer legal obligations typically cannot be relied upon and undermine policy reliability

W&I Placement

Mactavish W&I proposition

Mactavish can support PE clients alongside their preferred broker, or working with one of our own panel brokers. Our scope can be adapted for buy-side and sell-side processes

Broker selection:

Ensure expertise fit of selected broker based on target size, jurisdiction and sector; assist in negotiation of engagement terms.

NBI review:

Review of NBI which includes interrogation of the commercial terms, addressing of insurer concerns around due diligence scope to prevent cover restrictions and exploration of cover enhancements. Recommendation of insurer which provides strongest starting point for underwriting process.

Quote review:

Assessment and negotiation of problematic / deal-specific exclusions. mis-drafting, policy conditions, warranty mark-ups and other key terms to ensure broadest possible coverage position achieved.

Disclosure oversight:

Oversee due diligence provision & data room to improve disclosure compliance; Support underwriter calls & queries; advise on requirements to avoid willful blindness accusations.

Documentation checks:

Ensure policy documentation is issued as negotiated

Key benefits

- ✓ Review by an insurance (not M&A) specialist checking for matters such as how statutory disclosure duties are managed
- ✓ We consider W&I as part of the wider insurance solution, including operational requirements
- ✓ We prioritise the W&I workstream, leaving M&A legal advisors to focus on SPA and deal negotiations

Portfolio Support

Mactavish offering

Mactavish offers a broker panel procurement service for individual PortCos, as well as overarching portfolio governance providing full visibility of portfolio insurances to the PE firm. These services can be linked to provide a full solution from acquisition through to sale

Broker panel: Insurance procurement

Our enhanced insurance procurement service to portfolio companies directly manages their insurance placements for a three year period, placing policies via a pre-approved panel of supporting brokers, allowing us to deliver the service at **no cost** to the PE firm or PortCo

Our approach is designed to deliver:



Reduced insurance spend



Fully independent recommendations



Reduced burden of renewal management



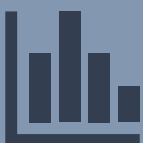
Free Health Check review



Improved bespoke policy coverage



No cost to PE firm or PortCo



Through broker panel activity to date, Mactavish has averaged **like-for-like premium savings of >15%**, while simultaneously achieving **significant coverage enhancements** on all cases

Portfolio Support

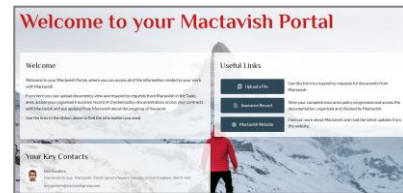
Portfolio Governance services

In addition to individual checks, Mactavish can provide an overarching governance service, utilizing our existing, broker-independent technology platform to host, review and publish your portfolio's insurance documentation



Data collation

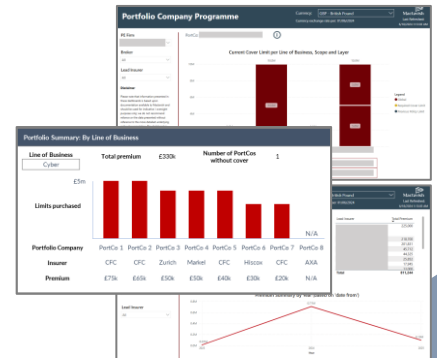
Mactavish collate insurance information from all PortCos, hosting them on the Mactavish Portal.



Information provision

Collated documents are reviewed & indexed, and available to the PE firm at 3 levels:

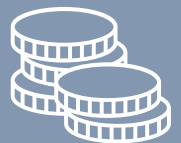
1. **Portfolio overview**
2. **Individual insurance files**
3. **Interactive dashboard** summarizing individual programmes, total portfolio spend, etc.



Annual refresh

An annual refresh programme will update insurance files following each PortCo's renewal, keeping portfolio information live and accurate

Cost



Governance services are free of charge for PortCos enrolled in the Broker Panel. An annual fee is charged for each non-participant

Get in touch

A member of our team would be delighted to talk to you regarding our proposition and how we may be able to support you

Contact: jamesoconnor@mactavishgroup.com

www.mactavishgroup.com

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