

M&A Hotline

March 18, 2025

RISK, WRAPPED & INSURED: M&A'S SAFETY BLANKET

This article was first published in www.lexology.com (March, 17, 2025).



The global M&A market's restoration to pre-pandemic levels has led to a synchronised growth in the demand for investor protection mechanisms. Investors' attitude is shifting towards more robust investor protection tools which can guarantee them extensive coverage on a wide array of risks and a clean exit post-closing to the sellers. This has led to more purchasers seeking fortification of their investments through various insurance policies, such as warranty & indemnity ("W&I") insurance, Press Note No. 3 (2020 Series)[1] ("PN3") risk insurance, contingent risk insurance, litigation insurance, tax liability insurance, cyber liability insurance, intellectual property insurance, etc.

In this article, we focus on one of these insurance categories, i.e. W&I insurance. As mentioned above, investors are seeking policies that can give them extensive coverage while having minimum reliance on seller's ability to pay in case of default. Traditionally, this was achieved by sellers heavily relying on an indemnity construct, and incorporating a combination of escrows, holdbacks, and price adjustments in the Transaction Documents ("TD"). However, there was a lack of specialised and customisable tools available that could protect both the seller and buyer/ investor simultaneously while shifting the liability to a third party. W&I insurance seeks to precisely accomplish that by protecting the interests of both parties involved while shifting liability to a third-party, i.e., the insurer.

Please click [here](#) for our detailed article.

Authors

- Gurkeerat Singh, Sach Chabria and Harshita Srivastava

You can direct your queries or comments to the relevant member.

DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

Research Papers

Medical Device Industry in India

April 28, 2025

Clinical Trials and Biomedical Research in India

April 22, 2025

Structuring Platform Investments in India For Foreign Investors

March 31, 2025

Research Articles

2025 Watchlist: Life Sciences Sector India

April 04, 2025

Re-Evaluating Press Note 3 Of 2020: Should India's Land Borders Still Define Foreign Investment Boundaries?

February 04, 2025

INDIA 2025: The Emerging Powerhouse for Private Equity and M&A Deals

January 15, 2025

Audio

CCI's Deal Value Test

February 22, 2025

Securities Market Regulator's Continued Quest Against "Unfiltered" Financial Advice

December 18, 2024

Digital Lending - Part 1 - What's New with NBFC P2Ps

November 19, 2024

NDA Connect

Connect with us at events, conferences and seminars.

NDA Hotline

[Click here to view Hotline archives.](#)

Video

Vyapak Desai speaking on the danger of deepfakes | Legally Speaking with Tarun Nangia | NewsX

April 01, 2025

**Vaibhav Parikh, Partner, Nishith
Desai Associate on Tech, M&A, and
Ease of Doing Business**

March 19, 2025

**SIAC 2025 Rules: Key changes &
Implications**

February 18, 2025