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Although a distressed sale tends to proceed on an expedited timeline, the buyer will still be expected to retain appropriate third party professionals to conduct comprehensive due diligence in respect of the subject matter of all warranties which the buyer would require the W&I policy to cover.

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There will be a general exclusion regarding any losses which relate to the potential insolvency or illiquidity of the seller including any clawbacks on the transaction itself.

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The key focus areas for insurers during underwriting would include the financial

For more information about managing risks in distressed sales and other solutions from Marsh, visit www.marsh.com, or contact a Marsh Private Equity and M&A Practice representative.

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