



# Icen Risk

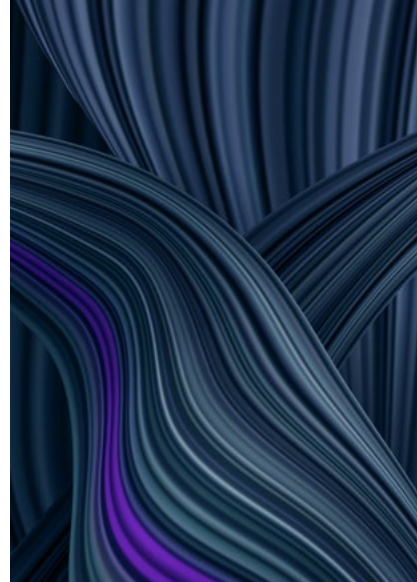
Tax Liability Insurance

[icenrisk.com](https://icenrisk.com)

Tax Insurance is used in a multitude of ways by funds, corporates, trustees, individual sellers and insolvency practitioners: it has developed enormously in the past five years.

## The team

We are a market-leading team of highly experienced tax professionals who understand the challenges posed by tax issues in M&A deals. We have the most experienced tax underwriting team in Europe and have underwritten risks in a variety of jurisdictions in Europe and around the world.



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## Tax insurance

- can enable transactions to proceed which would otherwise falter
- protects a seller's sales proceeds against price reductions
- can replace indemnities
- avoids lengthy escrow arrangements
- breaks deadlock between parties
- protects individuals (and their estates) against personal liability
- provides economic recourse to highly-rated insurance institutions with excellent claims records
- can give certainty to the tax treatment of pre-Completion reorganisations (and similar)
- advance pay the tax with the authorities/court to free up funds for the policyholder

### Size of risk

We insure tax risks with liabilities up to **£115,000,000 / €130,000,000** per tax issue. Every policy is bespoke for the deal and the tax issue at stake. We work with clients and their advisors to be a pragmatic and innovative partner in their transaction.



## The process

We are approached by brokers (most of whom have their own tax specialist broker) with a summary of the issue and the advisor's view on the level of risk.

We analyse the risk in-house and seek external input if necessary on the nature of the issue. We usually produce our indicative pricing and terms (a "Non Binding Indication or NBI") within 48 hours, but can generally do this quicker if necessary to fit in with a deal timetable.

We are usually provided with an expense agreement to then proceed to full underwriting. Due to our own expertise and network of external tax advisors in multiple jurisdictions, we produce a set of underwriting questions promptly, in order to enable us to better understand the risk.

We also produce bespoke policy wording, which specifically insures the identified risk; this is usually by reference to the applicable tax legislation.

The policy is seen as a "complete solution" in respect of the tax risk as the policy covers:

- the tax liability
- interest
- penalties
- defence costs
- gross-up in the event the insurance proceeds were to be subject to tax.

The policy also typically includes a mechanism to make advance payments (up to the policy limit) to cover a situation where a payment of the tax is required in order to challenge a determination by the relevant tax authority.

We seek to underwrite the issues fully and take pragmatic and commercial views in order to minimise the need for additional representations and/or exclusions.

Pricing of risk is determined by a multitude of factors including jurisdiction, nature of the issue, the perceived strength of the technical position, and the practical ability to defend it.

We do not insure tax avoidance schemes or aggressive tax planning.

# Claims process

We have an agreement with the Lloyd's Managing Agency of NYSE listed Travelers insurance company (NYSE: TVR), our lead capital provider, to provide a unique, client focused and collaborative approach to claims handling to ensure a responsive and prompt service. This ensures that the team involved in underwriting the risk, is also heavily involved in the claims process.

Travelers is a leading insurer with over 30,000 employees and in 2023 generated revenues of c\$41 billion providing exceptional financial covenant strength.

You will also find details of how to make a claim in your insurance policy document.

## STAGE 1:

### Tell us that you need to make a claim

If you need to notify us of a claim or potential claim under your policy, send an email to [LDNClaims@Travelers.com](mailto:LDNClaims@Travelers.com) including your policy details, an outline of the details of your claim, and any documents that you think might assist us.

## STAGE 2:

### Telling you if your claim is covered

As soon as possible after we have all the information we need, we will tell you if your claim is covered under your policy. Sometimes we may need some additional information and if this is the case and we will get in touch with you as soon as possible.

## STAGE 3:

### Helping you resolve your claim

After we have confirmed your claim is covered we will work with you and your advisors to find the best solution to the issue. Sometimes a claim may concern a topic that our panel of experts can help with and they may offer some additional support and guidance.

## STAGE 4:

### Paying your claim

If we have agreed to pay any sums to you to resolve a claim, we will make any payment as soon as possible after agreement and within 30 business days of any decision being made.

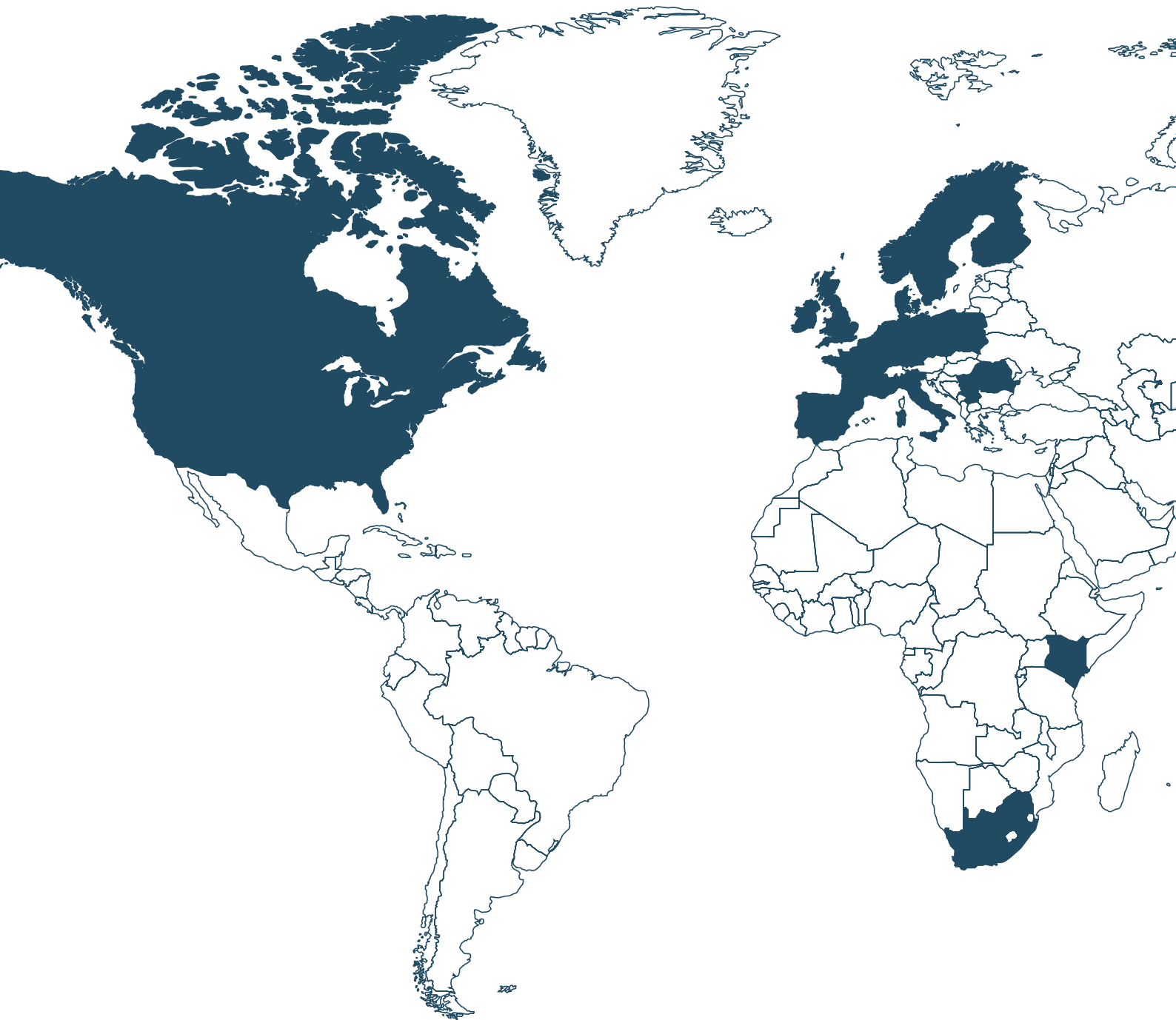
## Examples of claims:

**VAT** – HMRC challenged a particular VAT position taken. Despite tax advice being strongly that HMRC were wrong, the costs of challenging were mounting and we decided to pay the VAT which delighted the client.

**Interest deductibility** – PE fund sold an asset and had shareholder debt pushed down to the target group. The tax authority challenged the interest deduction on thin capitalisation grounds. Travelers, Icen Risk, Big 4 and the private equity firm all worked collaboratively together and reached a settlement. The client was particularly pleased to agree as part of the settlement that some uninsured financial years were included in the settlement so could not be challenged.

**Tax penalty** – an EU tax authority imposed a penalty on a company for being one day late in paying its corporate income tax and the penalty was in excess of 30% of the tax due. We confirmed coverage of the tax penalty very swiftly (within days) and then all agreed to try to reduce the penalty. We succeeded in reducing the penalty and the client was happy in the knowledge that the penalty was covered by the insurance while we negotiated it to a sensible level.

## The reach of Icen Risk



- UK
- USA
- Canada
- Germany
- Denmark
- Poland

- Czech Republic
- Serbia
- South Africa
- Portugal
- Spain
- France

- Ireland
- Romania
- Italy
- Belgium
- Luxembourg
- Netherlands

- Norway
- Kenya
- Australia



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Icen Risk GmbH is a company registered in Austria with company number 615422h, whose registered address is Gonzagagasse 19/3, 1010 Vienna, Austria, and is authorised by the Austrian Financial Market Authority (FMA).

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