

Mark Solomon Comments on the Growing Role of Insurance in Dallas Deals

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Mark Solomon, managing partner of Katten's Dallas office, spoke with *D Magazine* regarding the strong mergers and acquisitions market and how it has ushered in increasing use of reps and warranties insurance. With a strong M&A market over the last five years, the shift has been to buyers, rather than sellers, paying the premiums to sweeten their offers and protect their financial investments. The types of reps and warranties that are typically covered include the validity of financial reporting, the condition of goods in inventory, the collectability of receivables, and regulatory issues, such as compliance with environmental or labor requirements.

This shift is particularly attractive to sellers. As a result of not having to put as much in a post-closing escrow, it allows them to take more money at closing. As Mark explains, ". . . what they get in connection with the transaction is not at risk post-closing. There isn't any residual liability, which is important especially to private equity groups that can't go back to their fund for obligations that might come up after the sale."

Read "The Growing Role of Insurance in Dallas Deals" in its entirety.

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