TAX LIABILITY INSURANCE

HOW TAX LIABILITY INSURANCE CAN HELP

Tax liability insurance can help a taxpayer reduce or eliminate its exposure to a specific, identified risk of a tax-related loss.

Tax liability insurance has been used to:
- Provide peace of mind to a company/individual that they will not be exposed to an historic tax position
- Take a contentious tax issue off the negotiating table on an acquisition
- Improve a bidder’s offer by not requiring protection for a potential issue in the target
- Release funds from escrow
- Give a liquidator the comfort to release funds to investors
- Cover uncertainties created by group restructuring and reorganisations
- Allow investment funds to close and return proceeds to investors

WHAT CAN BE COVERED?

- Individual, bespoke tax risks which are considered low or low/medium risk.
- The covered loss will typically include the tax liability itself as well as interest, penalties and defence costs.
- The cost of the insurance will depend on the technical analysis of the risk, where it is and the background facts. Typically this is in the range of 2.5% - 7% of the limit of the insurance.
- Some of the types of risks that we covered in 2017 included the following:
  - Reclassification of transactions and payments
  - Availability of losses
  - Continued application of a clearance/ruling
  - Cross-border restructuring and availability of tax neutral treatments on reorganisations
  - Residency for tax purposes
  - Application of real estate transfer taxes to transactions
  - Application of withholding taxes to payments
  - Availability of interest deductions

OUR EXPERTISE

Ironshore has a global tax underwriting team with unrivalled experience over 50 combined years of analysing and advising on the tax aspects of transactions.

We can review many risks in-house, ensuring a quicker turnaround from submission to binding. Having practised in corporate law firms, we are accustomed to meeting demanding transaction deadlines.

We will look at tax risks in a wide variety of jurisdictions. We are also able to write policies for periods of up to 10 years, depending on the applicable statute of limitations.
We also received insurable submissions for Australia, Canada, Chile, Italy, Japan, Mexico, New Zealand, Norway, Peru and Switzerland in 2016-17.

**TAX DEALS BOUND IN 2016 - 2017 BY JURISDICTION (BY PREMIUM)**

Ironshore and its following markets wrote $520 million of tax liability insurance cover under specific tax liability policies in 2017. We contributed to insurance programs which provided over $1 billion of tax liability insurance cover.
Tom is the head of the Tax Liability Insurance team at Ironshore International with responsibility for underwriting specific tax risks globally. He joined Ironshore in November 2015.

Prior to joining Ironshore, Tom was a partner in the market-leading tax team of international law firm Pinsent Masons LLP, having previously spent 10 years in the tax department of Ashurst LLP. Tom advised on a wide range of UK and international tax matters, specializing in private equity buy-outs, fund formation for private equity, debt and real estate funds, group reorganizations and restructuring. He has worked in a number of consultation groups with HMRC and held memberships in the VAT Practitioners’ Group and the UK Oil Industry Tax Committee.

Tom graduated from the University of Oxford with a BA in Modern History and subsequently obtained a Master of Laws (LLM (Tax)) from King’s College, London.

Adam joined Ironshore in September 2015 having worked for 9 years as a tax lawyer in law firms.

Having qualified at Allen & Overy, Adam worked for 4 years at each of Nabarro and Bird & Bird. Adam has experience in advising on mergers & acquisitions, group reorganizations and restructuring, venture capital, debt finance and real estate.

Adam graduated from the University of Oxford with a BA in Modern History and is a member of the Chartered Institute of Taxation.

Rachel joined Ironshore’s Tax Liability Insurance team in June 2017.

Rachel is a UK qualified tax lawyer with over a decade of legal and tax experience. Rachel trained and worked for Nabarro specialising in property tax structuring and M&A transactions before moving in-house to Bank of America Merrill Lynch providing international tax advice including advising on a number of complex multi-jurisdictional restructurings and several large cross-border divestitures. More recently, Rachel was part of the Transaction Risk Insurance team at Tokio Marine HCC.

Rachel holds a law degree from the University of Nottingham and she is a Chartered Tax Adviser.

William is the APAC Head of Mergers & Acquisitions and Tax. William joined Ironshore from Allen & Overy in early 2013 to establish the Australian office and the Mergers & Acquisitions and Tax offering.

Prior to joining Ironshore, William was a private equity lawyer specialising for more than 10 years in tax structuring. William has worked at Weil Gotshal and Manges, Allen & Overy and at PricewaterhouseCoopers. William has a deep understanding of private equity transactions, tax structuring and insurance having advised numerous private equity houses while based in London, Australia and New Zealand.

William has a B’Com & LLB from the University of Canterbury and a Master of Laws (Tax & Commercial) from the University of Sydney.
Ironshore, a Liberty Mutual Company, provides broker-sourced specialty property and casualty insurance coverages for varying risks located throughout the world. Select specialty coverages are underwritten at Lloyd's through Ironshore's Pembroke Syndicate 4000. The Ironshore group of companies is rated A (Excellent) by A.M. Best with a Financial Size Category of Class XIV and A (Stable) by Standard & Poor's. Pembroke Syndicate 4000 operates within Lloyd's where the market rating is A (Excellent) by A.M. Best, AA- (Very Strong) by Fitch, and A+ (Strong) by Standard & Poor's. For more information, please visit: www.ironshore.com.

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