REAL ESTATE ADVISORY · REPRESENTATIONS AND WARRANTIES INSURANCE (RWI)

Why Real Estate Buyers Are Replacing Seller Indemnity with Insurance

Let the seller walk away.
We've got you covered.

THE TAKEAWAY

RWI is **expanding rapidly** in commercial real estate. The reason for this is simple: it can give buyers and their lenders **more protection** than a seller indemnity does, through higher limits and longer coverage periods. The buyer chooses the limit and scope, including risks outside the purchase and sale agreement, and makes a **more competitive offer** with less to negotiate. In our view, real estate is where M&A was about ten years ago, **before RWI became common**. A buyer without RWI may be bidding against one who has it.

Prepared for transaction counsel, CRE brokerage professionals, and acquisition officers.
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WOLF TRANSACTIONAL RISK, LLC
wolftri.com

Typical terms; coverage depends on underwriting and the policy wording. Risks outside the agreement are covered through synthetic representations, which typically require an additional premium. Lenders may gain rights to insured proceeds where expressly negotiated.

THE WHOLE ARGUMENT ON ONE PAGE

The 60-second version

A buyer relies on what the seller represents in the purchase and sale agreement (PSA). Representations and Warranties Insurance (RWI) insures the buyer against covered breaches of those representations. The risk moves to an insurer, and the parties can reduce or eliminate the seller's indemnity.

	TYPICAL PSA: SELLER INDEMNITY	WITH RWI
Who pays for a breach	The seller	An insurer, paying the buyer directly
How long the buyer can recover	6–12 months for general representations	3 years for general representations; up to 7 years for tax
How much	Seller liability capped at a small percentage of the purchase price	Coverage limit commonly about 5% to 10% of the purchase price; higher limits available
The seller after closing	Sale proceeds exposed to indemnity claims	Cleaner exit: insurers typically waive subrogation against the seller, except for fraud
Representations the seller does not give	No contractual recourse against the seller	Synthetic representations can be added, subject to underwriting and typically for additional premium

SYNTHETIC REPRESENTATIONS · CHOOSE WHAT TO REQUEST

- [x] Condition of property
- [x] Environmental
- [ ] Rent roll accuracy
- [ ] Permits
- [x] Zoning
- [ ] Tax

Example selection. One insurer's estimate, from a mid-2026 interview with WolfTRI: at least half of the real estate policies it binds add a synthetic condition-of-property representation, the most requested.

$50B+

One insurer's reported figure for the U.S. real estate transaction value it insured in 2025, from a mid-2026 interview with WolfTRI. Not a market census.

~2.0%

Typical CRE premium as a share of the coverage limit, assuming no material operating risk.

0.22–0.32%

Estimated total cost as a share of the purchase price at a 10% limit: $262K on a $100M purchase. Illustrative only; assumptions on page 4.

Have a deal in mind?

WolfTRI can obtain non-binding insurer indications at no cost, on an NDA or no-names basis. They typically arrive within a few business days after a complete submission, though timing varies.

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01 · THE SHIFT

What RWI is, and why now

RWI was unusual in commercial real estate just three years ago. In 2026, its use is expanding rapidly beyond top-tier funds and into the middle market.

Buyers rely on the representations and related disclosures made in the purchase and sale agreement. RWI provides protection when some of what buyers are told is untrue, by insuring against covered breaches of those representations. By transferring the risk of misrepresentation to an insurer, the seller's historical obligation to indemnify the buyer can be reduced or eliminated. Among the real estate deals seen by one insurer's underwriters, about half close with no surviving seller indemnity: a book-level observation from a mid-2026 interview, not a census of all U.S. transactions.

$50B+

of U.S. real estate transaction value insured in 2025, as reported by one insurer.

One insurer's reported figure, from a mid-2026 interview with WolfTRI. Not a market census.

Three developments behind the shift

01 Premiums are down

CRE RWI premiums now run roughly 2.0% of the coverage limit, meaningfully less than five years ago.

02 Retentions are down

The buyer's self-insured retention has dropped to 0.10%–0.25% of the purchase price, typically stepping down at month 12. True fee-simple deals frequently qualify for 0.10% up front, occasionally none, and for certain true "fundamental" reps, retention can be zero.

03 Buyers already know it

Institutional buyers (private equity sponsors, family offices, strategic acquirers) have used RWI in M&A for years.

COVERAGE THE PSA DOES NOT CONTAIN

RWI policies can now include synthetic representations, such as condition of property, environmental, accuracy of rent rolls, permits, zoning, and tax, that are not stated in the purchase and sale agreement but are covered exclusively by the policy, provided the insurer is satisfied that appropriate underlying due diligence supports the coverage. Each typically requires an additional premium. See page 8.

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02 · COST

What does it cost?

About 0.22% to 0.32% of the purchase price on $50M to $500M purchases.

Estimated total cost at a coverage limit equal to 10% of the purchase price. Illustrative only.

PURCHASE PRICE	COVERAGE LIMIT (10%)	ESTIMATED TOTAL COST	SHARE OF PRICE
$50M	$5M	$159K	0.32%
$100M	$10M	$262K	0.26%
$250M	$25M	$573K	0.23%
$500M	$50M	$1.090M	0.22%

Illustrative only — not a quote or offer of insurance. Estimates assume coverage limits equal to 10% of transaction value, a 2.0% rate on line, a $40,000 underwriting fee (the midpoint of $35,000–$45,000), an illustrative $15,000 wholesale placement fee, and Illinois surplus lines taxes and fees of 3.54% of premium, with no material operating risk. Actual surplus lines taxes and fees depend on the insured's home state and applicable tax base. Excludes legal, diligence, and advisory costs; synthetic coverage may cost extra. Actual terms vary. Share of price is the estimated total cost divided by the purchase price.

How the $262K is built

Premium, 2.0% of the $10M limit	$200,000
Insurer underwriting fee, midpoint of $35,000–$45,000	$40,000
Wholesale placement fee, paid to our wholesale broker	$15,000
Illinois surplus lines taxes and fees, 3.54% of premium	$7,080
WolfTRI retail broker fee	$0
Estimated total, $100M purchase	$262,080

WolfTRI charges no separate retail broker fee and is compensated solely by a disclosed brokerage commission included in the premium, shared with our wholesale broker. If a broker quotes a separate retail broker fee of 0.80% of the coverage limit (a hypothetical figure, not any broker's pricing), that is $80,000 on a $10M policy.

Who pays?

It varies by deal. In a competitive auction, a buyer may offer to pay 100% of RWI costs to differentiate its bid; in other processes, buyers ask sellers to share the cost.

IS YOUR DEAL A FIT?

The all-in minimum cost of a standalone buyer-side real estate RWI placement is typically about $120,000 to $140,000, reflecting the fixed costs of underwriting a transaction regardless of deal size. On a $10 million purchase, that is 1.2% to 1.4% of the price. Smaller-deal eligibility depends on the product, risk, and total cost; certain eligible products offer lower limits and streamlined underwriting (page 13).

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03 · PROCESS

How does the process work?

Five steps, alongside the deal. With the broker engaged early, RWI need not slow the process: underwriting runs in parallel and coverage typically binds at go-hard. It can accelerate the deal timeline by reducing negotiation of the representations and warranties.

STEP	WHAT HAPPENS	THE BUYER OWES
1 BEFORE THE BID **Indications**	Send the deal to an RWI broker before indemnity terms harden, on an NDA or no-names basis. Insurers reply with indications: preliminary, non-binding letters setting out proposed price and terms, so the bid can reference clean RWI-backed terms. **Typically a few business days** after a complete submission, though timing varies.	**Nothing.** WolfTRI can obtain indications at no cost.
2 AFTER INDICATIONS **Select an insurer**	The most competitive terms are usually refreshed to reflect the scope of representations and warranties the buyer prefers. The buyer then selects an insurer.	**No insurer fee yet.** The underwriting fee comes first, in step 3.
3 SIGNING TO GO-HARD **Underwriting**	Typically begins after buyer diligence is substantially complete, commonly after signing and several weeks before the go-hard date, and **often takes 1–2 weeks**. The buyer signs an expense agreement and gives the insurer and its counsel access to the data room and the buy-side diligence reports. The insurer typically sends follow-up questions within one to two business days and may request a short underwriting call. It then proposes any deal-specific exclusions while buy-side counsel and the broker negotiate policy wording.	**The underwriting fee:** typically $35,000 to $45,000 for CRE deals, generally non-refundable whether or not coverage binds.
4 GO-HARD DATE **Coverage binds**	The insurer commits to the coverage, typically on the go-hard date, when the buyer's deposit becomes non-refundable. Confirm premium commitments and expense terms before binding.	**Typically 10% of the premium,** even if the transaction ultimately does not close.
5 CLOSING **Payment**	100% of the premium, the underwriting fee, surplus lines taxes and fees, and any wholesale placement or additional brokerage fees are typically paid through the funds flow.	**The full cost** of the policy (page 4), less anything already paid.

WHO DOES WHAT

THE BUYER	BUY-SIDE COUNSEL	THE BROKER	THE INSURER	THE SELLER
Selects the insurer, signs the expense agreement, opens the data room, and joins a short underwriting call if requested.	With the broker, negotiates policy wording with the insurer.	Obtains the indications and, with buy-side counsel, negotiates policy wording with the insurer.	Reviews the data room and the buy-side diligence reports, asks follow-up questions, and proposes any deal-specific exclusions.	Generally limited to responding to follow-up questions.

Sellers do not join the underwriting call or policy negotiation; seller involvement is generally limited to responding to diligence follow-up questions, as buyers want to preserve the ability to recover fully in the case of seller fraud. RWI is not a substitute for the buyer's due diligence: insurers typically expect a lender-like scope (page 9).

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04 · WHO IT AFFECTS

What it means for each seat at the table

Buyer's counsel

Buyer's counsel typically negotiates the PSA and the policy together, with loss definitions aligned and exclusions understood. The policy form is typically based on a recent form negotiated between the insurer and the buyer's law firm. Known issues the policy excludes are typically handled through a specific seller indemnity or, in certain cases, a separate contingent risk insurance policy.

Seller's counsel

Seller's counsel typically includes a subrogation waiver clause in the PSA, under which the buyer covenants that the RWI insurer will waive subrogation except for fraud. RWI can sharply reduce the seller's indemnity, though not always to zero; specific indemnities may remain for carved-out exposures.

Buyers and acquisition officers

Higher coverage limits, broader coverage, and longer survival periods, typically three to seven years, with recovery directly from the insurer. Offering to procure RWI lets a buyer reduce or eliminate indemnity and survival demands; the market recognizes RWI-backed bids as executable.

Sellers and owners

Sellers who incorporate RWI into a process, or accept a buyer's request for it, can get a cleaner exit and better bids. RWI can protect sale proceeds from indemnity claims.

Investment sales brokers

Establish upfront, in marketing materials, that buyer-side RWI is expected to replace the seller's traditional indemnification obligations for covered breaches, and carry it through the CIM, FAQs, and process letters. Consider including buy-side indications for bidders who are unfamiliar with RWI.

Lenders and investment committees

Synthetic representations can be used to satisfy lender or investment-committee requirements for additional security. Lenders may gain rights to insured proceeds where expressly negotiated.

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05 · OBJECTIONS

Common objections, answered

"It will slow the deal."

With the broker engaged early, RWI need not slow the process: underwriting runs in parallel, often takes 1–2 weeks, and coverage typically binds at go-hard.

"It costs too much."

At a limit equal to 10% of the purchase price, estimated total cost is about 0.22% to 0.32% of the price, as a one-time transaction expense (illustrative; page 4). A buyer may pay 100% to differentiate its bid; in other processes the cost is shared.

"It only works for large institutional deals."

Typical CRE primary policies are $5–$25 million, and use is expanding beyond top-tier funds into the middle market. The all-in minimum cost is typically about $120,000 to $140,000, so check fit on smaller deals; certain eligible products offer lower limits and streamlined underwriting.

"The insurer will exclude whatever matters."

Deal-specific exclusions are typically proposed only where the buyer did not perform commercially reasonable due diligence on a risk, or where diligence identified a known issue. RWI is not a substitute for diligence: insurers typically expect a lender-like scope. Standard exclusions are on page 9.

"The insurer will pursue the seller instead."

RWI insurers typically waive subrogation against the seller except for fraud, which the policy defines narrowly. The PSA typically includes the buyer's covenant that the insurer will waive it.

"Will a claim actually get paid?"

The studies cited here do not report real estate claims separately. In M&A, Euclid Transactional reports $1.686 billion of RWI loss paid since 2016 across 8,502 transactions, with over 73% of claim notices resolved within 12 months. Insurer-reported M&A figures, not real estate data; resolution does not necessarily mean payment.

The next step: indications at no cost.

Send the deal on an NDA or no-names basis. WolfTRI can obtain non-binding insurer indications at no cost, typically within a few business days after a complete submission, though timing varies.

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REFERENCE · THE DETAIL BEHIND PAGES 1 TO 7

Scope of coverage

Survival periods: a structural advantage

REPRESENTATION TYPE	TYPICAL PSA SURVIVAL	RWI COVERAGE PERIOD
General Representations	6–12 months	3 years
Fundamental Representations	12–24 months	6 years
Tax Representations	24 months	Up to 7 years

Typical periods and terms; wording varies by policy. Confirm each term, the actual periods, and their commencement dates in the policy itself.

Policy terms that broaden recovery

- **Double materiality scrape.** Certain reps are treated as if "material" and "Material Adverse Effect" were not there, for both breach and loss.
- **Knowledge scrape.** Insurers may remove knowledge qualifiers from specified reps. Availability varies; with robust diligence, knowledge scrapes are increasingly available, typically for additional premium.
- **Indirect and consequential loss.** Recovery can extend to indirect and consequential loss where the policy form provides.
- **Title-related reps.** RWI typically sits excess of title insurance and can cover title-related reps; on a covered title issue, the RWI insurer may pay and then pursue the title carrier, depending on the terms of both policies.

Synthetic representations

RWI policies can now include synthetic representations — such as condition of property, environmental, accuracy of rent rolls, permits, zoning, and tax — that are not stated in the purchase and sale agreement but are covered exclusively by the RWI policy, provided the insurer is satisfied that appropriate underlying due diligence has been completed to support such coverage.

Each synthetic representation typically requires an additional premium based on the associated risk. Amounts vary and may be charged as a percentage of the overall premium or as a fixed fee per representation. Synthetic representations can be used to satisfy lender or investment-committee requirements for additional security.

ILLUSTRATIVE EXAMPLE · CONDITION OF PROPERTY

The Property is (i) in good operating condition and repair (ordinary wear and tear excepted) and (ii) not in need of maintenance or repair (except for ordinary routine maintenance or repairs).

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Diligence and exclusions

Diligence the insurer expects

RWI is not a substitute for the buyer's due diligence; thorough diligence remains essential for securing robust coverage and minimizing exclusions or gaps. RWI insurers typically expect a lender-like scope, focused on items core to property and entity-level risk, such as:

- Property condition assessments (PCAs)
- Environmental Phase I and, where warranted, Phase II (excluding existing or known issues)
- Verification of rent rolls, leases and lease abstracts with payment history, estoppels, and service contracts
- Zoning, land use, and title (including zoning reports and surveys)
- Litigation, bankruptcy, lien, and judgment searches
- Reviewing corporate documents for entity and REIT sales, such as LLC or partnership records

Deal-specific exclusions

After the underwriting call (or after underwriting questions are answered in writing), the insurer will propose deal-specific exclusions. Deal-specific exclusions are typically proposed during underwriting only if the buyer did not perform commercially reasonable due diligence on a risk, or if the buyer's due diligence identified a known issue that would typically necessitate a specific indemnity request.

What is excluded?

- Known breaches (the buyer's actual knowledge before closing, limited to the senior deal team as defined in the policy — not constructive or should-have-known knowledge)
- RECs/CRECs in environmental reports, asbestos, and PCBs
- Short- and medium-term capital items flagged in the PCA, especially where synthetic condition-of-assets coverage is requested
- Known title/zoning violations
- Covenant breaches
- Losses covered through a purchase price or working capital adjustment provision (solely to avoid double counting), if applicable
- Problems identified in the buyer's due diligence
- Exclusions flagged by an insurer prior to underwriting in the non-binding indication letter, if any

Known issues

Known issues excluded from RWI (e.g., tax, litigation, environmental) are typically handled through a specific seller indemnity or, in certain cases, covered by a separate contingent risk insurance policy.

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Running the process

Initiating RWI on the sell side

- Establish upfront, in marketing materials, that buyer-side RWI is expected to replace the seller's traditional indemnification obligations for covered breaches, and embed the expectation across all deal materials — CIM, FAQs, process letters. Requiring buyers to use RWI is an increasingly common sell-side play.
- Seller's counsel typically includes a subrogation waiver clause in the PSA under which the buyer covenants that the RWI insurer will waive subrogation except for fraud.
- Consider procuring buy-side indications and including them in marketing materials for bidders who are unfamiliar with RWI (see page 5). The seller owes a break fee only if the buyer procures RWI through a different RWI broker; if no RWI is procured, no fee is owed.
- Prepare for efficient underwriting by centralizing diligence. With the broker engaged early, RWI need not slow the process: underwriting runs in parallel and coverage typically binds at go-hard.
- RWI can sharply reduce the seller's indemnity, though not always to zero; specific indemnities may remain for carved-out exposures. A stapled policy can give sellers a cleaner exit and buyers a longer period to recover for covered breaches, converting a protection gap into a bid feature.

Initiating RWI on the buy side

Choosing a broker. Engage an insurance broker, preferably one specialized in real assets RWI, with transparent fees and strong insurer relationships, as early as possible. Clarify brokerage compensation at the outset. All RWI policies are entered into directly with the insurer and include disclosed brokerage commission. Ask your broker to identify, in writing, any fee it intends to charge in addition to that commission.

The expense agreement. The buyer signs an expense agreement with the insurer committing to the underwriting fee (typically $35,000 to $45,000 for CRE deals), which is generally non-refundable whether or not coverage binds — the first dead-deal fee. The insurer and its counsel are given access to the data room and request the buy-side diligence reports; non-reliance letters can be executed as needed.

The underwriting call. The insurer and its counsel review materials, typically issue follow-up questions within one to two business days, and may request a short (e.g., 30-minute) underwriting call with the buyer. Sellers do not join the underwriting call or policy negotiation; seller involvement is generally limited to responding to diligence follow-up questions, as buyers want to preserve the ability to recover fully in the case of seller fraud.

Policy wording. Buy-side counsel and the broker negotiate policy wording with the insurer. The RWI policy form is typically based on a recent form negotiated between the RWI insurer and the buyer's law firm. Lenders may gain rights to insured proceeds where expressly negotiated.

Binding. Coverage typically binds on the go-hard date, when the buyer's deposit becomes non-refundable; at this point, the buyer becomes contractually obligated to pay 10% of the premium, even if the transaction ultimately does not close. A breach that already existed at binding and is first discovered between binding and closing is typically still covered, while a breach that first arises after binding and that the buyer learns of before closing is typically excluded. Confirm interim-breach wording, premium commitments, and expense terms before binding.

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REFERENCE

Limits and pricing

Coverage limits

Coverage limits typically range from $5 million on smaller deals to $500 million or more on large portfolio transactions. Typical CRE primary policies are $5–$25 million. Layered programs — using multiple insurers in excess positions — are available for deals requiring coverage in excess of $100 million. Aggregate limits of up to $1 billion are achievable in the current market for appropriately underwritten transactions.

A common market convention is to set the coverage limit at approximately 5% to 10% of the purchase price, though buyers frequently seek higher limits on transactions with elevated risk profiles (complex lease structures, multi-jurisdictional portfolios, or transactions involving less-established operating histories). The convention is a starting point, not a substitute for assessing potential loss.

Minimum premiums

Minimum premiums reflect the fixed costs of underwriting a transaction regardless of deal size. The all-in minimum cost of a standalone buyer-side real estate RWI placement is typically about $120,000 to $140,000. In one insurer's June 2026 illustrative scenario, minimum premiums ranged from $75,000 to $160,000 per acquisition for separate placements, and from $45,000 to $160,000 within a portfolio program. The portfolio range reflects a lower minimum limit ($500,000, against $2 million for separate placements), so part of the difference is a smaller policy.

Premium structure

RWI premiums are quoted as a percentage of the coverage limit (the rate on line). In commercial real estate transactions specifically, premiums typically run about 2.0% of the coverage limit, assuming no material operating risk; operating-adjacent assets price higher. The insurer's underwriting fee, any broker fees, and applicable surplus lines taxes and fees are added to the premium. CRE rates are generally lower than M&A RWI rates because CRE assets benefit from more standardized representations, established title insurance infrastructure, and a mature underwriting framework. The premium is paid once and does not recur; its accounting and tax treatment depend on the transaction and should be confirmed with the buyer's advisers. The cost table is on page 4.

Premium trends

Premium rates in RWI have followed the same pattern observed in M&A: they decline as the market matures, competition among carriers increases, and claims data allows insurers to price with greater precision. Euclid Transactional's 2026 claims study reports that its North American RWI rates fell from a quarterly high of 5.73% in Q1 2022 to 2.65% in Q2 2024, that the pricing, retentions, and coverage of 2023 and 2024 were insufficient to insure all deals sustainably, and that rates have since risen from the 2024 lows. Those figures are M&A-wide, not CRE-specific, but they point to upward pressure. Buyers and brokers engaging the market today are doing so at premium levels well below the 2022 peak.

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REFERENCE · 1 OF 2

Where RWI works best in CRE

By transaction structure

RWI is used in single-asset and multi-asset deals, including asset purchases, equity transactions, Real Estate Investment Trust (REIT) deals, and General Partner (GP) led continuation funds.

REIT deals call for robust diligence and a "will"-level REIT opinion; the reps cover formation, ownership, and the income and distribution tests. In asset-only transactions, sellers give fewer and narrower reps, and RWI bridges the gap when sellers cannot offer broad protection.

By transaction size

RWI may fit single assets, portfolios, and entity-level acquisitions; smaller-deal eligibility depends on the product, risk, and total cost. Typical CRE primary policies are $5–$25 million; page 11 covers larger limits.

By transaction type

Multifamily & Student Housing: Often strong candidates for RWI: environmental risk is typically lower, tenant rolls are large and well documented, and income is typically steadier. Standard representations often cover the accuracy of rent roll (subject to review of rent roll data and reconciliation), validity of leases, absence of unrecorded leases or undisclosed rent concessions, and current tenant payment status. Because diligence is generally straightforward and exposures can be well defined, insurers are comfortable providing coverage for breaches related to rent roll accuracy, property condition, and tenant lease issues, subject to robust lease audit and payment verification processes.

Warehouses & Logistics: RWI is effective, especially for modern facilities with stable tenants and predictable lease profiles. Coverage can extend to breaches of insured representations on environmental matters (including contamination or hazardous materials), tenant lease accuracy, and property condition, subject to underwriting and exclusions. It is not pollution insurance. Underwriters typically require evidence of best practices in property management and maintenance.

Hotels: RWI is suitable when the buyer is acquiring just the real estate (not the operating business). Coverage frequently addresses physical condition, compliance with zoning and land use, and the enforceability of key contracts such as franchise, licensing, or management agreements. Insurers require thorough review of property records, contract rights, and, where applicable, historical operating performance data. RWI may not cover business operations or ongoing employment liabilities linked to hotel staff.

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REFERENCE · 2 OF 2

Where RWI works best in CRE

Timberland: Complex ownership and use rights — including water, timber, and access — are insurable, but require specialized counsel and deep diligence into title, resource inventories, and use permits. RWI can provide protection for covered breaches of environmental, resource, and operational representations, often extending beyond standard purchase agreement disclosures when diligence supports them. Insurers may seek site visits and independent assessments given the specialized risks involved.

Cell Towers & Telecom Sites: RWI is ideal for portfolio deals where verifying easement validity, lease integrity, and regulatory compliance is critical. Representations typically cover the accuracy of schedules for leases, easements, and licenses, as well as compliance with relevant zoning, permitting, and FCC or local regulatory requirements. RWI can address gaps left by sellers in asset-only transactions — provided thorough technical, legal, and regulatory diligence is available to address specialized telecom risks.

Senior Living: PropCo and PropCo/OpCo structures underwrite on the property-level record; family and regional sellers frequently sell as-is.

Insurers also underwrite office, retail (anchored and unanchored), data centers, medical office, net lease / NNN, and agricultural assets, subject to diligence and insurer appetite. Asset class alone does not disqualify a transaction from coverage; the relevant variables are the quality of diligence, the scope of representations in the PSA, and the identified risk profile of the specific asset or portfolio.

Beyond customary buy-side policies

Portfolio (master-policy) programs. For acquirers with a steady pipeline, wording and economics may be agreed in advance. Later acquisitions require the agreed diligence and approval process. Limits, retentions, and timing are product-specific; binding is not automatic.

Small-deal structures. Certain eligible products offer lower limits and streamlined insurer underwriting, sometimes without formal diligence reports or an underwriting call. Buyers and advisers remain responsible for appropriate transaction diligence. Confirm real estate eligibility, insured party, knowledge standards, and policy wording.

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REFERENCE · 1 OF 2

Claims best practices

Real estate RWI is still in its early stages, and no published claims study yet reports real-estate-specific claims. Real estate claims are resolved under the issued policy, and more than 15 years of M&A claims precedent informs how insurers handle them.

NOTICE COMES FIRST

RWI policies require notice of a claim, or of circumstances that may give rise to one, in the manner and within the time the policy specifies; late or non-conforming notice can affect coverage. A message to WolfTRI or another broker is not notice to the insurer. If something may be a claim, raise it with counsel now, on the policy's terms.

A viable claim needs three things, in order: a **breach** (a seller representation, or a synthetic representation in the policy, was wrong when made), a **loss** (a monetary impact on the buyer), and a **causal link** that survives scrutiny. RWI insures the representations, not the deal: it is not insurance that the property will perform as underwritten.

Before a claim

Keep the closing file. The final policy and endorsements, the PSA and disclosure schedules, underwriting correspondence, diligence reports, and the data-room Q&A log; the first thing reviewed on any claim is what was known. Name who tracks the policy's notice deadlines and brings in counsel and experts.

Draft for the claim. Negotiate the PSA and the policy together, with loss definitions aligned and exclusions understood, and write each representation for a reader who will interpret it months later with no memory of the negotiation.

Building a real estate claim

Rent roll or lease discrepancy. Rent rolls, executed leases, concessions, estoppels, and payment records. Show what was misstated and how it affected income or value.

Property condition. Original assessments, engineering findings, maintenance records, and repair documentation. Show that the condition was inconsistent with an insured representation, and what loss follows.

Tax or REIT matter. Returns, opinions, entity records, assessments, and correspondence. Identify the insured tax representation and the liability or expense that results.

Zoning, permits, or access. Reports, approvals, surveys, recorded rights, and enforcement correspondence. Show what restriction or defect existed at the relevant time, and its covered financial effect.

These records help evaluate a claim; they do not establish coverage, and the policy's definition of loss controls.

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Claims best practices

Working the claim

Lead with the narrative. What was represented, what was true, how you found out, and what it cost, in that order, with the documents attached.

Feed the file. Answer requests completely and promptly; the insurer cannot validate what it has not seen. Counsel sets privilege strategy and explains what is withheld and why.

Be realistic about loss. Separate one-time costs from recurring income effects. An NOI shortfall capitalized at the purchase cap rate needs a documented theory, just as an earnings multiple does in M&A; a repair cost is not automatically the policy's measure of loss.

Coordinate other insurance. Notify title, environmental, property, and other insurers under their own policies where relevant, and check priority of coverage and subrogation before settling or releasing rights.

Know what the policy pays for. It typically covers the reasonable cost of investigating and presenting a claim, subject to its terms and the retention. Do not assume it pays for a coverage dispute with the insurer.

Who does what

Your counsel leads: notice, proof, loss theory, and engagement with the insurer under the policy. **WolfTRI** brings the underwriting history and the reason each term was negotiated; post-binding policy and claims coordination is part of our service, with no additional WolfTRI fee. **Our wholesale broker's RWI claims team** supports that coordination with the insurer. **Your P&C broker** joins where a loss touches the property or other commercial policies. **The insurer's claims unit,** increasingly a dedicated transactional-risk team, decides the claim under the policy.

M&A claims data, as general guidance

Liberty Global Transaction Solutions reports that claim notices reached closer to one in four policies in 2025, up from about one in five historically. Euclid Transactional reports $1.686 billion of RWI loss paid since 2016 across 8,502 transactions, with over 73% of claim notices resolved within 12 months. In both books, large payments account for most loss, and financial statement breaches are a leading driver of loss; in real estate, the closest equivalents are the rent roll, lease, and operating-statement representations.

Insurer-reported figures from global M&A books, not real estate data. Resolution does not necessarily mean payment, and past claims do not predict any particular claim.

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REFERENCE

Glossary, in plain English

Representations and warranties (reps)
Statements of fact the seller makes in the purchase and sale agreement, such as the accuracy of the rent roll.

PSA
Purchase and sale agreement.

RWI
Representations and Warranties Insurance. Insures the buyer against covered breaches of the seller's representations.

Seller indemnity
The seller's contractual obligation to repay the buyer for a breach. Standard PSAs cap it at a small percentage of the purchase price and limit it in time.

Survival period
How long after closing a claim for a breach can be made.

Coverage limit
The most the policy will pay. Commonly set at about 5% to 10% of the purchase price.

Retention
The buyer's self-insured share of a loss, which applies before the policy pays.

Rate on line
The premium expressed as a percentage of the coverage limit.

Indication
An insurer's preliminary, non-binding letter setting out proposed price and terms.

Underwriting fee
The insurer's fee for underwriting the deal, typically $35,000 to $45,000 for CRE deals and generally non-refundable.

Go-hard date
The date the buyer's deposit becomes non-refundable.

Bind
The point at which the insurer commits to the coverage, typically the go-hard date.

Synthetic representation
A representation that is not stated in the PSA and is covered exclusively by the RWI policy.

Materiality scrape
The policy treats certain reps as if "material" and "Material Adverse Effect" were not there, for both breach and loss.

Knowledge scrape
The insurer removes knowledge qualifiers from specified reps.

Subrogation waiver
The insurer's agreement not to pursue the seller for what it has paid the buyer, except for fraud.

Specific indemnity
A seller indemnity for an identified, known issue that the policy excludes.

Surplus lines
RWI is placed with surplus-lines (nonadmitted) insurers through a licensed wholesale surplus-lines producer. State taxes and fees apply.

PCA
Property condition assessment.

REC / CREC
Recognized environmental condition, and controlled recognized environmental condition, as identified in an environmental report.

Plain-English summaries for orientation only. The purchase and sale agreement and the issued policy control.

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Sources

- Euclid Transactional, Global RWI Claims Study 2026 (fourth annual; North America edition), published November 1, 2026.
- Liberty Global Transaction Solutions 2025 claims data, as reported in Business Insurance, "R&W claims frequency, severity increase: Liberty Mutual", November 4, 2026.
- One insurer's reported figure, from a mid-2026 interview with WolfTRI: the U.S. real estate transaction value that insurer insured in 2025.
- WolfTRI illustrative pricing on wolftri.com: one insurer's June 2026 illustrative scenario and mid-2026 guidance.
- Cost as a share of the purchase price, and the 1.2% to 1.4% figure on page 4, are WolfTRI arithmetic from the illustrative estimates and assumptions stated on that page. The 0.80% example on that page is arithmetic on a hypothetical fee, not a statement of any broker's pricing.

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Market estimates are from one insurer's June 2026 illustrative scenario and a mid-2026 interview with that insurer; they describe that insurer's own book and are not an independent market census. Retention figures and the underwriting fee range are WolfTRI's market observation; retention terms and fees depend on the transaction and the insurer. All other statistics and market data cited in this document are drawn from the sources identified in the Sources section. WolfTRI makes no representation as to the accuracy or completeness of third-party data and has relied on such data as published without independent verification. WolfTRI is not affiliated with or endorsed by any insurer or publisher cited herein.

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ABOUT WOLFTRI

WolfTRI is a senior-led, independent RWI brokerage for real estate, M&A, and GP-led secondaries.

Our principals' prior legal and investment-banking experience, and our RWI experience, are supported by national wholesale-market access. Two principals lead every engagement.

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We're here to help you assess where RWI fits your clients' transactions and guide your team through the placement process.

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