Updated November 23, 2026

RWI for a real estate acquisition

A buyer deciding how much seller recourse to give up needs to know who will pay for a covered loss, how much the buyer will retain and which exposures will stay with the deal. A seller's indemnity and a buy-side representations and warranties insurance (RWI) policy answer those questions differently.

What the buyer and seller can negotiate

Question	Seller indemnity	Buy-side RWI
Who pays?	The seller, under the purchase agreement and any escrow.	The insurer pays covered loss under the issued policy, subject to the retention and limit.
What survives?	Only the rights, periods and exceptions the purchase agreement preserves.	The insured representations and the policy's applicable coverage and notice periods.
What stays with the buyer?	Loss above the cap or outside the indemnity, plus collection risk.	Retention, excluded matters, losses outside the insured representations and amounts over the available limit.

A practical first comparison

List the representations that matter most, the size of a plausible breach and which party has the best information. Ask the insurer to indicate its proposed limit, retention, exclusions, knowledge standard and treatment of materiality. Compare those terms alongside the seller's remaining obligations and the total placement cost.

This edition corrects and supersedes the November 16, 2026 guidance on payment, binding, and coverage. If a closing falls through, the signed terms determine what, if anything, is due. This edition omits the earlier interview figures pending confirmation of their scope and permission for reuse.

Read the full revised web article

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What a $100 million purchase could cost

Assume a $100 million U.S. real estate acquisition, a $10 million limit, no material operating risk and an Illinois insured home state. These figures illustrate upfront placement costs. They are not a quote or an indication of what any insurer will offer.

Cost item	Assumption	Amount
Premium	2.0% of the $10 million limit	$200,000
Insurer underwriting fee	$35,000–$45,000 range, midpoint shown	$40,000
Wholesale placement fee	Illustrative third-party charge	$15,000
Illinois tax and stamping	3.5% plus 0.04% on premium in this illustration	$7,080
Separate WolfTRI retail broker fee	Current firm compensation policy	$0
Illustrative upfront total	With midpoint underwriting fee	$262,080

Changing only the underwriting fee gives a range of $257,080–$267,080. Retention and the costs of deal counsel and diligence are outside that total. Confirm the applicable home state, taxable amounts, fees and payer before relying on the estimate. The percentage and tax base vary by state.

Who earns which amount

Wolf Transactional Risk, LLC charges no separate retail broker fee. Our compensation is our share of the commission included in the premium. If our wholesale partner charges a placement fee, we show it separately on the client's bill and remit it in full to that partner. We retain none of the wholesale fee. Ask for the premium, underwriting fee, wholesale fee, tax and compensation in writing.

Run the illustrative calculator · Illinois tax calculator

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Binding, inception and the closing funds flow

Mark the proposed signing, end of diligence and closing dates. The buyer's deposit can become nonrefundable before insurance is in force. Counsel should confirm the purchase agreement deadline. The insurer should confirm when its commitment attaches and when the policy incepts.

Deal stage	What to confirm in writing
Before underwriting	Request relevant indications, ask what diligence the insurer needs, and compare preliminary terms before agreeing to expenses. Response times depend on insurer interest and submission completeness.
Underwriting	Work may proceed alongside diligence. The expense agreement sets the insurer's fee, the recipient and refundability. Identify remaining questions, required reports and access arrangements.
Binding	Binding may occur at signing, at expiration or waiver of diligence termination rights, or at simultaneous signing and closing. The insurer must agree and any applicable binder and release conditions must be met.
Closing or a failed closing	Check the actual binder, policy, expense agreement and agreed funds flow. Identify premium payable or earned, deposits, cancellation rights, taxes, fees and credits for payments already made.

The amount due if the deal ends

The prior edition described 10% of premium as owed when closing fails. The amount, if any, comes from the signed terms. Obtain the trigger, amount, payee, due date and refund or credit provisions before incurring costs. A seller-side engagement or break fee likewise depends on a separately agreed engagement. Confirm the payer, recipient and trigger. It should never be presumed payable to Wolf Transactional Risk, LLC.

Compare the three binding structures

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Coverage, exclusions and claims

When the seller will not give a representation

A buyer can ask the insurer to add a specific representation to the policy. Examples include the accuracy of a rent roll, the condition of named building systems, or a narrowly defined environmental obligation. The insurer considers the proposed wording and available diligence and may decline, amend or charge extra for it. Coverage concerns loss from a covered breach. A requested term does not insure all damage or all unknown conditions.

Read the exclusions with the reports

Enter each material exclusion beside the relevant representation and diligence finding. A property condition assessment, environmental reports, leases, estoppels, title materials and zoning work may inform the insurer's position. Known issues and missing diligence are two reasons for exclusions. Insurers can also propose other limitations. Counsel can evaluate retained exposure, a specific indemnity or a different solution.

If a possible breach appears

Use the recipient, address, method and time limits required by the issued policy. Do not assume that telling your broker gives effective notice to the insurer. Confirm whether the broker is authorized to receive notice and ensure that valid notice reaches the required recipient on time. Preserve the representation, facts, supporting diligence and loss records. Counsel should address privilege and cooperation duties. A notice or a historical payment by an insurer does not establish coverage for a new claim.

In its September 3, 2026 update, Euclid Transactional reported more than $1.7 billion in cumulative RWI claim payments and $314 million paid in the 12 months ended June 30, 2025. These are Euclid's figures. They do not predict payment on any particular claim.

Who may provide services

Insurance brokerage services are provided only where Wolf Transactional Risk, LLC and each participating producer hold all licenses or other authority required for their respective activities. A licensed wholesale surplus-lines producer handles any nonadmitted placement. Wolf Transactional Risk, LLC is an insurance brokerage, not a law firm, and does not provide legal services. Clients rely on their advisers for legal, tax and investment advice.

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