Updated November 23, 2026

U.S. RWI and U.K. W&I

For U.S. business audiences considering a transaction with a U.K. connection. This edition corrects and replaces the October 6, 2026 statements about how often buyers select particular limits or purchase excess coverage. The limits shown here are hypothetical. The earlier edition is not included in this download. Begin with the escrow or holdback, seller obligations and loss a buyer would accept without insurance. Compare each proposed warranty and indemnity (W&I) or representations and warranties insurance (RWI) policy against that starting position.

Questions to ask when comparing proposals

Feature	U.K.-style W&I	U.S.-style RWI
Disclosure	Identify any deemed disclosure of data-room files and diligence reports.	Review schedules, actual knowledge definitions and express exclusions.
Loss measure	Check the valuation basis and any proposed indemnity-basis enhancement.	Read the particular loss definition and exclusions rather than assuming the broadest basis.
Materiality	Ask whether a materiality scrape is available and whether additional premium applies.	Check whether the offered scrape applies to breach, loss or both.
Coverage review	Compare the warranty-by-warranty coverage spreadsheet with the final endorsement.	Identify specific exclusions, modifications, retention and all applicable endorsements.
Price	Compare proposed premium, insurer and brokerage fees, taxes, retention and limit at the same inputs.	Use the same inputs and confirm which charges are included in each figure.

These are comparison questions, not promises about any market. Availability, scope and payment depend on underwriting and the binding terms actually issued. Counsel should compare the final sale agreement, policies and any excess layers.

Read the full article and source notes

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Work through one loss scenario

Disclosure and knowledge

Have counsel test a plausible breach against the warranty, materials deemed disclosed and the policy's actual knowledge language. Identify whose knowledge matters and when. Compare the sale agreement's recovery rules separately from the insurance analysis.

Loss above the limit

An escrow and an insurance limit serve different functions. A clean-exit provision may leave the buyer exposed once the available limit is exhausted. Confirm any surviving seller indemnity, its cap, survival period, exceptions and collectability. Subrogation rights in the policy do not create an excess claim against the seller.

Size the limit

For illustration only, a U.S. buyer evaluating a $100 million enterprise value could compare limits of $10 million and $20 million. These are test inputs, not observations about how often purchasers select either limit. Model a loss, subtract the applicable retention and any excluded amounts, then compare remaining exposure and available seller recourse.

Consider a targeted excess layer

A buyer can request extra limits for selected matters such as ownership or authority. Determine what must exhaust the primary limit, which representations are covered, and what exclusions apply. Extra limit alone does not cover a known breach. Availability and placement depend on underwriting.

U.S. business audience

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