

Case Study

Sector: Wind Farm

Jurisdiction: Kingdom of Jordan

Deal value: c.USD 50m

Issue: Cross-border Buyer requiring covenant strength

Background:

A cross-border infrastructure fund was buying a significant, minority stake in a major wind farm asset in the region. Acquiring from a European infrastructure fund seller, the buyer required a strong financial covenant standing behind warranties on this overseas business.

Issue:

The target operates in a regulated sector and has key contracts; all of which are material to the business. Like many acquirers buying from an institutional seller, the buyer faced limited financial recourse available and the sellers wanted a clean exit in order to distribute proceeds to its investors. The sellers and their lawyers introduced the concept of insurance into the transaction, initially approaching us to provide a quotation for M&A insurance so that they could propose a covenant solution to the buying investors.

We were able to provide an insurance proposal which was attractive to the buyer and could conclude the underwriting process within their limited timetable; at which point we were appointed by the buyer to provide insurance at signing of the transaction.

Solution:

An insurance policy was issued for the benefit of the buyer with a limit of c. USD 18m million which gave it a broad range of protection (including regulatory matters) under the general and tax warranties/indemnities.

