

Issue: W&I policy and Capital Allowances

Background:

An investor in the renewables sector was purchasing a large solar site in the UK. As part of its financial model it had include the future availability of capital allowances.

Issue:

As the allowances were included in the financial model, the purchaser wanted certainty in relation to their availability. It requested whether it would be possible to cover these tax losses within the W&I as no particular issues had been uncovered as part of the buyer's due diligence in relation to their availability.

Solution:

We included coverage for the allowances in the W&I policy for an additional premium to give the buyer certainty over its future cash flow.

