

# North America Tax Liability Insurance

## The AIG Advantage

### Underwriting Expertise

Tailored programs underwritten by accomplished M&A professionals, many of whom were investment bankers, lawyers and tax experts before joining AIG and understand how to best structure solutions quickly and strategically.

### Multinational Solutions

Expertise, solutions and service delivered in a globally consistent and seamless fashion through one of the largest global networks in the industry, spanning 215+ countries and jurisdictions.

### Claims Capabilities

In-house claims professionals specialize in handling complex transaction disputes and one of the largest and most varied claims portfolios in the industry.

## Why AIG

### Challenge

### Solution

### Benefit

#### Problem Solvers

The insured, a buyer of a target company, discovered a potential complex tax issue just days before signing that could have a materially negative impact on the investment thesis for acquiring the target (if such issue were successfully challenged by the IRS).

AIG underwrote the tax risk and bound a policy that enabled the buyer to proceed with the acquisition while transferring some of the financial risk of an adverse tax determination.

Given our deep expertise and broad appetite, AIG was able to underwrite a complicated tax issue in a compressed deal timeline which allowed the buyer to proceed with the M&A transaction without delay.

#### Creative Solutions

The insured developer of a renewable energy project was seeking an investment from a tax equity investor that would entitle the investor to tax credits. However, the investor wanted a credit-worthy party to provide a 10 year indemnity for certain risks relating to the tax credits.

AIG underwrote the complex tax risk and enabled the developer to secure an investment from the tax equity investor and proceed towards completion of the renewable energy project.

AIG's institutional knowledge, multi-decade experience in underwriting tax insurance and flexibility and agility enabled us to provide a tailored solution in an expedient manner.

## What is Tax Liability Insurance?

Enables insureds to reduce or eliminate a contingent tax exposure arising from tax treatment of a transaction, investment or other tax position where the underlying legal conclusions may be subject to future challenge by the IRS or state or foreign tax authorities.

Available limits up to \$50M for any single risk; minimum premium of \$250K.

Coverage is available for risks on a 100%, shared, layered or excess basis from AIG's non-admitted carriers only.

Preferred risks include those:

- With written advice or guidance from legal or other tax advisers.
- That demonstrate a clear business purpose; whether the jurisdiction has GAAR (General Anti-Avoidance Rules) in place will be taken into consideration.
- In politically stable jurisdictions with developed legal systems/tax authorities/tribunals with a recognized, accepted route of appeal and a reputation for competence, probity, sophistication and fairness.

[www.aig.com/whyAIG](http://www.aig.com/whyAIG)

## National Leadership



**Mary Duffy**  
Global Head of  
M&A



**Anna Rozin**  
North America  
Head of M&A



**Mary McIvor**  
Head of North  
America Financial  
Lines Claims



The scenarios described herein are offered only as examples. Coverage depends on the actual facts of each case and the terms, conditions and exclusions of each individual policy. Anyone interested in the above product(s) should request a copy of the standard form of policy for a description of the scope and limitations of coverage. AIG is the marketing name for the worldwide property-casualty, life and retirement, and general insurance operations of American International Group, Inc. For additional information, please visit our website at [www.aig.com](http://www.aig.com). All products and services are written or provided by subsidiaries or affiliates of American International Group, Inc. Products or services may not be available in all countries, and coverage is subject to actual policy language. Non-insurance products and services may be provided by independent third parties. Certain property-casualty coverages may be provided by a surplus lines insurer. Surplus lines insurers do not generally participate in state guaranty funds, and insureds are therefore not protected by such funds. © American International Group, Inc. All rights reserved.