



# Transactional Risk & Insurance

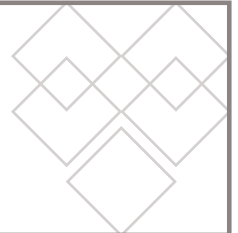
2024



PROFILED:

**ROY H. REYNOLDS**

Great American Insurance Group



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## Transactional Risk & Insurance



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#### PERSONAL BIOGRAPHY

**Roy Reynolds** has been underwriting tax indemnity and representations & warranties insurance for over 20 years, making him one of the most experienced underwriters in the US market. He practiced M&A and tax law before transitioning into insurance. He earned his JD from Georgetown University and an MBA in finance and accounting from the University of Chicago's Booth School of Business.



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## Q&amp;A WITH ROY H. REYNOLDS

**Could you provide an insight into how you approach your work? What drives and motivates you?**

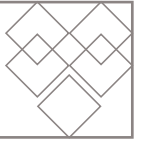
◆ I believe in a collaborative approach to underwriting. At Great American Insurance Group's Mergers & Acquisition Division, we have built a team of sophisticated professionals, each of whom brings a unique set of skills to bear. By putting our heads together, we are able to consider more fully the diverse aspects of each risk. Representations & warranties (R&W) underwriting requires financial risk assessment as well as legal experience. Tax indemnity insurance underwriting requires a high level of in-house tax law knowledge as well as consultation with outside counsel. By referring each risk to an underwriter or outside adviser with particular expertise in the area, we are able to make the most informed underwriting decisions possible.

**What strengths and characteristics do you, your team and your firm strive to demonstrate to clients?**

◆ As underwriters, what we choose not to write is as important as what we do write. We have been successful in choosing high quality insureds and brokers who have brought us good business. We have avoided some of the riskiest types of policies, such as judgment protection and specific litigation insurance. Since we focus on reputable insureds and experienced brokers, we can exercise a high level of flexibility when deals call for it. Since we underwrite M&A, it is essential that we facilitate the deal and not create roadblocks to expeditious completion of the transaction. Therefore, we strive for impeccable execution. On the claims side, Great American has an established reputation for settling legitimate claims promptly and in a commercial manner.

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**Reflecting on your area of expertise, how do you see this sphere of the market shaping up over the coming months? Are any exciting trends or developments on the horizon?**



◆ We are seeing a significant increase in demand for transactional risk insurance in the second half of 2024, but the market is still soft. Rates are still very low, particularly given the frequency and severity of claims across the industry. There are many competitors for the available business. However, since R&W and tax indemnity policies tend to be large limit, long-term contracts, there has been a flight to quality toward established insurers with long-term commitments to this business. There is also a growing need for reliable underwriters and stable insurers to pay claims. ■

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**REPRESENTATIVE ENGAGEMENTS**

- ◆ Underwriting a multimillion-dollar policy insuring carbon sequestration tax credits under Section 45Q of the Internal Revenue Code. In conjunction with other divisions of Great American, providing pollution and specialty construction coverage for carbon sequestration projects.
- ◆ Underwriting multimillion-dollar insurance policies for real estate investment trusts (REITs). Such policies insure that the companies qualify for pass-through tax treatment. In addition, such policies may cover all of the R&W made by the seller of a REIT to the buyer.
- ◆ Underwriting large insurance policies for S corporations. Such policies insure that the companies qualify for pass-through tax treatment as S corporations.
- ◆ Underwriting representations and warranties insurance, protecting buyers of businesses against misrepresentations of the seller in the purchase and sale agreement.

