



UNCOMMONLY INDEPENDENT

Stay Connected

Lockton Due Diligence Practice



Lockton is the world's largest privately owned global insurance broker

8,000+

Associates

96%

Client retention rate

\$38b+

Premiums placed

60,000+

Clients

125

Clients in over 125 countries

100+

Offices worldwide

10.3%

Annual organic growth since 2000

\$1.8

Billion revenue

90%

Reinvestment due to our private ownership

Lockton is a **global professional services firm** with over 8,000 Associates who advise clients on protecting their people, property and reputations. Lockton has grown to become the world's largest privately held, independent insurance broker by helping clients achieve their business objectives.

For nine consecutive years, Business Insurance magazine has recognised Lockton as a **'Best Place to Work in Insurance'**.

Our **96% client retention** rate speaks for itself.

Our specialist due diligence practice consists of industry experts who interact and negotiate with the insurance market day to day. This market communication is vital; it means our specialists remain up to date on industry knowledge, so we can provide you with precise intelligence that enables your business to make informed decisions, whether this be for UK or global transactions.

Our team of real estate and construction specialists have built a solid client base of property owners, managers, financiers, developers and contractors over the last 20 years.

With a wealth of experience to draw from, our experts provide independent, up-to-date advice to clients and lenders on due diligence matters. We offer a tailored, flexible service using elements of due diligence and traditional insurance broking advice, designed to suit your unique needs.

With close co-ordination between our private equity and corporate acquisitions teams, Lockton provides a true added-value service.

This current 'hard' insurance cycle means insurers are often adjusting policy limits and premiums on a frequent basis, this presents an added challenge for real estate owners, developers and financiers.

With Lockton's unique combination of knowledge and innovation, we are uniquely placed to help you face these challenges.

Our specialist due diligence expertise includes:



Corporate acquisitions



Real estate & development -
lenders

Corporate acquisitions - buyers

We provide professional advice on the existing insurance policies held by your target business, providing guidance on how effectively the coverage provides balance sheet protection. We will confirm the current risks that the business is exposed to and how effectively the insurance programme protects against these risks, advising on likely future costs. We will then present this insight in an easy-to-interpret due diligence report, which will advise on the business' current position, and areas of interest for the future.

Requirement

Solution

Identify uninsured risk exposures

Identify areas of current or future concern due to insurance deficiencies, or exposures that may arise as part of the upcoming acquisition

Provide recommendations to protect against uninsured exposures

Comment on potential uninsured risks and advise on new insurance products or insurer entrants to the market who might be willing to consider niche /bespoke insurance solutions

Understand and comment on the effectiveness and cost of the current insurance programme

Provide our opinion on how well the insurance risk is managed/protected and the insurance cost (current and projected), based on Lockton's view of the insurance market

Provide commentary following a historic claims analysis and identify any possible liabilities

Review claims trends and make recommendations as to how these could be improved, helping to protect against uninsurable risks

Undertake a contractual insurance risk review

Recommend insurance coverage provisions for the Sale and Purchase Agreement (SPA) and advise on compliance with insurance requirements in any existing contractual documents which form part of the acquisition

The benefits to you



The buyer receives expert advice on whether to proceed with the transaction



The buyer can ensure their Sale and Purchase Agreement (SPA) meets the insurance protection requirements



The report can be used to support a Warranty and Indemnity insurance policy placement



The risk to the buyer is minimised

Commercial loans - lenders

Our expert team are appointed by many boutique and mainstream real estate and developer financiers. We are the advisor of choice and have built a strong reputation in this sector. Our team will support your interests and report on deficiencies within the borrowers' insurance programme, where the terms of coverage do not meet the requirements within your Facility Agreement.

Requirement

Review borrower's property or development insurance arrangements and compliance with the Facility Agreement

Facilitate improvements to the borrower's insurance placement and reach compliance with the facility agreement

We deliver an independent review and agreed format letter

Conduct an annual audit of the borrower's insurance arrangements

Check ongoing facility agreement compliance at subsequent insurance renewals

Solution

Removes the risk of the borrower's insurance policy not meeting the requirements within the Facility Agreement

Our insurance expertise expedites the process, which can reduce the transactional legal fees for both the lender and borrower

We also provide advice on policy sub-limits and general policy deficiencies

Reduces time and cost for the lender and borrower in negotiating insurance improvements

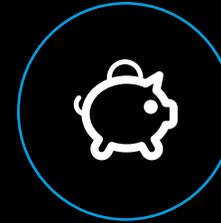
Professional, independent advice and assistance in an agreed format that meets your needs

Removes the risk of the borrower's insurance policies being transferred between insurers at subsequent renewals without carrying over the Facility Agreement requirements

The benefits to you



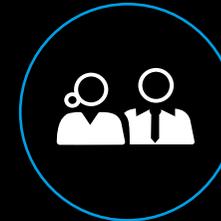
Our fees are bespoke to fit your needs - ensuring that you only pay for the level of service you need



Due Diligence costs are excellent value for money in comparison with solicitor fees



Due diligence saves time during the transaction, and avoids costly issues being identified post-transaction



Independent advice is provided, ensuring your interests are put first



Our experienced team will be available to guide you throughout the process, drawing your attention to potential issues before they arise



This current 'hard' insurance cycle means insurers are often adjusting policy limits and premiums on a frequent basis, this presents an added challenge for real estate owners, developers and financiers.

Working to your timeline

Transaction timelines are often short, so our team work to tight deadlines to ensure a smooth process. We will agree target timelines at the outset, and provide frequent progress updates to ensure there are no avoidable delays. As our team is closely connected to the insurance market, we are often able to offer guidance and support to third party brokers, making suggestions on how available risk transfer can expedite the transaction.

Quotation process



Understand your requirements



Agree fee



Understand your timeline



Agree reporting and documentation required and any milestones



Allocate relevant resource and a single point of contact



Issue final report in accordance with your requirements



Formal auditable records maintained throughout the process

Our reviews typically consist of the following actions post our appointment:

Corporate acquisitions, JV partner reviews and potential investors

Review of contractual obligations and relevant information

Review all relevant insurance cover

Red, amber, green (compliance summary) report

Assist the third party insurance advisor (if applicable) on required amendments to existing insurance arrangements

Advise on alternative methods / clauses in providing the level of cover required

Help with any areas of concern raised during the review (such as insufficient catastrophe limits, abnormally high excess levels etc)

Report and conclusion

Lenders / financiers

Facility Agreement (FA) review (and assistance on insurance clauses if required)

A review of all relevant insurance covers

Red, amber, green (compliance summary) report

Assist the third party insurance advisor (if applicable) on required amendments to existing insurance arrangements

Advise on alternative methods / clauses in providing the level of cover required

Help with any areas of concern raised during the review (such as insufficient catastrophe limits, abnormally high excess levels etc.)

(BLOU) independent broker letter of undertaking, report and conclusion issued

Contingent & special risks

Following our review of the potential risks, we may identify the need for specialist insurance products to protect the interested parties' financial investment in the property/properties or development.

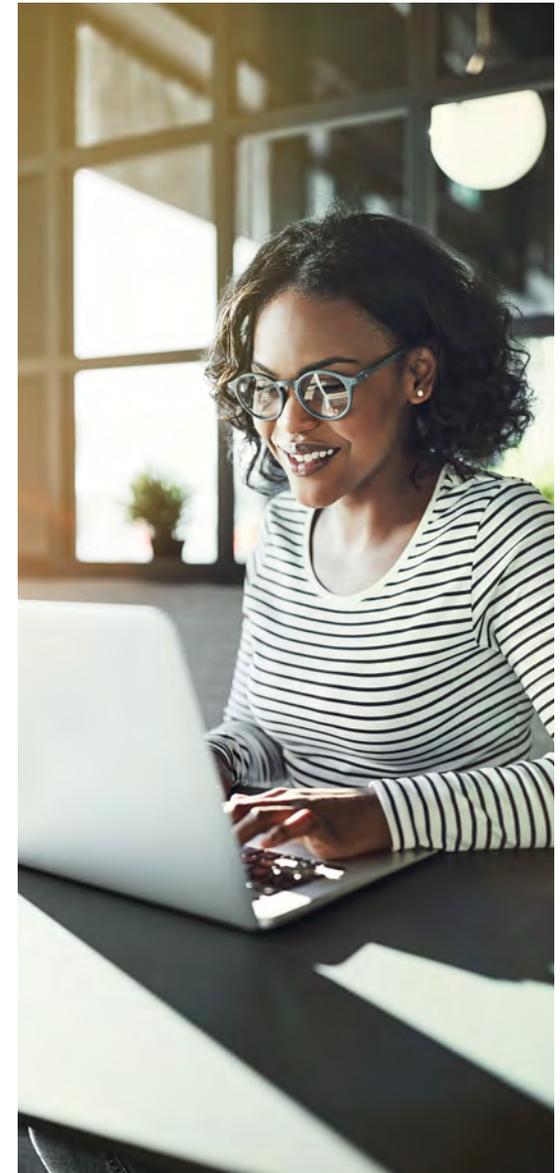
This may be something as straightforward as assisting you on lack of searches/late search policy where searches are delayed, or more complex title and development risks, such as:

- Defective title
- Lack of planning/ building regulation consent
- Rights of light
- S106

Our Contingency and Special Risks team can assist in placing all types of legal indemnity covers, if required.

In addition, our Global Real Estate and Construction practice can place cover for property and construction risks. Our traditional insurance broking services can help in circumstances where there have been difficulties obtaining adequate cover elsewhere or where, following acquisition of a property (e.g. through an SPA), you require alternative property terms and for the risk to be fully remarketed.

Please let us know if we can be of any assistance to you in these areas.



Meet the team

Real Estate and Construction Transactions (including Financier Due Diligence)



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Whatever your requirements, our due diligence specialists look forward to hearing from you.

Independence changes everything.

As a family owned organisation, we're not driven by the quarterly pressure of financial markets. This kind of pressure frees us to always act in the best interest of our clients and creates an entirely different dynamic - one that's focused on your success.



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