



Fair Value Assessment Outcome

Optio has undertaken a Fair Value Assessment in line with our Product Oversight Governance process. The purpose of the summary information provided is intended for distributor use only and not for customer use. The details of this Fair Value Assessment are below.

Optio Entity	Optio Underwriting Limited and Optio Europe Brokers Limited
Name of Product	Warranty and Indemnity
Optio Underwriting Team	Warranty & Indemnity/Transactional Liability
Date of last Fair Value Assessment	September 2024
Product status	New Product Development <input type="checkbox"/> Existing Product Refresh <input checked="" type="checkbox"/> Product Change <input type="checkbox"/>

Product Type	Our Warranty & Indemnity insurance (W&I) is a bespoke insurance product designed to streamline M&A transactions and provide protection for the contracting parties involved. Policies can be purchased by the buy-side or the sell-side. This provides coverage for losses arising as a result of a breach of the warranty package and/or, certain other indemnities set out in the acquisition agreement.
Product Characteristics	<p>What is insured?</p> <ul style="list-style-type: none">• Coverage for breach of the warranty package set out in the SPA• Coverage for breach of the tax covenant set out in the SPA• Coverage to match the liability time periods for bringing claims set out the in the SPA (up to a maximum period of 7 years)• Coverage for defence costs in respects of claims made by third parties against the target company that give rise to a loss under the policy• Coverage in respect of any fraudulent acts committed by the seller that give rise to a loss under the policy <p>What is not insured? (Key examples)</p> <p>A W&I policy will typically exclude the following from coverage:</p>

	<ul style="list-style-type: none"> • Known matters that are either within the actual knowledge of the insured or have been disclosed within the Transaction documentation (for example matters set out in the disclosure letter) • Forward-looking warranties (such as warranties that guarantee the future collection of outstanding debts owed to a target business) • Fraud of the insured • Matters dealt with through purchase price adjustment mechanisms • Certain pension underfunding liabilities • Exclusions in respect of any loss arising in connection with certain fines and penalties that are prohibited from being insured
Target Market	<p>Who is this product designed for:</p> <p>Transaction values up to GBP 120m and insured limits up to GBP 26.5m European focus, including the UK.</p> <p>Who is the product not designed for:</p> <ul style="list-style-type: none"> • Anyone engaging in transactions less than GBP 1m or larger transactions of GBP 120m+ • Individuals who are not acting in their capacity as company director or shareholder, and not advised with a professional adviser (lawyer or insurance broker etc).
Optio's Role	Manufacturer <input type="checkbox"/> Co Manufacturer <input checked="" type="checkbox"/> Distributor <input type="checkbox"/>
Distribution Chain	Brokers
How is this product distributed	Often advised by brokers <input type="checkbox"/> Advised & Non-Advised <input type="checkbox"/> Non-Advised <input checked="" type="checkbox"/>
Product Review Process	<p>All products at Optio undergo a rigorous Product Review Process. This is to ensure the product is fit for purpose by meeting the specification needs of the target market.</p> <p>Optio have adopted systems and controls in place in order to manage the life cycle of the product. This includes ongoing product monitoring with the review of Management Information. The full details of Optio's product review process can be found in our Product Oversight policy.</p>
Fair Value Review	<p>In the process of conducting our Fair Value Assessment we have assessed the value of our product. Optio has taken into consideration data in respect of complaints, product performance, claims, price against quality, remuneration, service levels and the outputs of monitoring checks.</p> <p>Optio's Product Oversight Group met to discuss each product with the associated Management Information being carefully considered. The result of this is this product is deemed to provide fair value.</p>

Date of next Fair Value Assessment

The next Fair Value Assessment review will be completed within the next 12 months.