

EXPERT SERIES Q&A



Joe Corsello, Associate General Counsel & Managing Director, Claims for Euclid Transactional, shares his insights on pivoting from litigation to reps and warranties insurance, opportunities for those seeking a career in the industry, and current trends Euclid Transactional is exploring. Read more in this Expert Series Q&A with StoneTurn Managing Director Chris McIndoe.

1.

Can you share a pivotal moment or experience that motivated your transition from litigator to your current role in reps and warranties insurance (RWI)?

I can't pinpoint one particular moment as a litigator that led me to Euclid. In fact, I loved working as a litigator prior to joining the Euclid team. In many ways, I still use the skills I loved exercising as a litigator in my current capacity on the claims team. While at the law firm, each case I handled dealt with unique facts and circumstances that involved people all over the United States. I enjoyed learning the local rules in each jurisdiction, liaising with attorneys in different courts and adapting to new environments. I'm happy to report that the claims handling process is less contentious and much more collaborative and collegial than litigating. But as far as the legal issues of the cases themselves, litigation was not much different than RWI claims handling. Claims involve different issues and require a deeper understanding of whichever subject is relevant to the claim. While practicing law, I loved learning about the new products and, as the cases developed, finding creative and reasonable solutions to satisfy all parties with the outcome.

The motivation to make a career pivot was the people at Euclid. I began interviewing at Euclid and the more people I spoke with, the more I wanted to become a part of the team. I relished the opportunity to contribute to establishing a best-in-class workplace culture. Everyone at Euclid is so intelligent and motivated, it's infectious to work around. We continue to take pride in the team and the motivation to provide extraordinary service to the RWI industry has not wavered.

2.

Given your diverse legal background, what unique perspective or skillset do you believe you bring to the reps and warranties insurance market?

In my previous role as a litigator, our cases were venued all over the United States. Resolving matters in different jurisdictions provided me with unique opportunities to travel and to connect with attorneys and subject matter experts outside the tri-state area. This varied experience helps me every day as we try to find efficient solutions in claims handling. Our claims team deals with different people in a variety of industries who are facing complex problems that have arisen post-Closing.

3.

What specific challenges have you encountered in your role at Euclid Transactional, and how have you addressed or overcome them?

Our goal is to streamline the claims process as much as possible for everyone involved. In many cases, the issues giving rise to our claims have caused severe financial damage to our clients, and acting quickly to make them whole is critical to being able to salvage their investment. Dealing with clients who are frustrated and in a rush, understandably, can sometimes cause some communication challenges. Some types of claims are inherently difficult to adjust quickly because underlying information is not readily available. But there's nothing more rewarding than being able to help make a claims payment happen that gives a struggling company a lifeline. Additionally, with the substantial growth of this industry and more widespread use of the product since I joined Euclid, there are many first-time policyholders submitting claims. We find that the best way to work through any issue is to be forthcoming and communicate clearly to the clients and their advisors. Effective communication helps everyone feel comfortable in the claims investigation process and leads to smoother processes on future matters, too.

4.

Could you discuss a particularly rewarding experience or achievement you've had while working in reps and warranties insurance?

Last year our team helped facilitate the payment of a complex claim in which the RWI insurance tower involved several different insurance carriers. The investigation led to an 8-figure payment to the client. As we detailed in our [2023 Claims Study](#), larger

deals have larger claims. It's no surprise that with larger claims and larger towers of insurance, there are more parties to coordinate with. It was therefore a rewarding experience to enlist the cooperation of so many incredible people in the RWI space to reach a fair and swift solution. We received positive feedback upon resolution of the claim from all parties involved, including the client.



How does Euclid Transactional differentiate itself in the market, particularly in terms of claims assessment and resolution?

Euclid Transactional has the largest claims team in the market, with 21 dedicated claims professionals and two additional financial experts that split time between claims and underwriting. The reason why this is important is that the issues that come up in our claims, such as interpretation of GAAP, valuation matters of all kinds, and interpretation of complex legal documents takes a lot of work, and often does not lend itself to cut and dry answers. The work it takes to wade through these issues is significant, and without a critical mass of minds, we think it's very difficult to do commercially, efficiently and with the level of service, collaboration and communication that our clients expect.

Having the largest claims team provides the necessary bandwidth to deploy two adjusters on each matter. This not only helps speed up the claims process, but also provides team members the opportunity to gain more experience with a wider array of claims in a shorter period of time. Exposure to a wide variety of claims creates more well-rounded claims professionals and allows them to be innovative when presented with new challenges on claims.

The hard work we collectively put in leads to results. In 2023, our claims team resolved 28 matters and paid over \$225 million to clients, which amounts to over \$740 million since our founding in 2016. We increasingly hear from brokers that their clients are choosing to place a policy with an insurer that has a proven track record when it comes to handling and paying claims. We like to attribute seeing insureds on more than one policy to our team's execution, commerciality and streamlined approach.

6.

What trends do you currently observe in the reps and warranties insurance marketplace, and how do you anticipate they will impact your role and the industry as a whole?

The RWI industry has seen significant growth over the past several years. Although M&A volume was down significantly in 2023 due to the disappearance of large deals amid high interest rates, there are still a substantial amount of middle market deals getting done, and the product is now used on a majority of transactions in the US, including some public M&A deals. We anticipate that we will continue to see an increase in the number of claims we receive. At Euclid, we pride ourselves not only on our efficient claims handling, but on our fair outcomes. We anticipate that claims results and the policyholder's experience will increase in importance as the product continues to grow in popularity.

As far as a particular type of claim that we've seen increase in frequency, while inaccurate financial statements continue to be a common basis for claims, accounting for 8 of our 28 paid claims in 2023, we have seen an increase in the number of condition of asset matters, where clients allege that the condition of the physical assets they acquired was not what was represented to them by sellers. It can sometimes be tricky to look back in time to understand what the condition of the assets were at the time the deal closed, which is why we strongly encourage clients and brokers to submit these kinds of claims as early as possible.

7.

Can you describe a particularly complex or noteworthy claim you've handled, and the strategies you employed to ensure a fair and effective resolution for your client?

We've had several instances in which the client submits a claim and we find that we do not have the same understanding of a breach as the client does. We think this is where our strong focus on communication can come into play. Because we proactively established a rapport and open channels of discussion, advising the client that we have trouble seeing a breach is not viewed as adversarial; rather, the clients are usually helpful in clarifying their breach or loss analysis. We also welcome this additional explanation from the insureds and believe it will enable us to streamline the investigation and get us in a position where we can make them whole more quickly.

Relatedly, sometimes when we flag concerns, the clients understand our position and decide not to pursue the claim further. Alternatively, the investigation continues and, through the development of facts, we begin to see new issues stemming from other representations in the acquisition agreement that were not originally contemplated by the clients when submitting the claims notice. Our team's collaborative approach doesn't preclude an insured from recovering simply because the initial claim notice details a matter that led to a dead-end. Instead, we work with the clients, their advisors and the broker to arrive at a fair and reasonable settlement, regardless of the initial understanding of the issues at hand. We consider it a common goal to reach a fair result as efficiently as possible and we are always happy to work with clients to make sure they feel their claim has been fully investigated.

8.

How does Euclid Transactional collaborate with brokers, insureds, underwriters, and experts to ensure smooth and effective communication throughout the claims assessment and resolution process?

Our team prides itself on open lines of communication and a collaborative spirit. We try and speak with the client, the broker and any advisors almost immediately upon receipt of the claim notice. The early introduction calls allow us an opportunity to introduce ourselves, explain the process, and answer any questions they might have. We've discovered that establishing our availability to assist early on and setting the tone that we are there to help, can contribute to a smoother progression of the claims process. We also use the call as an opportunity to demonstrate transparency, which we strive for at all times.

We believe we are the largest RWI insurance underwriter in the world. Across our global team, the level of deal experience and expertise we have is pretty incredible. We frequently run issues that arise in claims past our claims and underwriting committee and routinely consult the underwriter in the claims process to make sure that our understanding of the coverage aligns with the underwriting intent. Similarly, we regularly field questions from our underwriters about trends in the claims universe, which informs their underwriting decisions.



Christopher McIndoe, Managing Director at StoneTurn, brings ten years of experience in providing forensic accounting, valuation advisory and dispute consulting services to clients. He focuses on reps and warranty claims, post-acquisition disputes, breach of contract and misappropriation of assets claims, and regulatory issues within the financial services industry. Christopher has also provided support to counsel on corporate investigations involving allegations of fraud, embezzlement and False Claims Act violations.

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Joe Corsello is the Associate General Counsel & Managing Director, Claims at Euclid Transactional. He focuses on assessing and processing claims quickly and on ensuring that each client receives a fair, effective resolution. Prior to joining Euclid, Joe was a litigator at Gordon, Rees, Scully & Mansukhani, LLP.

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Leaving no stone unturned. StoneTurn, a global professional services firm, works with law firms, corporations, and government agencies in solving the most complex and consequential business issues. StoneTurn has earned the trust of clients and regulators worldwide by deploying multidisciplinary teams of industry leaders to provide unique expertise with forensics and investigations, risk and compliance, data and technology, economic and dispute advisory, and strategic business consulting. Founded in 2004, StoneTurn operates from offices across five continents and is widely lauded for its commitment to collaboration, integrity, and independence.