

# Tax Insurance

## Providing Tax Certainty

Tax insurance protects you in the event of a successful challenge by a taxing authority.



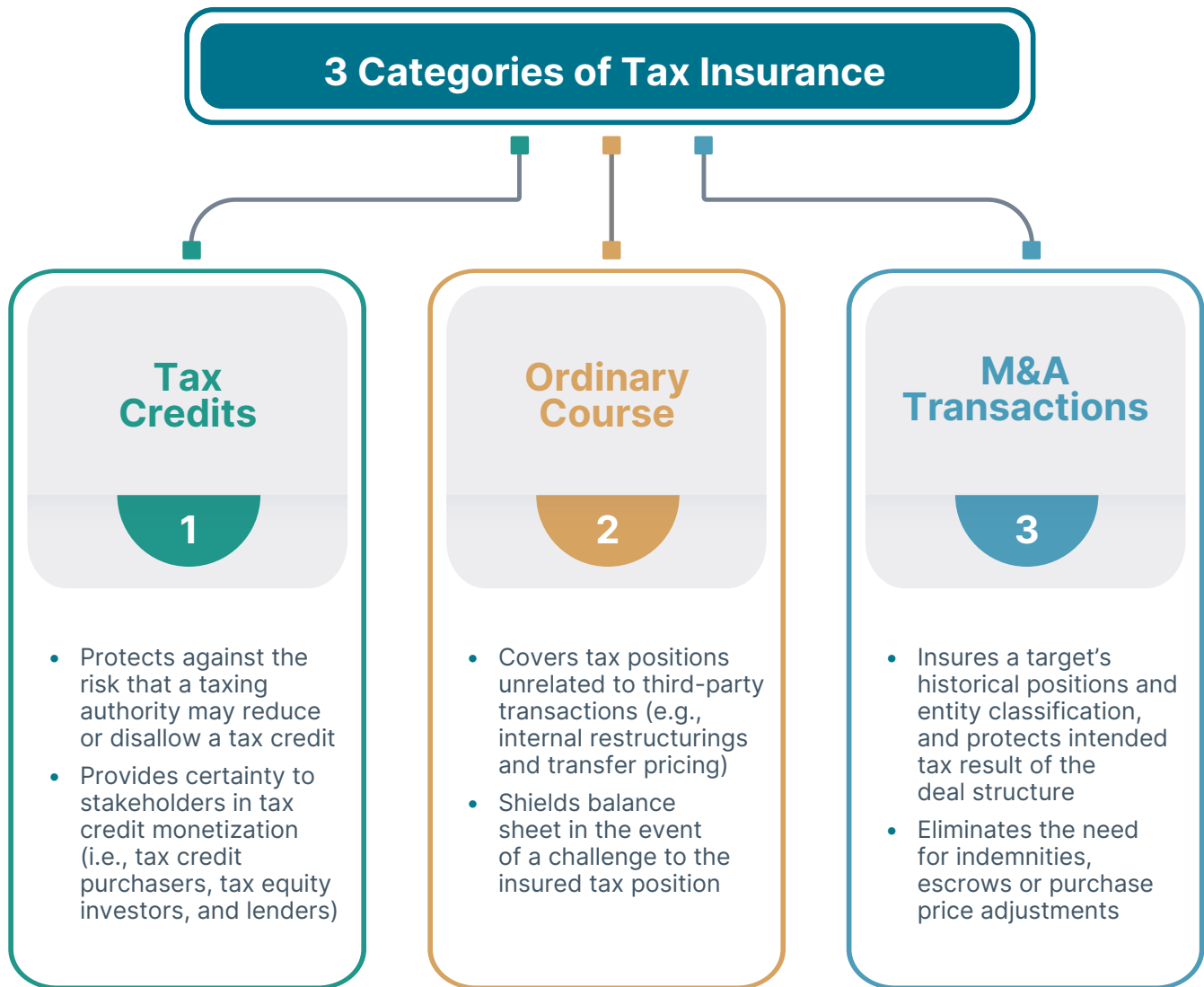


Committed to  
serving clients  
in a better and  
smarter way.

# Tax Insurance

Tax insurance is a sophisticated risk management tool that protects a taxpayer's position from a challenge by a taxing authority. The insurance indemnifies the insured for any additional taxes, interest, penalties, and claim expenses incurred in defense of the tax position, and the amount by which the insured's taxes are increased as result of the receipt of insurance proceeds (known as gross-up). Effectively, tax insurance makes the insured whole in the event of a loss or challenge to a tax position.

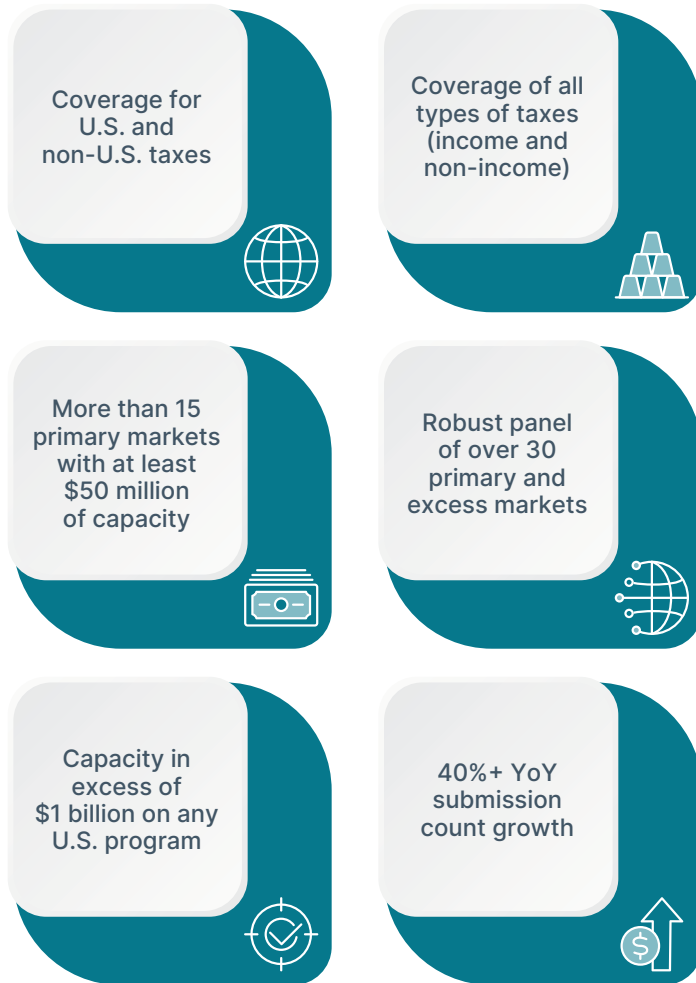
First emerging in the 1980s, tax insurance was historically used to support mergers and acquisitions ("M&A") by shifting known tax risks from the deal parties to the insurance market. Today, while it continues to play a critical role in M&A, insurers' risk appetites have broadened — enabling tax insurance to address a wider range of exposures in increasingly creative and flexible ways.



Tax insurance is now a widely used and common tool in day-to-day business operations and corporate restructurings. For tax directors evaluating positions with uncertain outcomes or unfavorable risk-reward dynamics, tax insurance protects both the tax position and the company's balance sheet in the event of a challenge by a taxing authority.

Recent growth in the market has been fueled by strong demand stemming from renewable energy tax credit transactions. Tax credit transfers have introduced the product to new participants, particularly credit buyers who may not have previously considered tax insurance. Many of these purchasers are now expanding their use of the product, incorporating tax insurance into broader tax planning strategies.

## Market Update



## Advantages of Tax Insurance

Tax insurance offers a range of benefits for organizations pursuing certainty in M&A transactions, day-to-day business decisions, and tax credit monetization.

Key advantages include:

### Balance sheet protection

Including management of ASC-740 reserves

### Faster certainty

Compared to traditional taxing authority procedures such as PLRs or APAs

### Capital efficiency

Leveraging insurer A-rated paper

### Transaction facilitation

Supporting deals driven by tax considerations or broader strategic objectives

### Risk reduction

Managing loss exposure of certain annually filed positions

### Enhanced stakeholder confidence

Providing an added layer of assurance that enables more informed, less conservative decision making

## Examples of Insurable Tax Risks

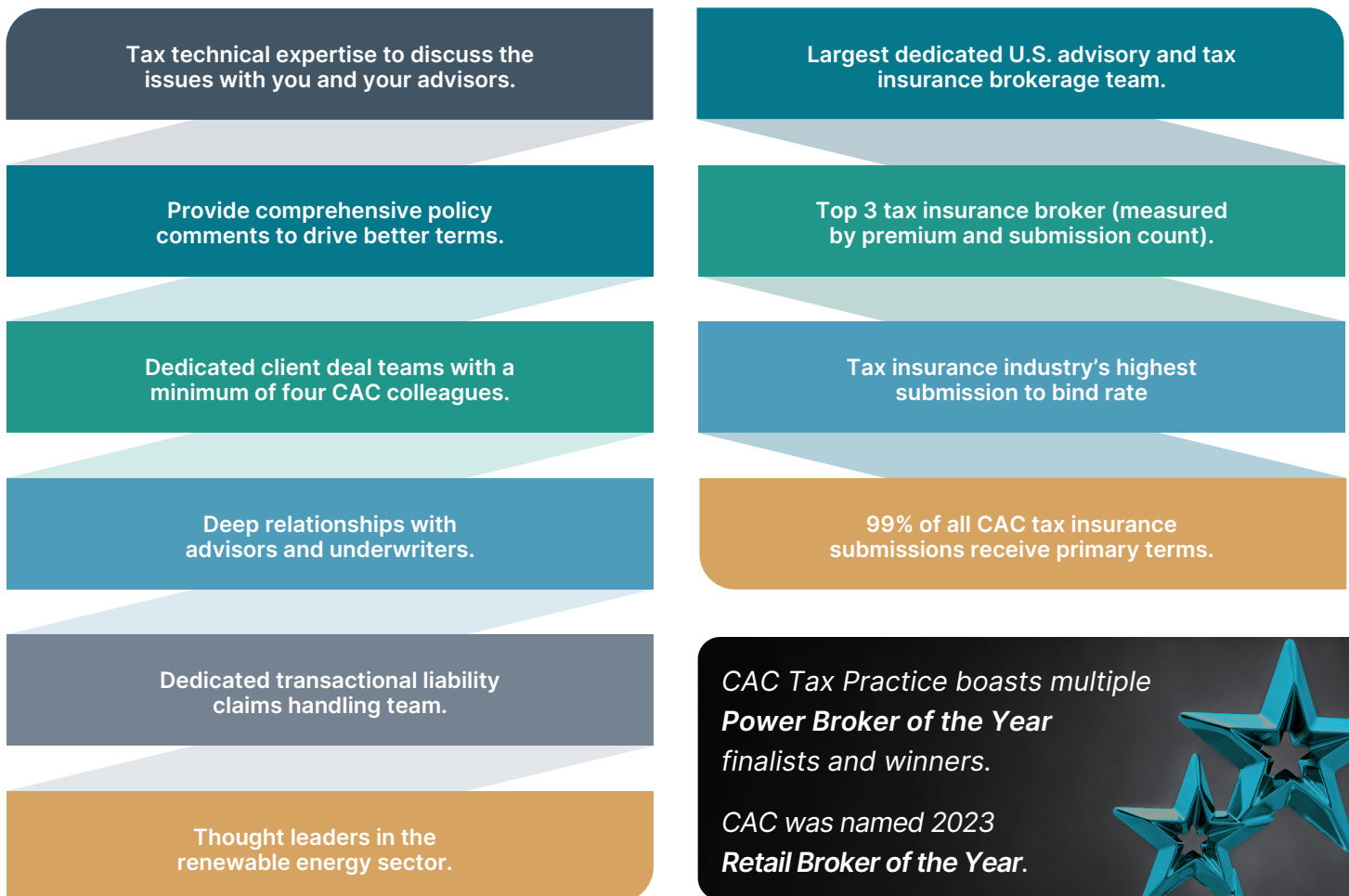
Accounting methodology	Cancellation of Debt Income	Capital gains/ordinary incometax treatment	Capitalization vs Deduction	Debt/Equity treatment	Deferred compensation, 409A, 280G
Foreign Investment in Real Property Tax Act (FIRPTA)	Foreign tax credits	Independent contractor versus employee	Net operating losses (NOLs)/382 limitations	Nexus, residency, and permanent establishment	Partnership tax issues
QSBS	Real estate investment trusts (REITs)	Reorganizations, recapitalizations and/or spin-offs	S-Corp status	Sales/use tax	Subpart-F income
Tax credits (ITC, PTC, R&D, HTC, LIHTC)	Tax treaty qualification	Transfer pricing, APA process	Valuations and tax basis	Withholding tax	Worthless stock deductions

## Why CAC, Part of The Baldwin Group

CAC, part of The Baldwin Group, has the leading advisory and tax insurance brokerage team in the United States. Our tax practice helps clients deploy tax insurance to facilitate tax planning, close M&A transactions, execute restructurings, and optimize balance sheets. We do this by structuring coverage to mitigate known tax risks, with a focus on enhancing internal rates of return and managing cash flow.

What sets CAC apart is our holistic approach. We look beyond the tax risk itself to understand how insurance supports the broader transaction, tax, and business strategy. This perspective enables us to deliver solutions that align with clients' long-term objectives — not just the immediate risk transfer.

Our proactive mindset has made CAC a pioneer in expanding the use of tax insurance. Whether the position arises in a third-party transaction or as part of ongoing business tax planning, CAC leverages deep technical expertise and strong underwriter relationships to deliver certainty, unlock value, and drive successful outcomes.



Navigating tax risk requires both thoughtful strategy and disciplined execution. CAC specializes in analyzing exposures and implementing bespoke mitigation options — including evaluating whether tax insurance is the right fit. As part of our commitment to delivering best-in-class outcomes, we secure competitive terms from the tax insurance market at no cost to clients.

As a specialty broker, CAC's model is built on execution, service, and accountability. Our industry-leading success in placing tax insurance stems from a meticulous approach at every stage of the process: drafting detailed submissions, anticipating underwriter requests, negotiating critical policy terms, and managing each step of the placement and claims process.

Working hand-in-hand with clients and their advisors, CAC ensures underwriting is confirmatory, not exploratory. This approach allows for a smoother process, greater certainty, and seamless execution.

Over the past four years, CAC has placed more than **\$15 billion in limits**, advising clients on incorporating tax insurance into their risk management strategies, from Fortune 10 Companies to high-net-worth individuals.

CAC is a market leader in **tax credit insurance**, having placed over 100 policies for tax equity and transferability transactions in 2024, and have more than doubled that in 2025.

Our clients value not only our technical expertise and execution but also our **commitment to 24/7 availability**.

As one client put it: “For issues that demand all-hands-on-deck attention, CAC delivers a level of responsiveness and partnership rarely seen outside of our industry.”

## CAC’s Tax Insurance Placement Process

CAC’s longstanding relationships with underwriters around the world allow us to create a competitive marketplace that consistently delivers favorable terms and pricing for our clients.

Beyond simply accessing capacity, we counsel clients on structuring coverage to ensure they are fully protected in the event of an audit. Appropriate limits are determined not only by the expected tax liability, but also by penalties, interest, contest costs, effective tax rate, and gross-up, all of which can be addressed under a single tax insurance policy.

### HOW CAC WORKS FOR ITS CLIENTS



#### Pricing

Premiums are influenced by the type of risk, quality of supporting advisor work product, tax jurisdiction, limits purchased, and audit posture (if any). CAC collaborates with clients and their tax advisors to prepare strong submissions that generate competitive pricing and terms. For U.S. risks not under audit, premiums typically range from 2% to 4% of the insured limit.



#### Policy period

Tax insurance policies generally run for seven years — sufficient to cover the statute of limitations on the relevant tax return. Policies are written on a claims-made basis, meaning claims must be filed before the end of the policy period. After a claim is made, coverage remains in force until the dispute is resolved. Depending on the risk, some insurers may extend policy periods (up to 15 years) for an additional premium. CAC helps clients evaluate and secure extended coverage when appropriate.



#### Binding

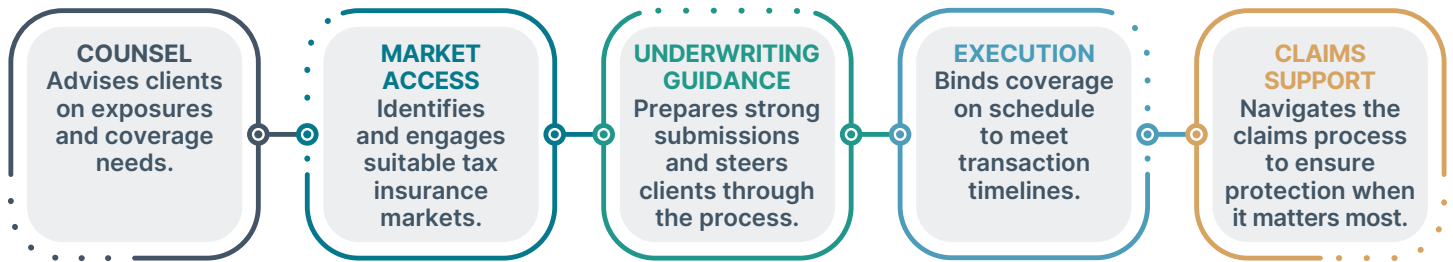
Policies can typically bind within two to three weeks after engaging an underwriter, depending on the complexity of the transaction and risk profile. CAC’s extensive experience in high-stakes deals enables us to deliver speed and precision in fast-paced transactional environments, ensuring timelines are met and transactions stay on track.



#### Claim advocacy

CAC’s dedicated transactional liability claims team works seamlessly with our tax practice to support clients during the claims process. From the initial challenge by a tax authority through to final resolution and claim payment, we advocate on behalf of our clients to protect their interests and ensure obligations under the policy are clearly understood and efficiently managed.

## How CAC Delivers



## What Our Clients Say about the CAC Tax Team

At CAC, what matters most is delivering the right solutions for our clients. Our success is measured by the confidence, trust, and results we bring to every engagement. Here's what clients say about the expert advice and responsive service they receive from the CAC team:

*"It's not just like they were extremely responsive, but they were extremely creative. They came up with creative solutions that were truly cutting-edge."*

*"Nobody else had ever crafted a policy like this before."*

*"CAC's creativity in finding tailored solutions and their consistent support exemplify the qualities that make them an outstanding broker."*

*"CAC has an incredible knowledge of the industry and has helped educate us on related topics."*

*"CAC has always been available to walk us through the proposals and discuss pros and cons and help us make an educated decision."*

# Frequently Asked Questions

## Can any tax position be insured?

Generally, any tax position with a comfort level of at least “more likely than not” — and that is not an abusive transaction or tax shelter — can be insured. There is currently more than \$1 billion of capacity for U.S. tax insurance placements. Coverage is also available in most other jurisdictions, although some may require stronger support from advisors.

## What is covered under the policy?

Tax insurance is designed to restore the insured to its original financial position if a covered tax position is challenged by a taxing authority. Coverage typically includes:

- Taxes, interest, and penalties
- Claim expenses incurred in defending the position (depending on the stage of audit)
- Any increase in tax liability resulting from the receipt of insurance proceeds (i.e., “gross-up”)

## Is a tax opinion required?

No. While a formal tax opinion is helpful, underwriters typically proceed with due diligence reports or memoranda that set forth the tax analysis, provided the work product sufficiently supports the risk transfer.

## What are the ratings of the participating insurance companies?

All tax insurance carriers are rated by A.M. Best or a similar agency (e.g., S&P, Moody’s, etc.), with most maintaining an A-rating or higher.

## What are the typical policy exclusions?

Tax insurance policies generally exclude losses arising from:

- Inconsistent filing positions
- Material misrepresentations made by the insured
- Change in law (unless specifically identified as a covered tax position)

## How much tax insurance has been purchased?

To date, tens of billions of dollars in tax insurance limits have been placed, spanning clients from small businesses to Fortune 100 companies.

## Do I have to report the policy to the IRS?

No. Obtaining tax insurance coverage does not trigger any obligation to report the existence of the policy to the IRS.

## If I get tax insurance, how does an audit work?

The insured has a duty to defend any challenge to the covered tax position, with the insurer maintaining reasonable participation rights. Importantly, the insured cannot settle an audit without the insurer’s consent — which cannot be unreasonably withheld, delayed, or conditioned.

## Does tax insurance mitigate the need for an ASC-740 reserve?

Often, yes. If a policy is obtained before a position is reported on a return, it may eliminate the need for a reserve. In many cases, auditors have also removed reserves after a policy was placed. CAC regularly advises clients and their accountants on ASC-740 considerations and the role tax insurance can play.



Ready to talk about tax insurance? Contact us to learn how CAC can help protect your organization across a variety of tax risks.

Contact us at [cactaxpractice@cacgroup.com](mailto:cactaxpractice@cacgroup.com) or visit [cacgroup.com/tax](http://cacgroup.com/tax).

## Tax Insurance Team



### Jordan Tamchin

#### Executive Vice President, Practice Leader

Jordan is an Executive Vice President and leader of the Tax Insurance Practice at CAC. Jordan specializes in delivering innovative and unique insurance solutions for the most complex tax risks and has technical tax expertise, market experience and business acumen. Jordan is a leader in the tax insurance industry and continues to play an instrumental role in its dynamic growth and acceptance among insurance carriers, corporations, and private equity funds.

Prior to joining CAC, Jordan was Vice President, Tax Insurance Counsel for Concord Specialty Risk, a part of Ryan Specialty Group's RSG Underwriting Managers, where he underwrote a wide range of tax risks for corporations and private equity funds. Before RSG, Jordan was a tax attorney at Simpson Thacher & Bartlett LLP, where he represented multinational corporations and private equity funds on the tax aspects of mergers and acquisitions, joint ventures, spin-offs, and capital market transactions. In addition, Jordan was a tax advisor in the Mergers & Acquisitions tax group at Price Waterhouse Coopers LLP, where he performed tax due diligence and structuring on behalf of his private equity and corporate clients.

Jordan graduated with honors from the University of Michigan (Ann Arbor) where he received a Bachelor of Arts Degree in Economics and Psychology. Jordan received his Juris Doctorate and Master of Laws in Taxation from New York Law School, where he graduated cum laude.



### Matt Movafaghi

#### Senior Vice President, Head of Tax Insurance Placements

Matt is a Senior Vice President in the Tax Insurance Practice at CAC. Matt specializes in providing multinational corporations unparalleled insurance solutions for complicated tax risks. He is excited to bring his law firm and in-house corporate tax experience to contribute to the expansion and recognition of the use of tax insurance in the market.

Prior to joining CAC, Matt was Senior Tax Counsel for Chevron Corporation, where he provided sophisticated tax planning for Chevron's global organization. He held various positions of increasing responsibility, including tax planning for global manufacturing and refining, global lubricants, marine lubricants, and technology marketing. Matt was also responsible for tax planning for Chevron's Africa and Middle East upstream and downstream operations, which include operations in Angola, South Africa, Kuwait, UAE, Qatar, Bahrain, Saudi Arabia, and Iraq.

Before Chevron, Matt was a tax attorney at Willkie Farr & Gallagher, LLP, where he represented corporations, private equity funds, and investment funds in connection with the domestic and international tax-related aspects of transactional matters, including taxable and tax-free mergers and acquisitions, investments, and partnerships.

Matt graduated from Stanford University where he received a Bachelor of Science Degree in Computer Science. Matt received his Juris Doctorate from the University of Texas School of Law and a Master of Laws in Taxation from New York University Law School.



## Ben Gerber

### Vice President

Ben is a Vice President in the Tax Insurance Practice. Ben's focus is providing insurance solutions for known tax issues arising in M&A and in the ordinary course of business. Ben provides thoughtful and precise direction to a broad range of clients, successfully shifting the risk of substantial tax liability to the insurance market.

Ben has brokered tax insurance policies since 2021. Prior to joining CAC, he spent several years in the M&A tax group at PwC assisting Fortune 500 companies with their domestic tax risks and long-term planning. Before PwC, Ben was an associate at K&L Gates LLP where he assisted private equity firms with formation and structuring of their investment funds.

Ben graduated from Indiana University's Kelley School of Business where he received a Bachelor of Science in Business Economics and Public Policy. Ben received his Juris Doctorate from DePaul University and a Master of Laws in Taxation from Northwestern University.



## Josh Emmett

### Vice President

Josh is a Vice President in the Tax Insurance Practice at CAC. Josh joined CAC in June of 2023 where he assists clients procure tax policies in connection with federal tax credits. The Inflation Reduction Act expanded both the amount and scope of tax credits available, but also increased the complexity of qualification strategies for sponsors and Josh is excited to bring his expertise to the tax insurance market to navigate these new developments.

Prior to joining CAC, Josh spent six years as an associate in the tax group at Orrick, Herrington & Sutcliffe LLP, where he primarily advised sponsors who were constructing, buying and selling, and financing renewable energy projects that intended to qualify for federal tax credits. Josh advised sponsors from the early stages of tax credit qualification, negotiating procurement agreements for transformers, wind turbines, and EPC contracts, all the way through to tax equity and debt financing. Josh frequently drafted memoranda and opinions on tax credit qualification, including beginning of construction and continuous efforts strategies.

Josh graduated with honors from the University of Connecticut where he received a Bachelor of Science Degree in Finance. He received his Juris Doctorate from the Duke University School of Law and a Master of Laws in Taxation from New York University Law School.



## Hamed Khashayar

### Vice President

Hamed Khashayar joined CAC in September 2023 as a Vice President within CAC's Transactional Risk Practice. Hamed is a tax attorney who previously brokered tax insurance solutions at Vanbridge where he assisted with M&A transactions, tax controversy, and renewable energy projects.

He also worked at KPMG's M&A Tax group in NYC and the National SALT Group in D.C. Hamed clerked at the Office of the Attorney General for the District of Columbia with the Tax and Finance Section.

Hamed earned his B.S. in Accounting then his J.D. from Southwestern Law School. Hamed also earned an L.L.M. from Georgetown University Law Center.



## Mike Recchia

### Vice President

Mike Recchia is a Vice President for the Tax Insurance Practice with CAC.

Before joining CAC, Mike served as Head of Tax at BlueChip Underwriting Services, LLC, where he led tax underwriting operations.

Prior to BlueChip, Mike was a tax attorney at Bracewell, LLP, where he advised clients on the tax implications of mergers and acquisitions, joint ventures, dispositions, and investments including tax credit investments in the energy, infrastructure, and finance industries.

In addition, Mike was a tax attorney at Cadwalader, Wickersham, & Taft, LLP, where he advised financial institutions on the U.S. federal income tax aspects of cross-border investment funds and various financial instruments, as well as a tax advisor in the mergers & acquisitions tax group at Price Waterhouse Coopers LLP, where he performed tax due diligence and structuring on behalf of his private equity and corporate clients.

Mike graduated with distinction from the Georgetown University Law Center, where he obtained a J.D. and an LL.M. in taxation, and with honors from The College of New Jersey, where he received a bachelor's degree in finance and a minor in financial accounting. Mike is a member of the New York State Bar and a Licensed Certified Public Accountant in New Jersey.



## Yoni Tammam

### Vice President

Yoni Tammam is a Vice President in the Tax Insurance Practice at CAC. With deep technical tax expertise, years of legal practice, and a strong foundation in specialty insurance, Yoni is uniquely positioned to deliver tailored tax insurance solutions. He brings a practical and strategic approach to help clients mitigate risk and drive seamless execution in high-stakes transactions.

Before joining CAC, Yoni led the Tax Insurance practice at Brown & Brown, a leading national brokerage. There, he helped clients unlock capital and protect value by placing multi-million-dollar tax insurance policies, covering areas from tax credit transactions to complex state and local tax matters. Earlier in his career, Yoni practiced as a transactional tax attorney at top-tier law firms including Kirkland & Ellis, Mayer Brown, and Reed Smith.

Yoni holds a B.S. in Finance from the University of Maryland – College Park, a J.D. (cum laude) from the Benjamin N. Cardozo School of Law, and an LL.M. in Taxation from New York University School of Law.



## Isaura Del Carmen

### Associate Tax Analyst

Isaura Del Carmen is a Senior Tax Analyst within the Tax Insurance Practice for CAC bringing a rich background in tax insurance and accounting to her current role.

Prior to joining, she was a Tax Insurance Analyst at Lockton Companies where she played a pivotal role in supporting senior brokers. Her responsibilities included summarizing carrier terms, conducting research on tax-related topics, compiling critical data, and managing a steady flow of deals concerning various tax insurance opportunities. Isaura's knack for improving operational efficiency was evident in her initiative to streamline departmental processes by creating and updating Excel templates, which led to substantial time savings and enhanced productivity.

Before her tenure at Lockton Companies, Isaura contributed her skills as an Accounting Associate at GroupM. There, she worked closely with the Accounts Payable team, handling monthly wire payments and addressing issues related to outstanding invoices, showcasing her ability to manage financial responsibilities with precision and care.

Isaura earned her Bachelor of Science degree in Accounting from Daemen College.



## Liam Duffy

### Assistant Vice President

Liam Duffy joined CAC in September 2024 as an Assistant Vice President in the Tax Insurance Practice where assists clients in procuring tax insurance. Liam specializes in the tax and financial implications of debt and financial products.

Before joining CAC, Liam was a Senior Associate within the M&A group at RSM US LLP where he advised on debt restructurings, contingent payment debt instruments, and debt subject to AHYDO regulations.

Liam holds a Bachelor of Science in Finance from Rutgers University and a Juris Doctor and a Master of Business Administration from Villanova University.



## **Christine Tran**

### **Tax Analyst**

Christine Tran is a Tax Analyst within the Tax Insurance Practice for CAC.

Prior to joining CAC, Christine was an Associate within the Mergers & Acquisitions group at KPMG LLP, where she provided transaction-related tax due diligence, acquisition structuring services, and corporate tax advice to private equity and commercial clients.

Christine graduated with honors from Rutgers University where she received a Bachelor of Arts in Political Science. She received her Juris Doctorate from Seton Hall University School of Law. Christine is a member of the New Jersey State Bar.



## **Michael Levine**

### **Assistant Vice President, Operations Manager**

Michael Levine joined CAC in July of 2022 as Associate Vice President & Tax Operations Manager in the Transactional Liability Practice. With over 25 years of experience, Michael is skilled in global and local business operations while also being proficient in client relations. In addition, his fluency in Spanish makes him an asset to the team's growing international clientele.

Prior to joining the team, Michael served as Business Manager at Mr. Does All, Inc. where he aided in building the company's book of business from the ground up while driving customer outreach and sales.

Michael is a graduate of Cornell University where he studied government and international relations. Outside of the office, he enjoys improving his health at the gym and working on his soul practicing spirituality.



## **Brandon Santulli**

### **Assistant Vice President, Operations Manager**

Brandon Santulli joined CAC in January 2024 as an Assistant Vice President, Tax Practice Operations Manager for the Transactional Liability Practice.

Prior to joining, Brandon served as an Executive Assistant for Shine Capital and before that was a Project Manager for WayUp.

Brandon earned his Bachelor of Arts in Politics, Philosophy, and Economics with a minor in Business Management from King's College. He is an avid runner and has competed in the New York City Marathon twice.



## About CAC, Part of The Baldwin Group

CAC, part of The Baldwin Group, is a leading insurance broker and advisor that provides expertise and placement capabilities across the spectrum of insurance and capital markets. CAC provides services through CAC Agency, CAC Capital, and Cobbs Allen Capital, LLC d/b/a/ CAC Specialty Insurance Solutions (CA License number: 6000028), and Cobbs-Allen & Hall, Inc. (CA license number 0D48040). These entities provide insurance services by and through The Baldwin Group. CAC and The Baldwin Group deliver specialized solutions and services across diverse verticals and product lines through a tailored approach to risk management, insurance, and employee benefits, while supporting our clients, colleagues, partners, and communities with innovative resources and capital.