

Trends in M&A Provisions: Indemnity Caps

In addition to representations and warranties, merger and acquisition purchase agreements generally include indemnification provisions, pursuant to which any given party agrees to defend, hold harmless, and indemnify the other party or parties from specified claims or damages, according to a [post](#) on the Goulston & Storrs website.

Daniel R. Avery explains that these typically include claims arising from a breach of the indemnitor's representations and warranties or covenants set forth in the purchase agreement, or with respect to other specific matters.

"Indemnity caps are often one of the most intensely negotiated provisions of an M&A purchase agreement," Avery writes. "The market amount for indemnity caps has historically been a direct reflection of the relative strength of buyers and sellers in the private company M&A market."

[Read the article.](#)