

Escrow Liquidity Solution

Does your firm currently have cash tied up in Escrow Accounts from previous deals?

Would your firm like to utilize those cash assets?

Lex Specialty Group can provide an insurance solution in order to free up your firm's cash assets tied up in escrow accounts.

The Average Rate of Return for cash in escrow is currently getting a 50 bps return. Your cash assets in escrow are not being utilized to their full potential.

Here is how it works...

- We work with the buyer and seller to understand what the escrow covers and how an insurance policy can be used to replace the current escrow account. Policy term from 12 to 36 months.
- We highlight the due diligence required by the insurer to get comfortable with the risk for which the escrow was covering within the deal.
- We present all required information to the insurance carrier.
- The carrier underwrites the deal and issues a policy with limits to cover the escrow amount.
- Per the agreement, the escrow is dissolved, and the funds are distributed.

Here is what it Costs...

- \$10M in escrow replaced by an insurance policy for 10M in limits.
- Estimated Premium equals 3% to 5% of total amount or \$300k to \$500k.
- Retention equals 5% to 10% of total limit or \$200k to \$1M. Retention only payable upon claim triggered under the insurance policy.
- Your firm now has about \$9.6M in cash to invest that was previously getting 50 bps or \$50k interest per year.

