



CUSTOMER CASE STUDY: M&A DUE DILIGENCE UNDERWRITING

Multinational Insurance Corporation

Business background

A multinational insurance corporation approached Luminance to assist with its underwriting services for M&A due diligence. The corporation is one of the largest commercial insurers in the world, with thousands of enterprise customers in the UK.

The insurer's clients include major law firms and banks insuring against M&A due diligence work as a protection against their liability. To correctly assess the risk involved, and charge an accurate figure for the insurance cover, the insurer must conduct a thorough review of the due diligence data room. Underwriting due diligence in this way poses particular difficulties, as many deals must be comprehensively checked and reviewed within very short timeframes.

The insurer wanted to find a technology that could assist their legal team in reducing the time spent on due diligence review. Due to the wide range of industries and geographic locations the company deals with, it was critical that the solution was easy to deploy and fit seamlessly into existing review processes.

Project

The company conducted a two-week trial of Luminance's AI platform, using five live projects containing over 15,000 documents pertaining to a wide range of industries, from aviation to pharmaceuticals. A team of 15 users reviewed the documents using Luminance, none of whom had prior experience of using a due diligence technology.

“Luminance validated itself for being extremely helpful in the data room review.”

Lead Luminance user

“Luminance can give our team more time to dedicate to higher value activities.”

Lead Luminance user

Benefits

Documents were uploaded securely from the insurer’s servers by the designated Luminance project manager.

Luminance’s global overview of the contracts ensured resources could be allocated more efficiently and review focused on particular points of interest from the start of the project. For example, Luminance detected six contracts within one project that were subject to an unexpected Governing Law, something that had not been noted during the initial client due diligence review.

This ability to pinpoint the unexpected is critical to exposing any disclosure gaps in the client’s due diligence review. Anomaly detection provides additional reassurance that nothing was missed by the initial review that could require a higher value to be placed on the insurance cover.

The review team also used Luminance to tag their own clauses in the normal workflow of the review. This new understanding was also applied to documents with similar patterns, exposing additional clauses within them, ensuring that the system easily adapted to every project it was used for. Even during the short pilot period, the team quickly built up a custom clause bank for future use, totalling 21 new clause types.

At the end of the pilot, it was clear that there was a tremendous benefit in using Luminance to price insurance more accurately and reduce risk. The insurer decided to become a full customer of Luminance. It is currently using the technology to assist with wider use cases, including comparison of insurance policies, determining the ‘norm’ within sets of SPAs, and comparing contracts against a benchmark.

About Luminance

Luminance is the leading artificial intelligence platform for the legal profession. Trained by legal experts, the revolutionary technology is founded on the latest breakthroughs in pattern recognition and machine intelligence. Luminance reads and understands contracts and other legal documents in any language, finding significant information and anomalies without any instruction. No set-up or customisation is required – Luminance can be ready to use on a firm’s first project in under a day. Whether used for due diligence, compliance, insurance or contract management, Luminance adds value to a legal team, freeing lawyers to focus on what matters.