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## Insurance model to open riskier CEE markets to pension funds



GLOBAL – Insurance that indemnifies owners against unknown asset-specific legal risks could encourage institutional investors to target riskier Central and Eastern European markets by making transactions "safer". **Secure Legal Title, the first non-US insurer to offer Lloyds-backed title insurance across European markets**, believes privatisations, asset disposals and the re-emergence of structures such as CMBS will contribute to a market that could reach \$1bn (€0.7bn).

**Co-founder Jean-Bernard Wurm** said: "The reason some investors were willing to look at Romania is because some title insurers were willing to cover it.

"US insurers early on in Poland certainly helped investors feel more comfortable. There were sloppy privatisations – co-operatives selling land they didn't own, for example, and ministries selling land municipalities now claim was theirs. Twenty years later, you can insure against that risk."

He added: "To acquire a privatised asset requires an enormous amount of due diligence.

If you acquire a piece of land in Greece and a year later find out there's a problem with it, try finding the government office willing to take on the responsibility for it. "If you're insured against it, you know you can deal with it."

Government tenders for assets will attract more buyers because smaller investors will be more likely to participate in privatisations if title insurance means they are not required to review every document, he said.

Wurm also believes there will be a "big, big role" for title insurance in the re-emerging European CMBS market.

"In 2007, demand for paper was so great that no-one was focusing on the secondary market or what happens if things go wrong," he said. "You can't have a liquid market if traders are doubtful about what's behind the mortgages."

Although title insurance covers all transactions in the US market, Wurm said his firm was not looking at European residential.

"In Europe, people don't wake up in the night wondering whether their house belongs to them or not," he said.

"It's a niche market – but there will be more niches."

Author: [Shayla Walmsley](#)

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23 October 2012

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