

Fact Sheet – UK Legal Indemnities

UK legal Indemnities

Covered Risks:	<p>Land and property in the UK can often be burdened by adverse interests and other title defects. These include:</p> <ul style="list-style-type: none"> • Restrictive covenants • Positive covenants • Missing documents • Lack of access to property from the public highway • Adverse possession / possessory title • Chancel repair liability • Mines and mineral rights excepted from title to property • Cover can also be provided for any unknown title issues which affect the title but, despite due diligence, do not come to light until after the purchase of the property and inception of the legal indemnity insurance policy <p>Land and property can also be subject to planning risks, including the following:</p> <ul style="list-style-type: none"> • Breach of planning permission and planning conditions • Breach of planning agreements/s.106 Agreements/Community Infrastructure levies • Lack of building regulations consent • Town and village green status • Assets of community value • Judicial review of granted planning permission <p>We cover both freehold and leasehold land and property interests. However, we also cover specific risks relating to leases, for example:</p> <ul style="list-style-type: none"> • Security of tenure issues under the Landlord and Tenant act 1954
<u>Indemnity:</u>	<p>Legal Indemnities policies indemnify the insured for financial loss arising out of the Covered Risks. We offer to cover:</p> <ul style="list-style-type: none"> • Full GDV of a development project • Loss of rental income and other business interruption costs • Legal expenses incurred in defending a claim • Any payments required to be made to third party claimants in order to neutralise a Covered Risk
<u>Legal Defence:</u>	<p>Our Legal Indemnities Title Insurance policies provide for legal defence, at the insurer’s expense, against third party claims arising out of Covered Risks.</p>
<u>Policy:</u>	<p>The policy typically incepts when a developer acquires the land in order to develop it.</p> <ul style="list-style-type: none"> • <u>Timing:</u> we offer cover at various stages in development project and can provide cover on a pre or post grant of planning permission basis • <u>Term:</u> we offer cover on an in perpetuity basis

	<ul style="list-style-type: none"> • <u>Premium</u>: Paid once, at issuance, by the developer. Rate depends on risk evaluation by the insurer. Premiums are subject to IPT • <u>Covered Risks</u>: Cover can provided for known specified defined risks and also for unknown risks burdening the title • <u>Successors in title</u>: are covered automatically • <u>Agreed Conduct</u>: In certain circumstances we can permit the Insured to carry out pre-agreed activities in order to remove or neutralise a risk. This is “agreed conduct” and can include negotiating with third parties, applying to the First-tier Tribunal (Property Chamber) and/or Upper Tribunal (Lands Chamber) to remove problematic adverse rights on the title; liaising with the planning authorities in relation to planning features. This is a differentiator with most of our competitors who apply strict prohibitions on activities by the insured which may draw attention to the existence of a Covered Risk
<u>Insured:</u>	<ul style="list-style-type: none"> • Developers and their successors in title including buyers and tenants of Properties • Lenders providing a mortgage secured against the land and property
<u>Properties:</u>	<ul style="list-style-type: none"> • Commercial offices, retail centres and mixed use developments • Land acquired for development of residential flats and houses
<u>Underwriting:</u>	Legal Indemnities policies are underwritten based on legal due diligence performed by legal counsel appointed by the insured.
<u>Lawyers</u>	Underwriting and issuance of title insurance do not alter the role of the insured’s solicitors, who remain responsible for legal due diligence on the property title, conveyance and registration of the property, and mortgage recording, as appropriate.