

Indemnity Insurance as part of your purchase

We occasionally encounter problems during a Conveyancing transaction which, for one reason or another cannot be resolved as part of the ongoing Conveyancing work, or it would be time prohibitive to do so. As an alternative option, we can consider obtaining an Indemnity Insurance policy to enable the transaction to proceed.

Indemnity Insurance is offered by national companies to cover potential risks relating to the legal title documents or to building works or other alterations that may require consent. Mortgage Lenders can also require Indemnity Insurance to be taken out where there are issues that may impact on their decision to lend, and therefore the Indemnity Insurance enables us to proceed with the transaction.

The key factor to understand when relying upon Indemnity Insurance to help progress a transaction, is that the policy does not fix the problem. It simply sets up the mechanics for you to be compensated or for the insurer to assist you in settling a legal action arising because of the defect.

Indemnity Insurance is **not** a substitute for a Survey report as part of your overall checks of a property, and these policies will **not** cover against structural issues that may arise with a property that would be covered by a comprehensive Buildings Insurance policy.

When we are setting up such policies, we will ensure that the level of cover matches the current value of the property. In the event of a claim, it is extremely unlikely that the full level of cover would ever be called upon. If you obtain indemnity insurance at the time of purchasing a property and subsequently sell the property with the benefit of the policy, then the subsequent buyer may ask you to increase the amount of cover to reflect the value of the property at that time.

Please note if the purpose of the policy is to cover the risk of someone with a superior interest being entitled to compensation, the policy will be rendered invalid if you undertake any act which will alert the superior interest to their potential claim.

It is important that you comply with the conditions of the policy, a copy of which will be sent to you after completion, and that you notify your Mortgage Lender (if applicable) of any notice or potential claim in respect of the policy.

As an SRA regulated law firm, we are required to give you the following information in writing in connection with the arranging of your Indemnity Insurance policy.

- We are not authorised by the Financial Services Authority (FSA). However, we are included on the register maintained by the FSA as an exempt professional firm so that we can carry out insurance distribution activity, which is broadly the advising on, selling and administration of insurance contracts. We can provide these investment services if they are an incidental part of the professional service we have been engaged to provide. This part of our business, including arrangements for complaints or redress if something goes wrong, is regulated by the SRA. The register can be accessed via the FSA website at www.fca.org.uk/firms/financial-services-register
- We enclose a copy of the proposed Indemnity Insurance that we are intending to obtain on your behalf. We must inform you that although there will be other policies available from different providers, we do not feel that in the circumstances that we need carry out a full analysis of the market since we are satisfied that the policy proposal that we are putting forward is competitive and adequately meets the needs and purpose for which it is required.
- We must advise you that we do not receive any commission for this policy, and we are not affiliated with the insurance company in any way. We are not under any contractual obligation to obtain Indemnity Insurance exclusively from one or more providers.