

LEGAL INDEMNITY POLICY OF TITLE INSURANCE FOR RESIDENTIAL PROPERTY COVERAGE FOR KNOWN RISK

ENGLAND & WALES (FORM KR E&W 07/05)

SCHEDULE

File Number	
Policy Number	62-001
Policy Amount	
Policy Date	
Premium	
IPT	
Total Amount Due	

Insured	
The Interest Insured	Freehold. Registered at H.M. Land Registry with Title Absolute under title number
Land	
Known Risk	<p>Local Authority Search – No Search for a Remortgage</p> <p>Any adverse circumstance affecting the Land:</p> <ul style="list-style-type: none"> • which would have been disclosed by an official (or personal) search of the Local Authority Land Charges, Water Service Company and/or the Coal Authority registers in accordance with Forms LLC1 and CON 29/29R/29DW/29M at Policy Date; or • that existed at Policy Date which was not disclosed by a personal (rather than an official) search. <p>First Title can provide cover for the risk if all the assumptions mentioned below are satisfied:</p> <ul style="list-style-type: none"> • The owner is not aware of any matter that would give rise to a claim under the policy. • No alterations/additions or works have occurred to the property within the last 12 months.
Additional Exclusions	<p>Local Authority Search – No Search for a Remortgage</p> <p>The Coverage provided by this Policy does not apply to any matters disclosed to the Insured by the Seller during negotiation, correspondence or in reply to enquiries before contract, any previous Local Authority search and any loss arising by reason of environmental protection legislation or contamination affecting the Land.</p>

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All policies underwritten by
First Title Insurance Plc
Registered in England No. 1112603
Registered Address:
London International Press Centre
76 Shoe Lane, London EC4A 3JB

Additional Conditions

Lenders Non Invalidation Clause

Notwithstanding anything contained herein to the contrary the interest of any mortgagee or chargee shall not be prejudiced by any act or default of any party (not being such mortgagee or chargee) which might otherwise invalidate or reduce the indemnity provided by the policy.

Signed on behalf of

FIRST TITLE INSURANCE plc

by



DISCLOSURE REQUIREMENT

1. Before entering into a contract of insurance a person purchasing and/or expecting to benefit from the insurance is obliged to disclose to First Title any matter which they know, or could reasonably be expected to believe, to be relevant to First Title's decision to accept the risk to be insured and, if so, on what terms, whether or not First Title has specifically requested such information. First Title will rely for these purposes on all matters disclosed to it by any such person.

1. DEFINITIONS

This policy is not complete without the Schedule. Words and phrases in this policy (including the Schedule) are intended to have specific meanings given to them in the Schedule and in this paragraph wherever they appear capitalized.

- 1.1 *“Actual Loss”* means the lesser of the Policy Amount and any and all of:
- 1.1.1 the difference in value of the Land before and after an Order is made or on the date which First Title acknowledges its liability to indemnify the Insured;
 - 1.1.2 sums payable by the Insured as a result of an Order requiring structures on the Land to be altered, reinstated or demolished;
 - 1.1.3 damages or compensation payable by the Insured as a result of an Order; and
 - 1.1.4 sums (including capital expenditure and professional fees) which the Insured has actually expended on the Land or was contractually obliged to expend at the date of an order, to the extent that these are made abortive by the order.
- 1.2 *“Authorised Expenses”* means any costs, legal fees and expenses that First Title is obliged to pay under this policy or has approved in writing.
- 1.3 *“First Title”* means First Title Insurance plc.
- 1.4 *“Insured”* means the insured named in the Schedule and the Insured’s successors in title, including purchasers, lessees and mortgagees, with the exception of Local Authority Search policies, where cover does not extend to the Insured’s successors in title.
- 1.5 *“Land”* means the land described in the Schedule and any structures on the land.
- 1.6 *“Order”* means a final order of a court of competent jurisdiction made in respect of a Known Risk.

2. FIRST TITLE’S INDEMNITY

First Title will indemnify the Insured for Actual Loss, not to exceed the Policy Amount, and may, at its option, defend the Insured if claims are made against the Insured for the Known Risk(s) described in the Schedule as they exist at Policy Date which are insured by this policy. This indemnity is subject to the exclusions and conditions set out in Clauses 4 and 5 as well as other conditions set out in the policy and is conditional upon payment of the premium within 21 days of the Policy Date.

3. INFLATION PROTECTION

The Policy Amount insured by this policy will increase to reflect an actual increase in the fair market value of the Land by up to a maximum of 200% of the Policy Amount.

4. EXCLUSIONS

First Title will not indemnify the Insured against Actual Loss, will not have a duty to defend and will not be obliged to pay Authorised Expenses resulting from any of the following risks:

- 4.1 Environmental contaminants or hazardous waste on or under the Land.

- 4.2 Risks which:
- 4.2.1 the Insured creates, allows or agrees to at any time, including loss arising because the Insured communicates the existence or terms of this policy to anyone (other than a potential purchaser, lessee or mortgagee) without First Title's prior written permission;
 - 4.2.2 are known to the Insured but not to First Title on or prior to the Policy Date;
 - 4.2.3 cause the Insured no loss; or
 - 4.2.4 occur or come into existence after the Policy Date.
- 4.3 Any claim by reason of the operation of bankruptcy, insolvency or similar creditor's rights laws.
- 4.4 Any additional exclusions listed in the Schedule.

POLICY CONDITIONS

5. NOTIFICATION OF A CLAIM

- 5.1 The Insured must advise First Title in writing as soon as possible, but always within 30 days, after the Insured becomes aware of any circumstance which might otherwise entitle the Insured to make a claim under this policy by writing to: Claims Department, First Title Insurance plc, 13th Floor, International Press Centre, 76 Shoe Lane, London EC4A 3JB.
- 5.2 First Title's obligations to the Insured under this policy may be reduced in part or in whole if the Insured fails to advise First Title promptly as required in Clause 5.1, or take reasonable steps to safeguard the Insured's interest or refuses to co-operate with First Title.

6. DEFENCE AND PROSECUTION OF ACTIONS AND THE INSURED'S DUTY TO CO-OPERATE

- 6.1 If First Title exercises its option to defend the Insured, First Title will, at its own cost and without unreasonable delay, defend the Insured in litigation in which a third party asserts a claim adverse to the Insured. First Title will be entitled to select the lawyer to act in the Insured's defence. First Title will not be liable for and will not pay the fees of any other lawyer.
- 6.2 First Title have the right, at its own cost, to commence and prosecute any action or proceedings or do any other act (including making settlement with third parties) which, in its opinion, may be necessary or desirable to prevent or reduce loss or damage to the Insured. First Title may take appropriate action under the terms of this policy whether or not it is liable under it and by doing so, First Title will not be taken to have conceded any liability or waived any provision of this policy. First Title will be entitled to select the lawyer to bring any action. If First Title exercises its rights under this paragraph it must do so diligently.
- 6.3 The Insured must permit First Title to use, at its option, the Insured's name in any action or proceedings taken to defend the Insured. If requested by First Title the Insured must, at First Title's expense, give it all reasonable assistance to:
- 6.3.1 secure evidence by showing First Title any relevant records, files and other documents, obtain witnesses, prosecute or defend the action or proceedings or effect a settlement; and
 - 6.3.2 do any other lawful act which, in First Title's opinion, is necessary or desirable.
- 6.4 The provisions contained in Clauses 6.1 to 6.3 are subject to First Title's rights under Clause 7.

- 6.5 If an Insured making a claim under this policy is not the party named in the Schedule, First Title reserves the right to use against that Insured any rights that First Title had against that Insured's predecessor or predecessors under this policy.
- 6.6 The Insured must give First Title a written statement to prove the Insured's claim for indemnity under this policy. This statement must be given to First Title not later than 90 days after the Insured knows the facts which will let the Insured establish the amount of the Insured's claim. The statement must at least contain the amount of the Insured's claim and the method the Insured has used to compute that amount.

7. SETTLING CLAIMS AND TERMINATION OF LIABILITY

- 7.1 In the event of a claim, First Title may:
- 7.1.1 settle that claim either with the Insured or with a third party on behalf of the Insured; or
 - 7.1.2 cure the matter giving rise to the Insured's claim by any method including litigation; or
 - 7.1.3 pay the Insured the full amount of indemnity then available under this policy.
- 7.2 After First Title have made a payment or otherwise settled a claim in one of these ways, its liability to the Insured:
- 7.2.1 in relation to that claim if Clauses 7.1.1 and 7.1.2 apply; or
 - 7.2.2 under this policy if Clause 7.1.3 applies;
- will terminate including any obligation to defend, pay costs or prosecute any litigation.

8. DETERMINATION AND EXTENT OF LIABILITY

- 8.1 This policy is a contract of indemnity against Actual Loss. Subject to paragraphs 7 and 9, First Title's total liability under this policy will be the lesser of:
- 8.1.1 the Policy Amount (as increased by Clause 3) and;
 - 8.1.2 the amount of Actual Loss as defined in this policy.
- 8.2 If any difference arises as to an amount payable under this policy (liability having been accepted by First Title) the matter will be referred to an independent expert to appraise the amount payable by First Title. This expert will be appointed jointly by the Insured and First Title and serve at First Title's expense. Should agreement as to the appointment of an expert not be agreed within 30 days then either party can apply to the President of the Royal Institute of Chartered Surveyors who shall make an appointment. Any appointment under this clause shall be as an expert, not arbitrator. The finding of the expert will be binding upon each party save for manifest error. Where reference to an expert has been made, the Insured will have no claim against First Title until the expert's decision has been delivered to the Insured and First Title.

9. REDUCTION OF INDEMNITY AND REDUCTION OR TERMINATION OF FIRST TITLE'S LIABILITY

- 9.1 The amount of indemnity cover payable by First Title under this policy will be reduced or terminated (as the case may be) by any or all of the following:
- 9.1.1 all payments under this policy (except for Authorised Expenses);

- 9.1.2 the amount by which the Insured's acts or omissions have increased First Title's liability or reduced First Title's ability to recover amounts from third parties;
- 9.1.3 anything the Insured does or omits to do which adversely affects any right of recovery from third parties or reduces First Title's ability to mitigate loss or damage; and
- 9.1.4 liability voluntarily assumed by the Insured in negotiating or settling any claim or litigation without First Title's prior written consent.

10. PAYMENT OF LOSS

First Title will not be obliged to make any payment under this policy unless this policy is produced to it for endorsement. If the policy has been lost or destroyed the Insured must give First Title proof of loss or destruction to First Title's reasonable satisfaction. When the extent of the Insured's claim and First Title's liability under this policy has been finally determined, First Title will pay that amount to the Insured within 30 days of that determination.

11. SUBROGATION

If First Title agrees to indemnify or defend the Insured under this policy in respect of any claim then, regardless of whether or not actual payment has been made, First Title will immediately be subrogated to any rights, contractual or otherwise, which the Insured may have in connection with that claim. If First Title asks, the Insured must transfer to First Title all of the Insured's rights and remedies against any person or property that might, in First Title's opinion, be necessary to perfect this right of subrogation.

12. GENERAL

- 12.1 This policy and any endorsements to it given in writing by FirstTitle will be the entire contract between the Insured and First Title. Any claim that the Insured makes against First Title must be made under this policy and will be subject to its terms.
- 12.2 In the event that any provision of this policy is held to be invalid or unenforceable, that provision may be severed from and will not be taken to have affected the remaining provisions.
- 12.3 If First Title grants the Insured any time or indulgence or if First Title fails to enforce any provision of this policy or any of its rights under it, First Title will not be taken to have waived its right to enforce the provisions of this policy or its rights under it.
- 12.4 No variation of or endorsement to this policy will be of any effect unless it is made in writing and is signed by First Title. Any variation of, or endorsement to this policy will be subject to the terms and conditions of this policy and will not, unless specified by First Title in writing, modify the terms and conditions of this policy or alter the Policy Date or increase the Policy Amount.
- 12.5 If at the time any claim is made under this policy the Insured has the benefit of another valid contract of insurance covering the same risk(s), the Insured must submit a claim under that insurance policy before claiming from First Title. First Title will not pay more than its rateable proportion of such claim and any costs and Authorised Expenses in connection with it.
- 12.6 The Insured must obtain the prior written consent of First Title before discussing the existence or terms of this policy with any person.
- 12.7 All notices required to be served on or given to First Title under this policy must include a reference to the policy number and the property address and be delivered to: Claims Department, First Title Insurance plc, 13th Floor, International Press Centre, 76 Shoe Lane, London EC4A 3JB.

12.8 This policy will be governed by the laws of England and Wales and the Courts of England and Wales.

13. CANCELLATION RIGHTS

13.1 The Insured has the right to cancel this policy but only within the time limits set out in this notice. If the Insured wishes to cancel the Policy the Insured must inform First Title Insurance Plc in any one of the following formats:

13.1.1 by post to First Title Insurance Plc at 13th Floor, International Press Centre, 76 Shoe Lane, London EC4A 3JB;

13.1.2 by fax to First Title Insurance Plc on 0870 3899980;

13.1.3 by email to specialistproducts.team@firsttitle.eu.

13.2 The Insured must notify First Title Insurance Plc of the Insured's decision to cancel the policy within fourteen days from the date the Insured receives this policy document.

13.3 Within 30 days of receiving notice of cancellation from the Insured, First Title Insurance Plc will refund to the person who paid the premium (who may not be the insured named in the policy) the premium paid on issue of the Policy less any reasonable costs incurred by First Title Insurance Plc in providing cover under the policy such costs being 80% plus Insurance Premium Tax of the policy premium. If the Insured chooses not to cancel this policy under this notice within the time limits set out above, the Insured will be legally bound to the terms and conditions of the policy.

13.4 If the Insured has a mortgage, the Insured must have the lender's consent before the Insured exercises the right to cancel.

Complaints we cannot settle may be referred to the Financial Ombudsman Service.

First Title Insurance plc is authorised and regulated by the Financial Services Authority and is a member of the Financial Ombudsman Service.

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