



## **Forfeiture of Lease (Bankruptcy/Insolvency)**

### **A) Can all of the following Underwriting Criteria be complied with?**

1. The property is a single leasehold private residential house, maisonette or flat which has existed for at least 12 months immediately prior to the Inception Date.
2. The Property is subject to a leasehold covenant providing for forfeiture of the Lease on the bankruptcy of the lessee and permitting the lessor to exercise a legal right of re-entry
3. The proposer's borrower:
  - i) Is NOT the subject of any past or pending bankruptcy proceedings and is NOT aware of any matter which might lead to bankruptcy proceedings being initiated
  - ii) Does NOT intend to change the use of the Property
4. The terms remaining under the Lease is NOT less than 50 years
5. There is No entry against the name of the proposer's borrower on the Register of Land Charges (Bankruptcy)

<u>Limit</u>	<u>Premium</u>
Up to and including £50,000.00	£225.00 including IPT
Up to and including £100,000.00	£250.00 including IPT
Up to and including £200,000.00	£350.00 including IPT
Up to and including £300,000.00	£450.00 including IPT
Up to and including £400,000.00	£650.00 including IPT
Up to and including £500,000.00	£750.00 including IPT
Up to and including £1,000,000.00	£900.00 including IPT
Up to and including £1,500,000.00	£1,000.00 including IPT
Up to and including £2,000,000.00	£1,125.00 including IPT

### **B) If any of the above Underwriting Criteria cannot be fully complied with the case will need to be submitted to CLS Title Limited with full supporting information.**



**Forfeiture of Lease (Bankruptcy/Insolvency) Mortgagee  
Insurance Policy**

**Schedule**

**Policy Number:**

**Insurer:** Hardy Conveyancing Insurances, underwritten by Syndicate 382 at Lloyd's  
Authorized and regulated by the Financial Services Authority

**Insured:  
(Mortgagee Only)** whom shall be bound by the terms of this Policy

**Property:**

**Limit of Indemnity:** £[ ]

**Premium:** £[ ] (inclusive of Insurance Premium Tax)

**Inception Date:**

**Period of Insurance:** From the Inception Date for the term of the Mortgage

**Determination Clause** The determination clause(s) contained in a Lease dated [ ]

**Insured Use:** The continued use of the Property as a single private residential house or flat as it is  
constructed and used at the Inception Date

**Escalator Clause** The Limit of Indemnity will increase by 5% of the original amount on each anniversary of the  
Inception Date for the first 10 years

**Policy Date:**

**Signed by Conveyancing Liability Solutions Limited  
on behalf and with the authority of the Insurer**



## Preamble

In consideration of payment of the Premium and Insurance Premium Tax, the Insurer will, subject to the terms of this Policy, indemnify the Insured in respect of Loss occurring during the Period of Insurance. This Policy is provided on the understanding that full disclosure of all material facts has been made by or on behalf of the Insured, whether or not requested. This Policy and any endorsement issued in respect of it are one contract and shall be read together.

## Definitions

Where a word is defined below or in the Schedule it shall carry the same meaning wherever it appears in this Policy.

<b>Lease</b>	the Lease of the Property taken by the Insured's mortgagor with an unexpired term of at least 50 years at the Inception Date
<b>Loss</b>	<ol style="list-style-type: none"><li>1. any sums expended by the Insured with the consent of the Insurer in prosecuting or defending any action at law or otherwise, including any application to a court of competent jurisdiction for relief against forfeiture or for a vesting order, where appropriate, in order to protect the interest of the Insured in the Property</li><li>2. damages or compensation (including costs and expenses) awarded against the Insured by an Order</li><li>3. if the Lease is determined and the Insured is unsuccessful in obtaining relief against forfeiture or a vesting order, where appropriate, the adverse difference between the Market Value of the Insured's interest in the Property immediately prior to termination of the Lease and the Market Value of such interest upon termination of the Lease, calculated at the date of the Order</li><li>4. the cost of any settlement made out of court with the prior written consent of the Insurer</li><li>5. all other costs and expenses incurred with the prior written consent of the Insurer</li></ol>
<b>Market Value</b>	the value as determined by a surveyor appointed by agreement between the Insurer and the Insured
<b>Mortgage</b>	the monies advanced by the Insured and secured on the Property
<b>Order</b>	an order, decision, injunction or judgment from a court of competent jurisdiction upholding the right of the lessor of the Property to determine the Lease and/or exercise a legal right of re-entry

## Cover

The Insurer shall indemnify the Insured in respect of Loss sustained by the Insured arising directly out of forfeiture of the Lease and/or the exercise of legal rights of re-entry by the lessor in accordance with any Determination Clause in the Lease operating as a consequence of the bankruptcy or insolvency of the lessee of the Property on or after the Inception Date.

## Protection for Mortgagees and Successors in Title

The Insurer shall not avoid liability to any Insured under this Policy for claims resulting from any act, omission or misrepresentation committed or made by any other party unless such party acted on behalf of such Insured or with the knowledge or consent of such Insured or such Insured had knowledge of the act, omission or misrepresentation prior to the Inception Date.

## Exclusions

The Insurer shall not be liable to indemnify the Insured in respect of:

1. any breach of covenants contained in the Lease other than covenants relating to the bankruptcy or insolvency of the lessee under the Lease
2. loss where the Insured has not taken all reasonable steps to protect its interest in the Property including:
  - (i) within two months of the Inception Date, notifying the lessor of its interest in the Property and requesting immediate notification should ground rent and/or other payments due under the Lease remain unpaid for three consecutive months
  - (ii) requesting from the lessor details of all arrears of ground rent and/or other payments due under the Lease should Mortgage payments to the Insured be unpaid for a period of three consecutive months and paying on demand all arrears of such payments



(iii) making an application to a court of competent jurisdiction for relief against forfeiture or for a vesting order, where appropriate.

## Conditions

1. It is a condition precedent to the Insurer's liability that the Insured shall not:
  - a) disclose the existence of this Policy, other than to their legal representatives
  - b) allow the use of the Property other than in accordance with the Insured Use after the Inception Date without the prior written consent of the Insurer.
2. The due observance and fulfilment of the terms of this Policy, so far as they relate to anything to be done or complied with by the Insured, shall be a condition precedent to any liability of the Insurer to make any payment under this Policy.
3. This Policy shall be governed by and construed in accordance with the law of England and Wales.
4. The total liability of the Insurer in respect of all claims made under this Policy will not exceed, in the aggregate, the Limit of Indemnity.
5. This Policy shall not be in force unless it has been signed by a person who has been authorized to do so by the Insurer.
6. This Policy is not assignable.
7. The Insured must give written notice to CLS Limited, as soon as reasonably practicable, of any circumstances likely to give rise to a claim for which there may be liability under this Policy and provide them with such information and documentation as they may reasonably require.
8. The Insured must by prior agreement with and at the expense of the Insurer, do and permit to be done all things reasonably practicable to minimize Loss.
9. The Insured must not make any admission of liability, offer, promise or payment or incur any costs or expenses without the prior written consent of the Insurer.
10. If any difference arises as to the amount to be paid under this Policy (liability being otherwise admitted) such difference shall be referred to an arbitrator to be appointed by the parties in accordance with the relevant statutory provisions in force at the time. Where referral to arbitration is made under this Condition, the making of an award shall be a condition precedent to any right of action against the Insurer.
11. If at the time of Loss, resulting in a claim under this Policy, there is any other insurance in force covering such Loss or any part of it, the liability of the Insurer under this Policy shall be limited to its rateable proportion of such Loss.
12. If the Insured shall make any claim knowing the same to be false or fraudulent as regards amount or otherwise, this Policy shall become voidable and all claims hereunder shall be forfeited.
13. For the purposes of this Policy, if written consent for any action to be taken by the Insured is granted by CLS Limited, it shall be deemed to be the consent of the Insurer.
14. The due observance and fulfilment of the terms and conditions of this Policy and the truth of the representations made by the Insured shall be a condition precedent to Insurer's liability to make any payment under this Policy to the original Insured.



## **Cancellation Rights**

You may cancel this Policy by returning the Policy document within 14 days of the Inception Date. If you do have any reason to cancel this Policy, please contact **CLS Title Limited, Suite 39, 40 Churchill Square, Kings Hill, West Malling, Kent, ME19 4YU**. We will fully refund any premium paid and cancel the Policy from the Inception Date. If you cancel this Policy, you may be in breach of the terms of your mortgage or the terms for the sale of the Property.

## **Making a Claim**

To notify us of a claim under this Policy please write to:

**CLS Title Limited, Suite 39, 40 Churchill Square, Kings Hill, West Malling, Kent, ME19 4YU.**

enclosing a copy of the Policy. Please be aware of the Conditions 5 and 7 of the Policy.

## **Complaints Procedure**

We aim to provide an excellent service. If you have any cause for complaint you should, in the first instance, contact us at:

**CLS Title Limited, Suite 39, 40 Churchill Square, Kings Hill, West Malling, Kent, ME19 4YU.**

Please quote the details of the policy (surname and initials, policy number, Property address etc).

If the matter is not resolved to your satisfaction, please write to the Insurer at:

**Hardy Conveyancing Insurances, 4th Floor, 40 Lime Street, London EC3M 7AW**

If you are still not satisfied with the way a complaint has been dealt with you may ask the Complaints Department at Lloyd's to review your case without prejudice to your rights in law at:

**Complaints Department, Lloyd's, One Lime Street, London EC3M 7HA.**

Please quote your Policy Number in all cases.

## **How we will use your data**

CLS Title Limited holds data in accordance with the Data Protection Act 1998. It may be necessary for us to pass data to other organisations that supply products and services associated with this contract of insurance. In order to verify information, and to prevent and detect fraud, we may share information you give us with other organisations and public bodies, who access and update various databases, including those held by the Police. If you give us false or inaccurate information and we suspect fraud, we will record this and the information will be available to other organisations that have access to the database(s). We can supply details of the databases we access or contribute to, on request.

## **Financial Service Compensation Scheme (FSCS)**

The Insurer is covered by the FSCS. If the Insurer is unable to meet its obligations under this Policy the Insured may be entitled to compensation. You may contact the FSCS on 020 7892 7300 for further details.



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## Policy Summary

### Forfeiture of Lease (Bankruptcy/Insolvency) Mortgagee Insurance

**Insurer:** Hardy Conveyancing Insurances underwritten by Syndicate 382 at Lloyd's

This is a summary of the cover provided under a Forfeiture of Lease (Bankruptcy/Insolvency) Mortgagee Insurance Policy. It does not contain the full terms and conditions and does not form part of the Policy. You should read the Policy to ensure that you are fully aware of the terms and conditions of the cover provided. A specimen policy wording is available upon request from your adviser.

#### Type of insurance and cover

The Policy provides cover in respect of forfeiture of the lease as a result of the bankruptcy or insolvency of the lessee. The duration of the Policy is for the term of the mortgage. The Policy covers the lender only.

#### Significant features and benefits

(see the Policy document for full details of the significant features and benefits)

The Policy provides cover against loss sustained by the insured arising directly out of forfeiture of the lease and/or the exercise of legal rights of re-entry by the lessor in accordance with any determination clause in the lease operating as a consequence of the bankruptcy or insolvency of the lessee of the property on or after the inception date of the Policy.

#### Losses covered

(see the policy document for full details of the losses covered)

1. Damages or compensation (including costs and expenses) awarded against the insured by a court order.
2. If the lease is determined and the insured is unsuccessful in obtaining relief against forfeiture or a vesting order, the adverse difference between the market value of the insured's interest in the property immediately prior to termination of the lease and the market value of such interest upon termination of the lease, calculated at the date of the court order.
3. With the prior written consent of the Insurer:
  - (i) the cost of any settlement made out of court;
  - (ii) costs and expenses incurred by the insured in taking or defending any action at law or otherwise;
  - (iii) all other costs and expenses incurred.

#### Significant and unusual exclusions or conditions

(see the Policy document for full details of exclusions and conditions)

1. The Policy does not provide cover in respect of :
  - (i) any claim which is induced either wholly or partly by, or through, any willful act or neglect of the insured;
  - (ii) any breach of covenants contained in the lease, other than covenants relating to the bankruptcy or insolvency of the lessee under the lease;
  - (iii) loss where the insured has not taken all reasonable steps to protect its interest in the property including:
    - (a) within two months of the inception date of the Policy, notifying the lessor of its interest in the property and requesting immediate notification should ground rent and/or other payments due under the lease remain unpaid for three consecutive months,
    - (b) requesting from the lessor details of all arrears of ground rent and/or other payments due under the lease should mortgage payments to the insured be unpaid for a period of three consecutive months, and paying on demand all arrears of such payments; or
- (c) making an application to a court of competent jurisdiction for relief against forfeiture or for a vesting order, where appropriate.



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2. The Insurer will not be liable if the insured, without the prior written consent of the Insurer:

- (i) discloses the existence of the Policy to any third party other than the insured's legal advisor;
- (ii) admits liability or takes steps to settle a claim;
- (iii) allows the property to be used other than for the insured use after inception date of the Policy.

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If you are still not satisfied with the way a complaint has been dealt with you may ask the Complaints Department at Lloyd's to review your case without prejudice to your rights in law at:

**Complaints Department, Lloyd's, One Lime Street, London EC3M 7HA.**

Please quote your Policy Number in all cases.

There may be a right of referral to the Financial Ombudsman Service who can be contacted on 0845 080 1800

or emailed at [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)

#### **Financial Services Compensation Scheme (FSCS)**

The Insurer is covered by the FSCS. If the Insurer is unable to meet its obligations under the Policy the Insured may be entitled to compensation. You may contact the FSCS on 020 7892 7300 for further details.