



## Insolvency Act

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

1. The Property is a single private residential house, maisonette or flat in England or Wales which has existed for at least 12 months immediately prior to the Inception Date, and is subject to a Transfer at Undervalue or Deed of Gift (the Transaction) which may be subject to the terms of Sections 339-342 of the Insolvency Act 1986.
2. You do NOT have reason to believe that the Transaction is being/ has been carried out to avoid creditors.
3. A clear up-to-date Bankruptcy Search against the donor/transferor has been obtained.
4. The solvency of the transferor/donor at undervalue is NOT in doubt.
5. The donor/transferor at undervalue is NOT self-employed or a company director or and does NOT have a 5% or more shareholding in any company.
6. The parties to the Transaction are private individuals.
7. Neither the purchaser nor the current owner is known to be an associate or relative of any of the parties to the Transaction or to have any business interests in common with them.

<b>Limit</b>	<b>Premium</b>
Up to and including £150,000	£125.00 including IPT
Up to and including £250,000	£200.00 including IPT
Up to and including £500,000	£240.00 including IPT
Up to and including £750,000	£420.00 including IPT
Up to and including £1,000,000	£500.00 including IPT
Up to and including £1,250,000	£600.00 including IPT
Up to and including £1,500,000	£700.00 including IPT
Up to and including £2,000,000	£775.00 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.***



## Insolvency Act Insurance Policy

### Schedule

**Policy Number:**

**Insured:** **Purchaser** (if applicable): [ ]  
and the **Purchaser's** successors in title, including any mortgagee, lessee or chargee of the **Property** or any part thereof, all of whom shall be bound by the terms of this Policy

**Mortgagee:** [ ]  
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 and continuing in perpetuity

**Transfer** A Deed of Gift or Transfer at Undervalue of the **Property** made between the **Donor(s)** and the **Donee(s)** dated:

**Donor(s)** [ ]

**Donee(s)** [ ]

**Transfer Date:** [ ]

**Insured Use** The continued use of the Property as:  
a) a private dwelling as constructed at the Inception Date, and/or  
b) commercial premises for the specific purpose for which they are used and as constructed, at the Inception Date (to be deleted as appropriate)

**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.

## Cover

The Insurer shall indemnify the Insured in respect of Loss sustained by the Insured after the Inception Date arising directly out of the Donor(s) being adjudged bankrupt, the trustee in bankruptcy successfully claiming an interest in the Property in accordance with the Insolvency Act and the Transfer being partially or wholly set aside

## 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.

## Definitions

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

<b>Insolvency Act</b>	the provisions of Section 339-342 of the Insolvency Act 1986 and any amendment to those provisions in force for the time being
<b>Loss</b>	<ol style="list-style-type: none"><li>1. loss sustained by<ol style="list-style-type: none"><li>(a) the Mortgagee in connection with a mortgage secured on the Property, or</li><li>(b) the Purchaser in respect of any reduction in the Market Value of the Property arising directly out of an Order</li></ol></li><li>2. any sum paid under an Order, or with the prior written consent of the Insurer, to protect the Insured's interest in the Property</li><li>3. the cost of any settlement made out of court with the prior written consent of the Insurer</li><li>4. costs and expenses incurred by the Insured with the prior written consent of the Insurer in taking or defending any action at law or otherwise</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 of the Insured's interest in the Property as determined by a surveyor appointed by agreement between the Insurer and the Insured
<b>Mortgagee</b>	any financial institution who has a mortgage secured on the Property on or after the Inception Date Order an order, decision or judgment from a court of competent jurisdiction made in accordance with the Insolvency Act consequent upon a trustee in bankruptcy successfully claiming an interest in the Property, partially or wholly setting the Transfer aside
<b>Purchaser</b>	any purchaser for value at arm's length whose purchase of the Property is subsequent to the Transfer and who is the owner of the Property on or after the Inception Date

## Exclusion

The Insurer shall not be liable to indemnify the Insured in respect of loss sustained by any Purchaser who is an associate or relative by blood or marriage of the Donor(s) or Donee(s) or who has any common business interests with the Donor(s) or Donee(s).



## 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 prospective purchasers, their mortgagees, and legal representatives
  - b) occupy the Property other than in accordance with the Insured Use after the Inception Datewithout 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 authorised to do so by the Insurer.
6. The Insured must give written notice to Hardy Underwriting, 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.
7. 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 minimise Loss.
8. 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.
9. 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.
10. 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.
11. 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.
12. 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.

## Policy Summary Insolvency Act Insurance

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

This is a summary of the cover provided under an Insolvency Act 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 the property being affected by action taken under the provisions of Sections 339-342 of the Insolvency Act 1986.

The duration of the policy is for a maximum of 5 years from the inception date of the Policy. Where the insured is the purchaser for value at arms length, whose purchase is subsequent to the transfer at undervalue or gift, the Policy extends automatically to successors in title, mortgagees, lessees and chargees of the insured. Where, at the inception date of the Policy, the property is being transferred to a donee (i.e. to a transferee at an undervalue, or to the recipient of a gift) or the property is still in their ownership, the Policy will only covers their lender.

### 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, should the donor(s) become bankrupt and the trustee in bankruptcy successfully claiming an interest in the property in accordance with the Insolvency Act, and the deed of gift or transfer at undervalue (the transfer) being partially or wholly set aside.

### Losses covered

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

1. Loss sustained by:
  - (i) the mortgagee in connection with a mortgage secured on the property, or
  - (ii) the purchaser in respect of any reduction in the market value of the property arising directly out of a court order allowing a trustee in bankruptcy to set aside the transfer.
2. Any sum paid under a court order, or with the prior written consent of the Insurer, to protect the insured's interest in the property.
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 wilful act or neglect of the insured;
  - (ii) loss sustained by any purchaser who is an associate or relative of any of the parties to the transfer, or who has any common business interests with them.



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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 who is not a bona fide prospective purchaser, their mortgagee and/or legal advisor;
  - (ii) admits liability or takes steps to settle a claim;
- (ii) alters, reconstructs or extends the property or uses it 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.