

PROPERTY INSURANCE



Freehold Properties

In order to make sure that the property is covered against an unexpected disaster we recommend that Sellers retain their insurance in place until the transaction has been completed and that Buyers insure the property from the date when contracts are exchanged. This means that there will be a period of double insurance between the date of contract and the date of completion of the transaction but it is in the interests of both Seller and Buyer that each should be assured that the property is adequately covered.

If you are borrowing to buy a property then your Lender will almost certainly offer to effect the insurance of the property for you. You are not obliged to accept the Lender's offer and may make your own insurance arrangements. However in those circumstances the Lender will require that evidence of the insurance is produced to the Lender before the loan is released. Unless the arrangements are made well in advance this can lead to a last minute delay which at best causes inconvenience and at worst may amount to a breach of contract with the Seller entitling the Seller to damages. We therefore recommend that Buyers should notify us as soon as possible whether they are making their own insurance arrangements and let us have a note of the name and address of the contact (e.g. the broker or, if the arrangement is direct, the office of insurance company) through whom insurance is arranged.

If a Lender is arranging the insurance then the problems described above do not arise. The Lender puts the property on cover from the date of contract, arranges that the insurance covers the risks required by the Lender and notes the Lender's interest, and collects the premium directly from the Borrower.

Borrowers should investigate whether it is better for them to arrange insurance themselves or to obtain the insurance through their Lenders. Some Lenders require payment of an administration fee for any Borrower who want to arrange insurance other than through the Lender. If the transaction is very urgent it is quicker and easier to let the Lender effect the insurance.

Leasehold Properties

The insurance of leasehold flats and apartments is almost always dealt with by a composite policy effected by the Landlord or (if there is one) by the service or management company who administers

the whole building or development. As owner of a flat or apartment you will have no choice over the identity of the insurer and must accept whatever arrangement is put in place. Particulars of the composite insurance policy will be provided and it is important, both at the commencement of your ownership and annually, that you check the adequacy of the cover both as regards the risks covered and the amount insured.