

Title Insurance - Prospectus

Title Insurance by HDFC ERGO is designed as a form of indemnity insurance that protects property owner and their lenders against losses related to the property's title or ownership. In other word, title insurance protects property owner and their lenders if there are any losses due to defect in title of the property. The policy is for Corporate Insured's with Sum Insured INR 5 crore or more.

The Real Estate (Regulation and Development) Act, 2016 is an Act of the Parliament of India and has come into force since 1st May, 2017. Under Section 16 of the Act, the promoter of the real estate project must mandatorily declare the legal status of the title of the land and obtain Title Insurance along with Construction Insurance. As per the RERA Act, 2016 it is mandatory for developers to purchase Title Insurance for their properties if:

- i. Area of property exceeds 500 sq. mtrs.
- ii. Number of apartments exceeds 8 in number.

Loss-

Losses sustained in the event of a claim or **Order** due to any or all of the **Insured Risks**, such loss being:

1. at the date of an **Order or Settlement**, the adverse difference between the **Market Value** assuming that there is no **Insured Risk** and the **Market Value** subject to an **Order or Settlement**
2. the cost of any alteration, demolition and re-instatement of the **Property** (which includes any part of a building or construction on or forming part of the **Property**) required by an **Order**
3. the cost of works to the **Property** (including planning costs, architects' and surveyors' fees) for the purpose of the **Insured Use** begun or contracted for before the commencement of proceedings relating to the **Insured Risk** to the extent that such cost is rendered abortive by an **Order or Settlement** and in so far as it is not reflected in the value of the **Property** with the **Insured Use** so far as it had progressed
4. sums payable pursuant to a **Settlement**
5. compensation or damages awarded against the **Insured** in respect of the **Insured Risks** including **Expenses**
6. any other costs and expenses incurred with the written consent of the **Insurer** including costs and expenses incurred by with the Insurer's prior written agreement in taking or defending any action at law or otherwise in connection with an **Insured Risk**.

RISKS COVERED-

The **Insured** is covered for third party challenges based on the following matters which were not discovered prior to the **Commencement Date**:

1. The **Title** to the **Property** belonging to someone other than the **Insured**
2. **Title** to the **Property** is not good and marketable
3. Descriptions and plans in historic deeds to the **Property** are inadequate and/ or due to the number of historic deeds in the chain of title to the **Property** it is impossible to confirm that the occupational extent of the **Property** matches the legal extent
4. There are missing deeds or errors in the drafting and/or execution of links in the chain of the **Title** to the **Property**
5. The **Property** or part of the **Property** has encroached upon an adjoining owner's property
6. A previous owner or the vendor of the **Property** sold or disposed of the **Property**
 - (i) Where the **Title** to the **Property** has been transferred by way of a gift; or
 - (ii) Where a payment for the transfer of the **Title** to the **Property** has been made and that payment was at less than the market value of the **Property** as stated in the ready reckoner (as published by the respective State governments each year) at the date of the transfer;

where the transfer is made with an intent to defeat or delay the creditors of the transferor(s) as stipulated in Sec. 53 of the Transfer

of Property Act 1882 and in any of the above situations the transfer of the **Property** is set aside by a Court having competent jurisdiction holding such transfer to be null and void

7. An **Adverse Entry** that would have been identified in the **Searches**
8. If the **Property** is leasehold and the **Borrower's** lease is inconsistent with the ownership of the **Property** or any superior lease and a head lessor establishes or attempts to establish an adverse interest after the **Commencement Date** provided that:
 - 8.1. There has been no breach of the head leases by the **Borrower** other than non-payment of rent where the Landlord is absent, and
 - 8.2. That the **Insured** has not communicated without the **Insurer's** written consent with any party considered to be entitled to enforce an adverse interest or applied to the Lands Tribunal or to a Court in respect of an adverse interest
9. If the property is leasehold and the lease is defective and as a result the **Insured** does not have a good and marketable title
10. A right of occupation pursuant to an inferior interest in the **Property**
11. There are errors or omissions in the drafting and / or registration of the title interest pursuant to which the **Property** is held which results in the unenforceability of provisions which benefit the **Insured** or adversely impacts on the **Insured's** obligations pursuant to the title document and / or registration of the title document
12. The local authority takes enforcement action because of a failure on part of a predecessor in title to comply with the terms and conditions of the building permissions, local development control regulations and local town planning laws including where the developer is required to make certain non-monetary contributions and perform certain acts towards social services due to the new development and due to such failure on part of a predecessor in title, the property insured by the **Insurer** is adversely affected
13. Where an occupancy certificate, issued by the local town planning authority certifying that a building is constructed as per the sanctioned plans and is fit for occupancy, is not available in a situation where the **Property** includes land and structure constructed on such land and both the land and structure are owned by the **Insured**
14. The **Property** does not benefit from necessary legally constituted **Rights** required in connection with the **Insured Use**
15. A **Right** is incapable of being exercised because the title to the route thereof is burdened by rights, restrictions, covenants and reservations in favour of third parties
16. Where there is no organisation of flat owners and there is a challenge by third parties to common parts of the **Property**
17. The **Insured Use** constitutes a breach of **Burdens**
18. The title to the **Property** may be subject to unknown **Burdens** or variations or discharge of burdens which may have been imposed in historic deeds executed prior to the **Commencement Date**
19. A third party has the benefit of legally constituted rights, exceptions, reservations, and conditions over the **Property** which prevents the **Property** being used for the **Insured Use**

An historic transaction is subject to an act of forgery or fraud by a third party that adversely affects the **Insured's Rights** and/or the **Title** to the **Property**.

EXCLUSIONS-

These are stated on the policy as follows:

1. Changes in the **Insured Use** of the **Property**.
2. Defects in the **Title** charges encumbrances adverse claims or other such matters affecting the **Property** that would fall within the **Insured Risks** but which:
 - 2.1.1. The **Insured** agreed to or allowed to happen before, on or after the **Commencement Date**;
 - 2.1.2. The **Insured** was aware of but omitted to take steps/actions to safeguard its rights in the **Property**;

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- 2.1.3. The **Insured** knew about on the **Commencement Date** and which the **Insured** did not tell the Insurer about prior to the **Commencement Date**;
- 2.1.4. are created or are attached to the **Property** after the **Commencement Date** that do not form part of the **Insured Use**; and/or
- 2.1.5. would not have happened or been created had the **Title** or any interest in the mortgage been acquired for value in good faith by the **Insured**
3. Any statutory rights relating to precious metals coal petroleum and other substances which may be on or under the **Property** and any rights to use the **Property** for any purpose in connection with those substances including but without limitation extraction
4. Public utility undertakers (or a private corporation which is a successor public utility) having statutory rights to carry out works affecting the **Property**
5. Any one or more of the following:
 - 5.1.1. Environmental contaminants or hazardous waste or any pollution or contamination of the **Property** or part of the **Property**;
 - 5.1.2. the **Property** or any part of the **Property** being situated within a flood plain as determined by reference to the information from time to time published by the Environment Agency;
6. Any defects in the **Title** charges encumbrances adverse claims or other such matters affecting the **Property** or any losses not directly attributable to any matter covered by this **Policy**
7. Any physical damage to the **Property**.
8. Any defects in the **Title** charges encumbrances adverse claims or other such matters affecting the **Property** or any losses that would normally be covered by a householder's buildings insurance policy.
9. Any claim arising from the insolvency of the **Insured** or the directors of a limited company that is the **Insured** provided however that this exclusion will not apply to Insured Risk 6 of this policy
10. Any claim arising from the lack of any operating licence, certificates or statutory consents for the use of the **Property**
11. Any claim arising from any rights which were being exercised on under or over the **Property** at the **Commencement Date**
12. Any claim arising out of the failure to pay the reasonable proportion of the costs of maintaining or repairing the access ways pipes cables and/or conduits
13. Any claim arising due to a misrepresentation by the **Insured** during the title due diligence conducted by the Insured's lawyers
14. Claims arising out of missing government records or incorrect recording of data maintained by the government or other authorities in charge of maintaining records where **Searches** are conducted and relied upon by the Insurer
15. Any claims affecting the title which are derived from political matters and/or fraud, duress, undue influence and changes in law (including but not limited to planning law) and regulations by governmental agencies or third parties acting as agents of any such agencies or in such matters on behalf of such agencies
16. Any claims relating to tribal rights over agricultural lands.

LIMIT OF INDEMNITY

Limit of Indemnity will comprise of Land cost + Cost of Construction of the building. This will be the **aggregate sales price of all the units** of the Project for the Builder.

On payment of additional premium, the Limit of Indemnity can be increased by way of endorsement to reflect the fair value, subject to a maximum of 5% per year for a maximum period of 10 years subject to a maximum of 163%.

BENEFITS OF BUYING THIS POLICY –

- ✓ Makes real estate transactions safer for developer and all subsequent owners of the property

- ✓ Where there are known defects in title which can be covered it expedites the real estate transaction as an alternative to rectifying the defect in title
- ✓ Creates title due diligence efficiencies.
- ✓ Facilitates and accelerates and mortgage finance.
- ✓ Makes real estate, as well securitisation markets, more liquid and efficient.
- ✓ Covers defence costs
- ✓ Covers undiscoverable defects such as errors in searches and historic documents which cannot be discovered via a full title diligence process

CLAIMS:

Person (s) to be notified For notice of a claim or circumstances which could give rise to a claim Manager

- (a) Claims Department
HDFC ERGO General Insurance Company Limited
6th Floor Leela Business Park
Andheri Kurla Road, Andheri East
Mumbai-400059
India

Such notice shall be effective on the date of receipt by the Company at such address

- (b) For all other notices:
 Underwriting Manager
 HDFC ERGO General Insurance Company Limited
 6th Floor Leela Business Park
 Andheri Kurla Road, Andheri East
 Mumbai-400059
 India

The Insured must submit a Notification to the Insurer about any matter which may lead to a loss liability or claim under this Policy within 45 days of it first coming to the Insured's attention

The Insured must submit the claim with all necessary supporting documents within 90 days after the Insured has submitted a Notification to the Insurer Nature of Claims documents would vary for claims but would require you to provide:

- Statement of claim
- Property information
- Claimant contact information
- Supporting documentation
- KYC documents

CANCELLATION/ TERMINATION

The Insured can cancel the policy at any time during the policy term, by informing the Company. The Company can cancel the policy only on the grounds of established fraud, by giving minimum notice of 7 days to the Insured. The Company shall refund proportion premium for unexpired policy period subject to no claim(s) made during the policy period.

RENEWAL CLAUSE

The Company shall be under no obligation to renew the policy on expiry of the period for which premium has been paid. The Company reserves the right to offer revised rates, terms and conditions at renewal based on claim experience and a fresh assessment of the risk. This policy may be renewed only by mutual consent and subject to payment in advance of the total premium at the rate in force at the time of renewal. The Company, however, shall not be bound to give notice that the policy is due for renewal or to accept any renewal premium. Unless renewed as herein provided, this policy shall automatically terminate at the expiry of the period for which premium has already been paid.

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GRIEVANCES

If you have any grievance about any matter relating to the policy, or Our decision on any matter, or Our decision about Your claim, You can pursue Your grievance with Company's Grievance Redressal Officer.

If you have a grievance that you wish us to redress, you may contact us with the details of your grievance through:

- **Call Centre** - 120 6234 6234 / 022-6234 6234
- **Emails** – grievance@hdfcergo.com
- **Contact Details for Senior Citizens:** 022 6242 6226
- **Email ID-** seniorcitizen@hdfcergo.com
- Designated Grievance Officer in each branch.
- **Company Website** – www.hdfcergo.com
- **Courier** - Any of our Branch office or corporate office

You may also approach the Complaint & Grievance (C&G) Redressal Cell at any of our branches with the details of your grievance during our working hours from Monday to Friday.

If you are not satisfied with our redressal of your grievance through one of the above methods, you may contact our Head of Customer Service at:

**The Complaint & Grievance Redressal Cell,
HDFC ERGO General Insurance Company Limited
D-301, 3rd Floor, Eastern Business District (Magnet Mall),
LBS Marg, Bhandup (West),
Mumbai – 400078, Maharashtra**

In case you are not satisfied with the response / resolution given / offered by the C&G cell, then you can write to the Chief Grievance Officer of the Company at the following address:

**To the Chief Grievance Officer
HDFC ERGO General Insurance Company Limited
D-301, 3rd Floor, Eastern Business District (Magnet Mall),
LBS Marg, Bhandup (West),
Mumbai - 400078, Maharashtra
e-mail: cgo@hdfcergo.com**

Grievance may also be lodged at IRDAI Integrated Grievance Management System- <https://bimabharosa.irdai.gov.in>

You may also approach the nearest Insurance Ombudsman for resolution, if your grievance is not redressed by the Company. The contact details of Ombudsman offices are below if your grievance pertains to:

- Insurance claim that has been rejected or dispute of a claim on legal construction of the policy
- Delay in settlement of claim
- Dispute with regard to premium
- Non-receipt of your insurance document

You may also refer Our website www.hdfcergo.com <https://www.hdfcergo.com/customer-voice/grievances> for detailed grievance redressal procedure.

ABOUT OUR COMPANY

Name of the company – HDFC ERGO General Insurance Company Limited (IRDAI Reg No 146)

Registered & Corporate Office- 1st Floor, HDFC House, 165-166 Backbay Reclamation, H. T. Parekh Marg, Churchgate, Mumbai – 400 020.

Website – www.hdfcergo.com

Contact number – 022 - 62346234

Email – care@hdfcergo.com

ANTI REBATING WARNING

Section 41 of the Insurance Act 1938

- (i) No person shall allow or offer to allow, either directly or Indirectly as an Inducement to any person to take out or renew or continue an insurance In respect of any kind of risk relating to lives or property in India, any rebate of the whole or part of the commission payable or

any rebate of the premium shown on the policy, nor shall any person taking out or renewing or continuing a policy accept rebate except such rebate as may be allowed In accordance with the published prospectus or tables of the insurer.

- (ii) Any person making default in complying with the provisions of this Section shall be punishable with fine which may extend to Ten Lakhs rupees.

YOU CAN REQUEST A QUOTE TODAY

For more information about our new Title Insurance and the full range of HDFC ERGO Insurance products contact your HDFC ERGO representative.