

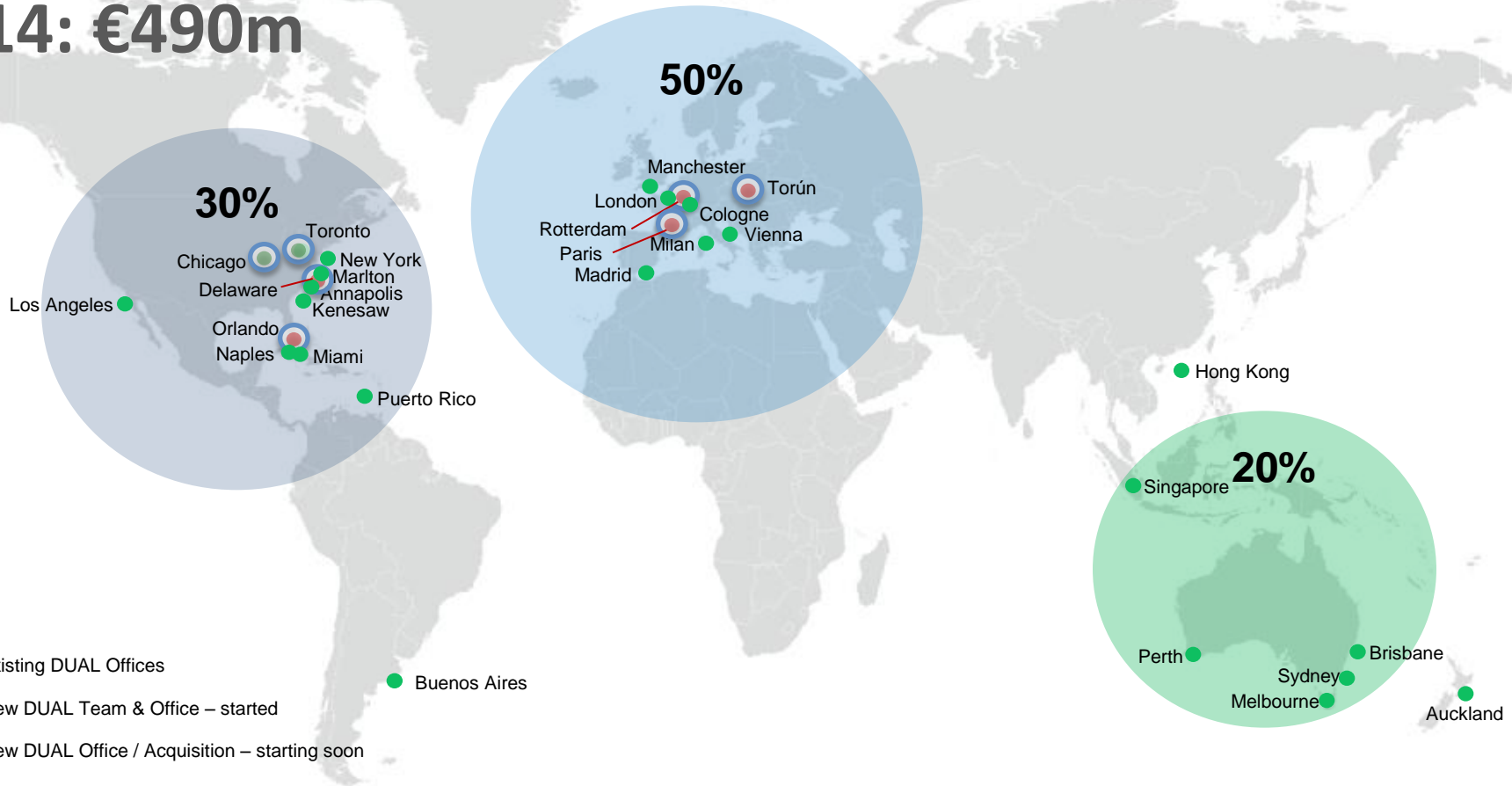


Specialist insurance products for International Real Estate Professionals

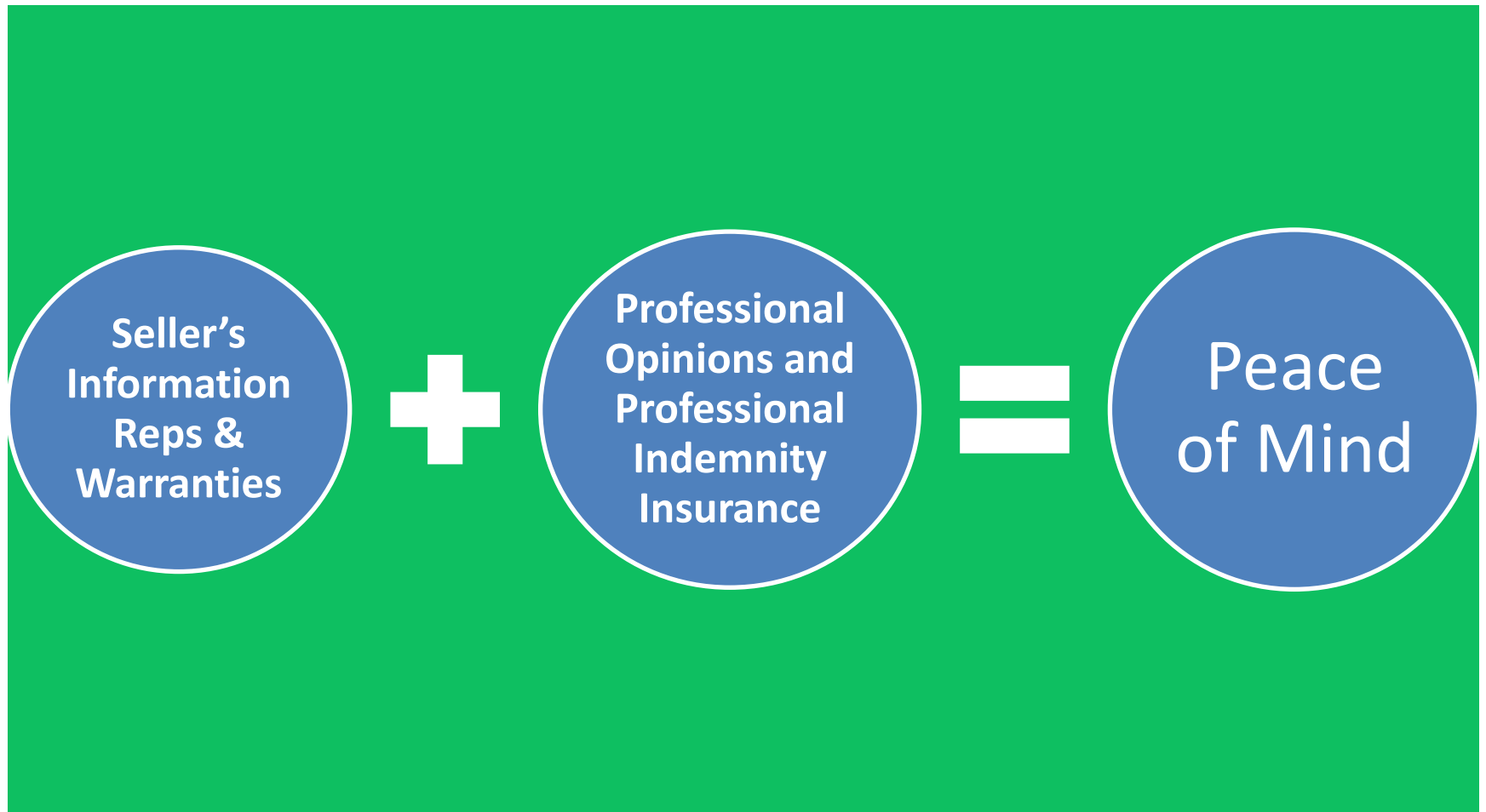
DUAL

2014-2015 DUAL Global Footprint

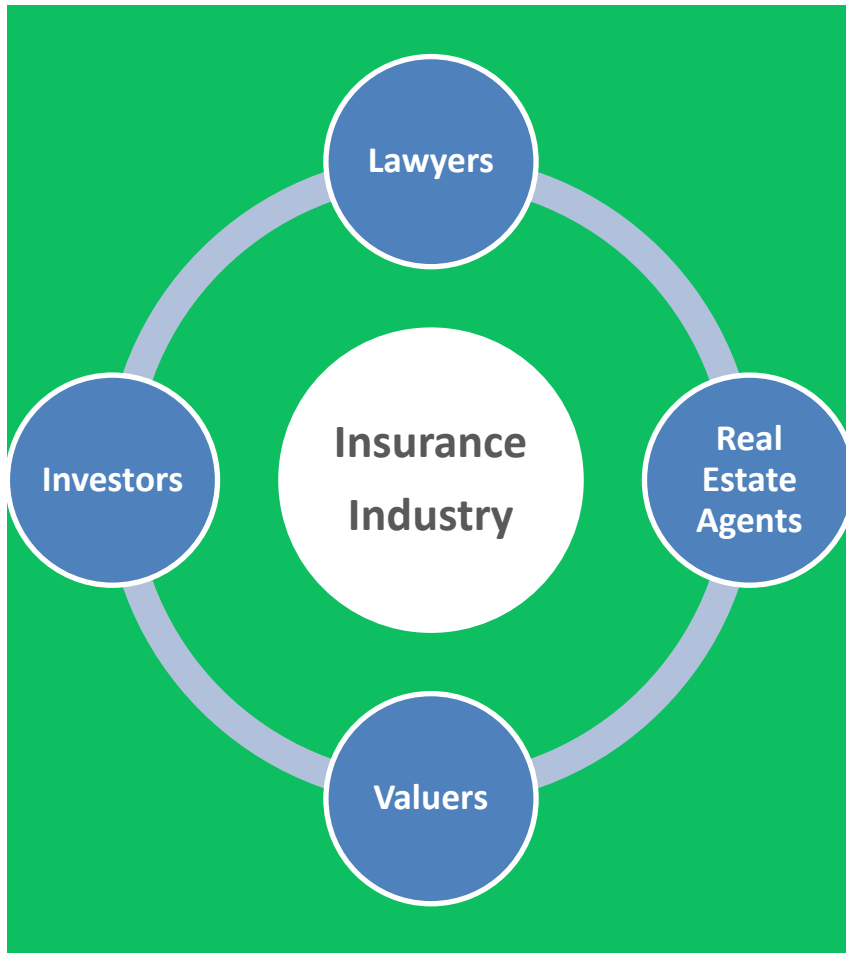
TOTAL GWP
2014: €490m



Normal Real Estate Risk Management



Weaknesses?



The problems with annually renewable insurance

- The property market is cyclical & everyone is exposed to regular fluctuations
- Has the professional bought enough cover?
- How much will it cost next year?
- Will it even be available next year

DUAL Asset Underwriting

Insurance business which provides Warranty & Indemnity products to protect or help transact assets more efficiently

Real estate ownership risks
Worldwide

Risks involving inherited
assets

Risks associated with
Renewable Energy projects

Transactional Insurance

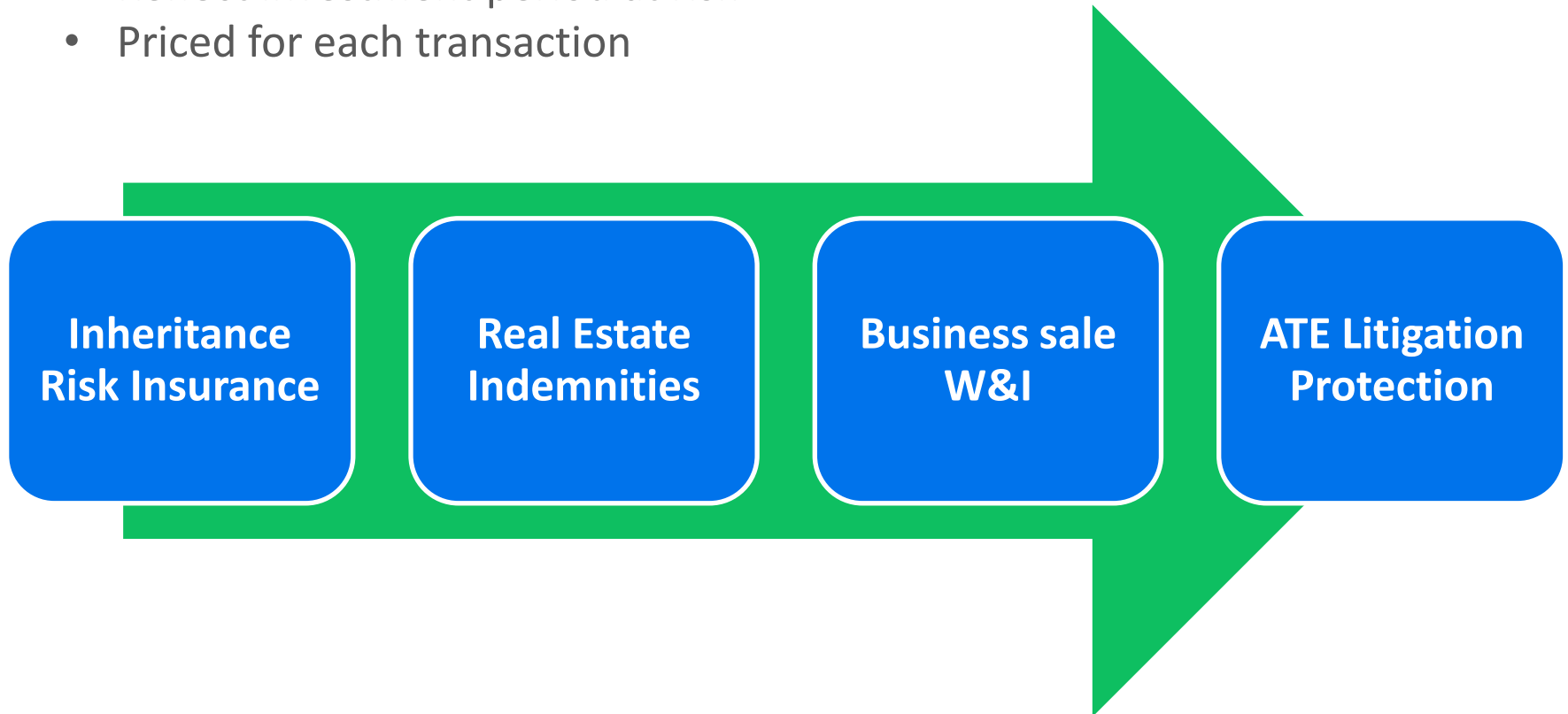


Risks can include:

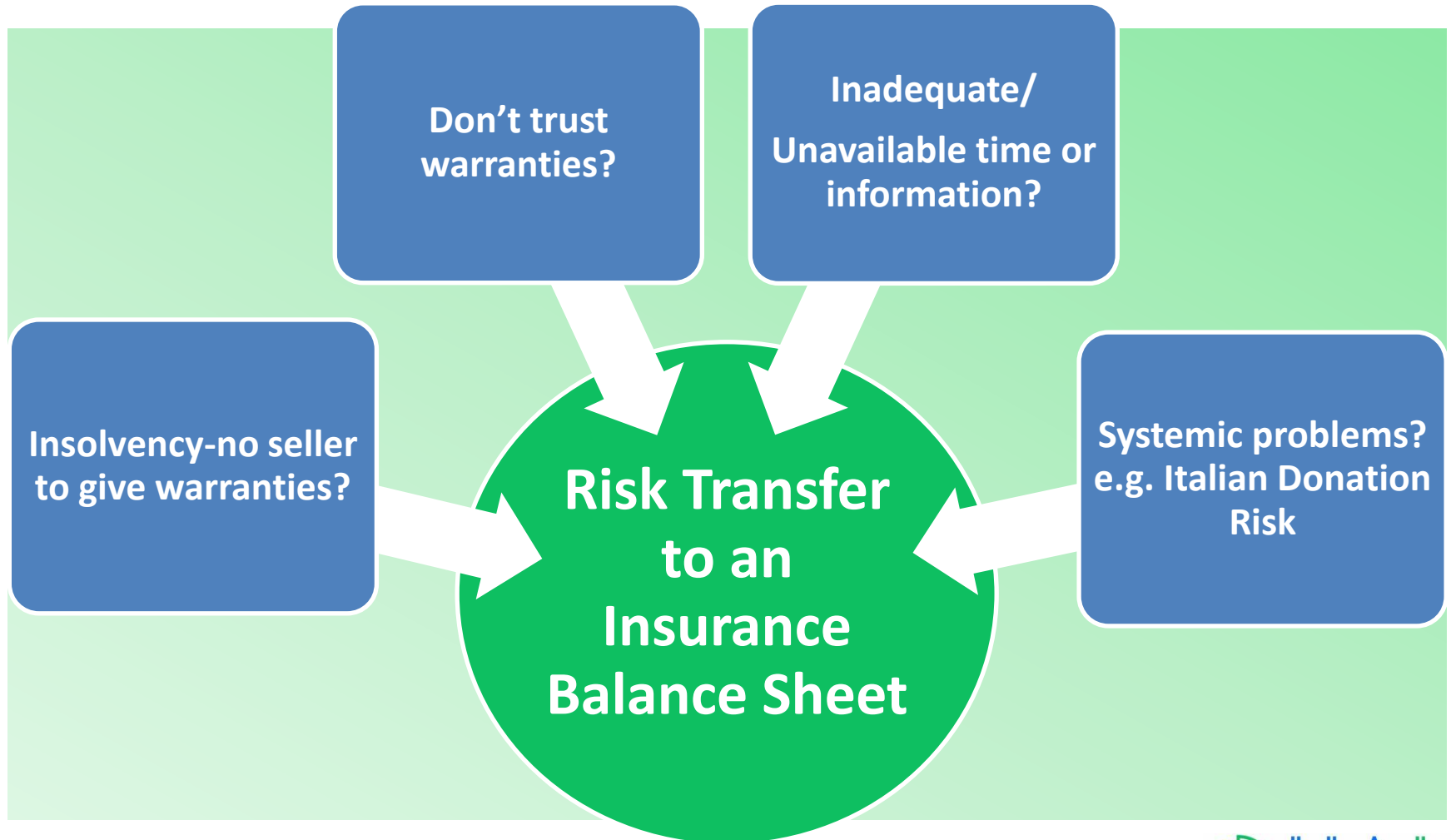
- Mistakes by the professional
- Existing technical or theoretical issues such as
 - Violation of planning laws
 - Donation
 - Inadequate rights for access/utilities
 - Badly drafted leases
 - Missing mortgage certificates or other documents/ permits

Transactional Insurance Products

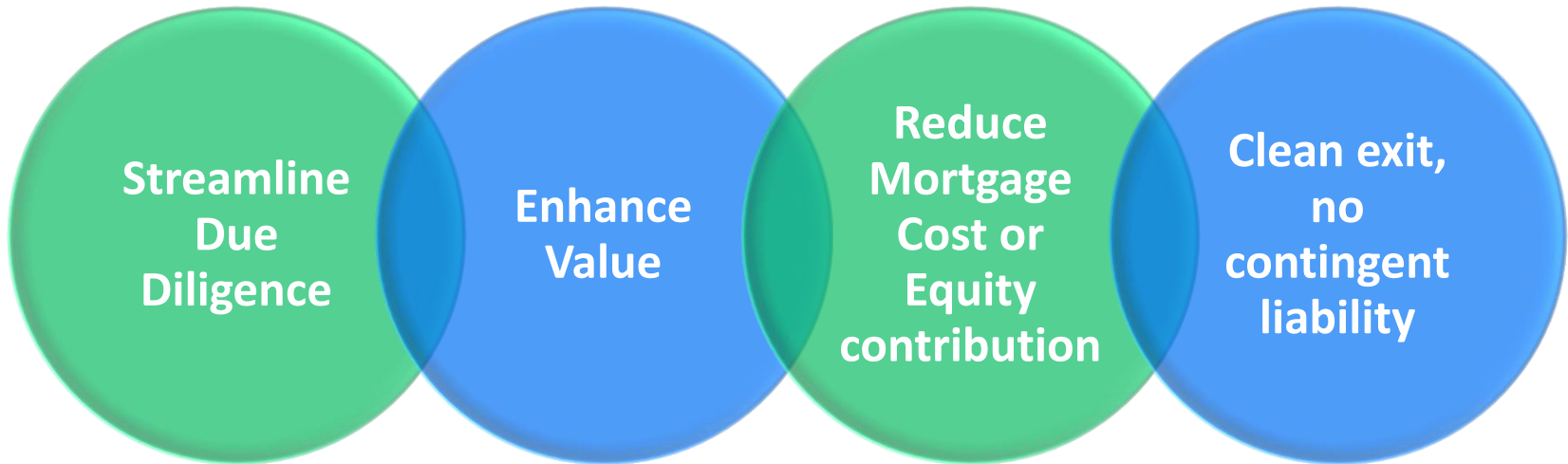
- Tailored to each transaction
- Asset Specific
- Focused on local geographic risks
- Reflect investment period at risk
- Priced for each transaction



Why Transactional Insurance is becoming popular in countries with stable/advanced legal systems?



Real Estate & Mortgage Insurance



What is title / legal indemnity insurance?

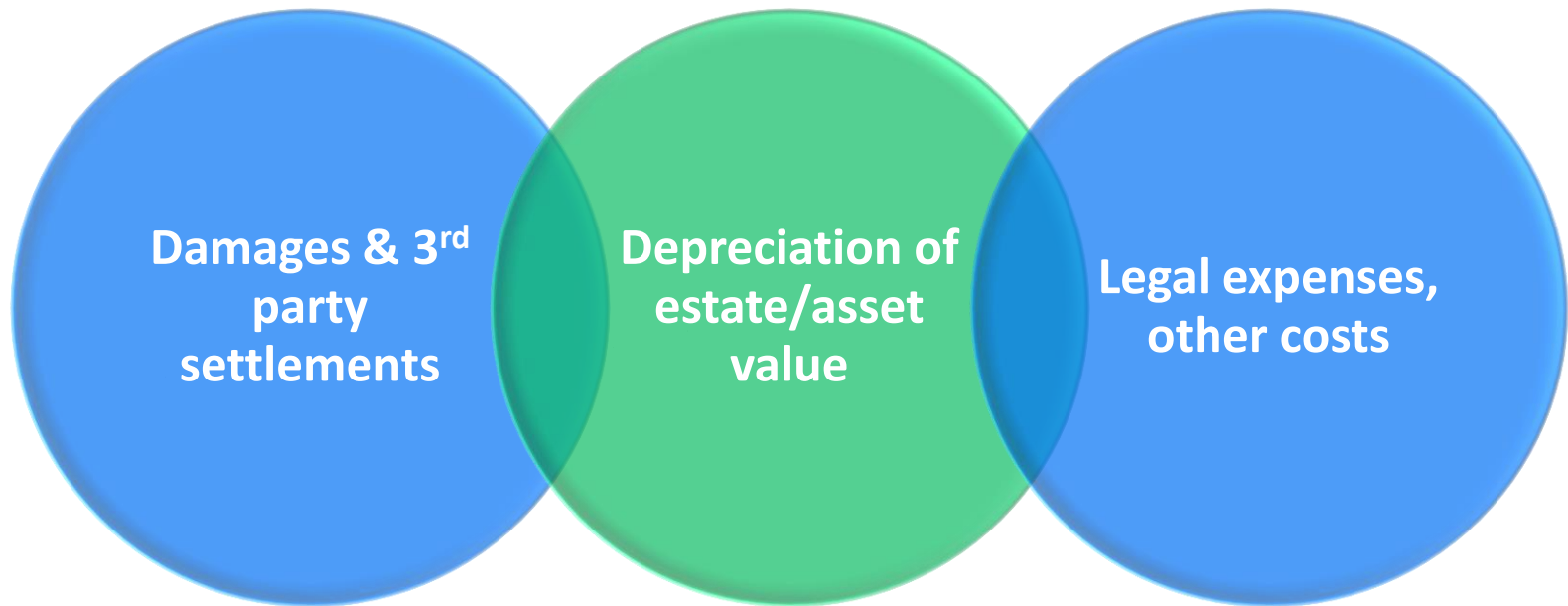
How does legal indemnity insurance assist in a conveyancing transaction?

Speeds up the conveyancing process

Provides solutions for legal problems that cannot be satisfactorily resolved

Assists with risk management in a conveyancing practice

What losses are covered?



W&I Insurance for Real Estate

When to use it?

Refinance of
existing mortgage
debt

Lack of warranties
in distressed asset
transactions

Legal team identify
specific legal
ownership issues

M&A support if
time, information
& budget limited

Business
interruption in
renewable energy
projects

Sales of
syndicated
mortgages

Due diligence
support for large
real-estate
portfolios

Tenancy issues for
relocation, refit
and business
interruption

Insolvency Sale - Case Study 1

- Sale of 240 properties, in Receivership
- Issues for Receiver:
 - No reps and warranties being offered
 - Potential sale price impacted
 - “Clean exit” essential
 - Bidders concerned about legal fees and timescales
- Solution:
 - “Title guarantee” commitment issued to protect winning bidder
 - Benefits tested in bid comparisons
 - Sale price achieved outweighed cost of premium by 21 times !
 - Policy issued in n/o eventual buyer
 - Receiver achieved clean and final exit
 - “Specific risk” policies issued free to buyers on subsequent sale

Mortgage Portfolio Sale - Case Study 2

- Acquisition of Mortgage Loan Book – 2500 residential assets in UK and Ireland
- Issues for Buyer:
 - Level of due diligence to be undertaken and cost?
 - Quality of security being acquired/mortgage enforceability if needed?
 - No warranties available
- Solution:
 - Policies issued totalling
 - Buyer obtains comfort of mortgage enforceability across whole portfolio
 - Completion speeded up by months
 - Significant cost savings on legal fees
 - Greater all round protection for buyer – and their lawyers!

Europe

- Risks specific to region, e.g:
 - France – challenges to building permits, lack of conformity certificates
 - Germany – Missing land charge certificates, missing historic deeds, voidable commercial leases
 - Greece- breaches of zoning and planning, corruption
 - Netherlands – lack of rights to overhang canals
 - Spain – building permit, planning and zoning issues
 - Central and Eastern Europe – restitution, zoning and planning, fraud
- Banks generally insist on title insurance
- Pricing – range 0.15% to 0.5% (€1500 to €5,000 per €1m cover)

Specific Commercial Real Estate Risks

**Zoning
Violations**

**Badly drafted
leases**

**Breach of
public
procurement
rules**

**Inadequate
easements**

**Gaps in
ownership
chain**

**Lost
mortgage/title
or share
certificates**

**Violation of
legal
restrictions**

**Outstanding
seller tax
liabilities**

Lenders' Indemnities

Coverage	Exclusions
Mortgage is not registered or deficient	Valuation errors
Borrower does not own the property	Future Compulsory Purchase
Property valuation is impaired by legal ownership problem	Building condition or fabric issue or structural failure
Borrower is not who they say they are or forgery	Credit risk
Other mortgages have priority	Building insurance risks

Donation risk

“Azione contro gli aventi causa
dai donatari soggetti a riduzione”

Italian law-a share of a deceased person's estate is “ring-fenced” for the surviving spouse and children

If the spouse and children are disinherited, they can challenge gifts of property made by the deceased

If the ring-fenced share is inadequate the estate can claw back property that was gifted

Where property is clawed back, the property is given back free of mortgage

As a consequence, selling and mortgaging gifted property is very difficult

Donation insurance will help the process of selling and mortgage these properties

Donation Risk

Solar farm developer taking 20 year lease of agricultural land

Land had previously been donated by father to son

Under Civil Code, spouse or kids can challenge donation

Bank refused mortgage finance

Insure bank from 3rd party enforcement of restitution right

Bank agreed to finance, much cheaper than a bank guarantee

Deal closes on time

DUAL Asset Underwriting

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making relationships count

