



# TITLE INSURANCE



# WHAT IS TITLE ?

- Ownership of Real Estate, recognized by law
- Recorded in property Title Registry
- Rights: Enforceable against third parties
- Rights: Sell, Lease, Inheritance

TITLE INSURANCE PROTECTS THE BUYER FROM TITLE DEFECT DISCOVERED AFTER PURCHASE OF THE INSURANCE



# NEED FOR TITLE INSURANCE

## 1. For DEVELOPERS - REGULATION

- Real Estate Act 2016



16. (1) The promoter shall obtain all such insurances as may be notified by the appropriate Government, including but not limited to insurance in respect of —

- (i) title of the land and building as a part of the real estate project; and
- (ii) construction of the real estate project.

Obligations  
of promoter  
regarding  
insurance of  
real estate  
project.

(2) The promoter shall be liable to pay the premium and charges in respect of the insurance specified in sub-section (1) and shall pay the same before transferring the insurance to the association of the allottees.

(3) The insurance as specified under sub-section (1) shall stand transferred to the benefit of the allottee or the association of allottees, as the case may be, at the time of promoter entering into an agreement for sale with the allottee.

(4) On formation of the association of the allottees, all documents relating to the insurance specified under sub-section (1) shall be handed over to the association of the allottees.



# NEED FOR TITLE INSURANCE

## 2. PERE FUNDS

- Attract institutional investments and Private Equity Real Estate capital  
Mitigates risks inherent in real estate acquisitions, strengthening the investment profile of the property

## 3. HOUSING FINANCE COMPANIES

- Mitigates risks inherent in real estate finance, relating to the borrower's title to the property and recording & priority of the mortgage. Strengthens the collateral supporting the credit and helps meet the lender's fiduciary obligations and reduce portfolio risks

## 4. LAND OWNERS

- Simplifies and expedites real estate sales by enhancing ability to buy, sell or seek finance



# RERA COMPLIANCE

*“The Promoter shall obtain insurance in respect of ... title of land and building”*

*“The Promoter is liable to pay the premium and charges in respect of the insurance” ..... “and shall pay the same before transferring the insurance to the association of allottees”*

- Transfer of benefit to Allottee
  - Insurance shall stand transferred to the benefit of the allottee at the time of promoter entering into an agreement for sale with allottee.
- Transfer of benefit to Association of the Allottees
  - On formation of the association of the allottees, all documents relating to the insurance shall be handed over to the association of allottees.





# RERA COMPLIANCE

- PHASED HANDOVER
  - Phase may consist of a building or a wing of the building in case of building with multiple wings or defined number of floors in a multi- storeyed building. Where the real estate project is to be developed in phases, every such phase shall be considered a stand alone real estate project, and the promoter shall obtain registration under this Act for each phase.
- DURATION OF COVER AND RESPONSIBILITY
  - Under the act, the promoter is required to compensate the allottee for any loss caused to him on account of defective title of the land in the manner provided under the act and such claim for compensation is not barred by limitation under any law.



# WHAT IS COVERED ?

A. Defect in, or Lien on the Title at the Date of Cover including but not limited to, indemnification of loss from a defect in the Title caused by:

- Forgery, fraud, undue influence, duress, incompetency, incapacity or impersonation
- Failure of any person or entity to have authorized a transfer or conveyance
- Document affecting Title not properly created, executed, witnessed, sealed, stamped, acknowledged, notarized or delivered
- Document affecting Title executed under a falsified, expired or otherwise invalid power of attorney

B. Defence Costs

C. Out of Court Settlement

D. Court verdicts including AO/ Tribunal under RERA



# WHAT IS EXCLUDED

- Risks created, allowed or agreed by the insured
- Pending Litigation
- Sovereign ownership claims. Ex: Expropriation
- Claim to Natural resources: water, minerals etc.
- Consequential Damage. Ex: Loss of future profits
- Actions of the Government







# SUM INSURED

- \* Gross Development Value (Aggregate Sale Price of all units)
  - Historically Purchased Land
  - Joint Development
  
- \* Per RERA, the benefit of insurance needs to be passed to the allottee at the time of agreement of sale
  
- \* Selling price of developer = Cost price of allottee
  
- \* Property Value Appreciates over time
  - \* Policy Endorsed to increase Limit of Indemnity



# TITLE INSURANCE STRUCTURE

## Policy Tenure

- 7 years (Alternate options upto 15 years)

## Projects Insured

- Under Construction & New developments

## Insured

- Promoter
- Allottees, Association of Allottees

## Sum Insured

- Gross Development Value of the project (GDV)



# THANK YOU

[neera.saxena@newindia.co.in](mailto:neera.saxena@newindia.co.in)  
[prabha.chokhani@newindia.co.in](mailto:prabha.chokhani@newindia.co.in)  
[lalit.Kharbanda@newindia.co.in](mailto:lalit.Kharbanda@newindia.co.in)