

## Item No: 8

### New Title Insurance Products

#### 1. Background:

- (i) Currently, a few general insurers in the Indian market are offering Title Insurance covers to promoters/developers. Considering the requirements of individual buyers and the need for legal protection for promoter in the early stages of development of the project, there is a need to augment the current insurance availability customized to the requirement of developers/promoters of the project and retail buyers.
- (ii) In order to meet the objective of offering basic title insurance covers by the general insurers for legal liabilities of promoters/developers towards defective title of the property, protection for individual buyers for the purchased units in the projects and to facilitate easy marketability of these products, the Authority had constituted a working group to suggest, inter alia, product construct and specimen policy wording in addition to the existing product.
- (iii) The Working Group recommended two additional products with specimen Policy Wordings. These products were placed as an exposure draft on IRDAI's website and based on feedback received from various stakeholders, the following products have been finalised.

#### **(a) Promoter Legal Expenses (Defence Cost) Policy:**

This cover will indemnify the insured against legal defence costs only against suits challenging the Title of the project.

#### **(b) Allottee/Individual Buyer Retail Policy:**

This cover is designed to indemnify the insured against loss from a defect on title of property. The policy may be opted by the individual buyer and financiers of the property at the time of the possession of the property for protection against any legal suits in future.

#### 2. Advantages/Benefits:

Some of the major advantages/benefits of the proposed new products are;

- a) These products will be complementary to existing products and provide options to customers that may improve marketability of title insurance.
- a) The retail property buyers can opt protection for purchased value at the time of possession of property for a period of their choice for any future title defects.
- b) The promoters/developers can exercise the option to cover defence cost only.

### **3. Proposal:**

- (i) It is proposed to issue a circular on new Title Insurance products, encouraging all general insurers to file them. The insurers can also design and file similar products, keeping in view the minimum coverage specified in the specimen policy wordings.
- (ii) The approval of the Authority is sought for issuance of circular and policy wordings of Promoter Legal Expenses (Defence Cost) Policy and Allottee/Individual Buyer Retail Policy.

Submitted for approval of the Authority.