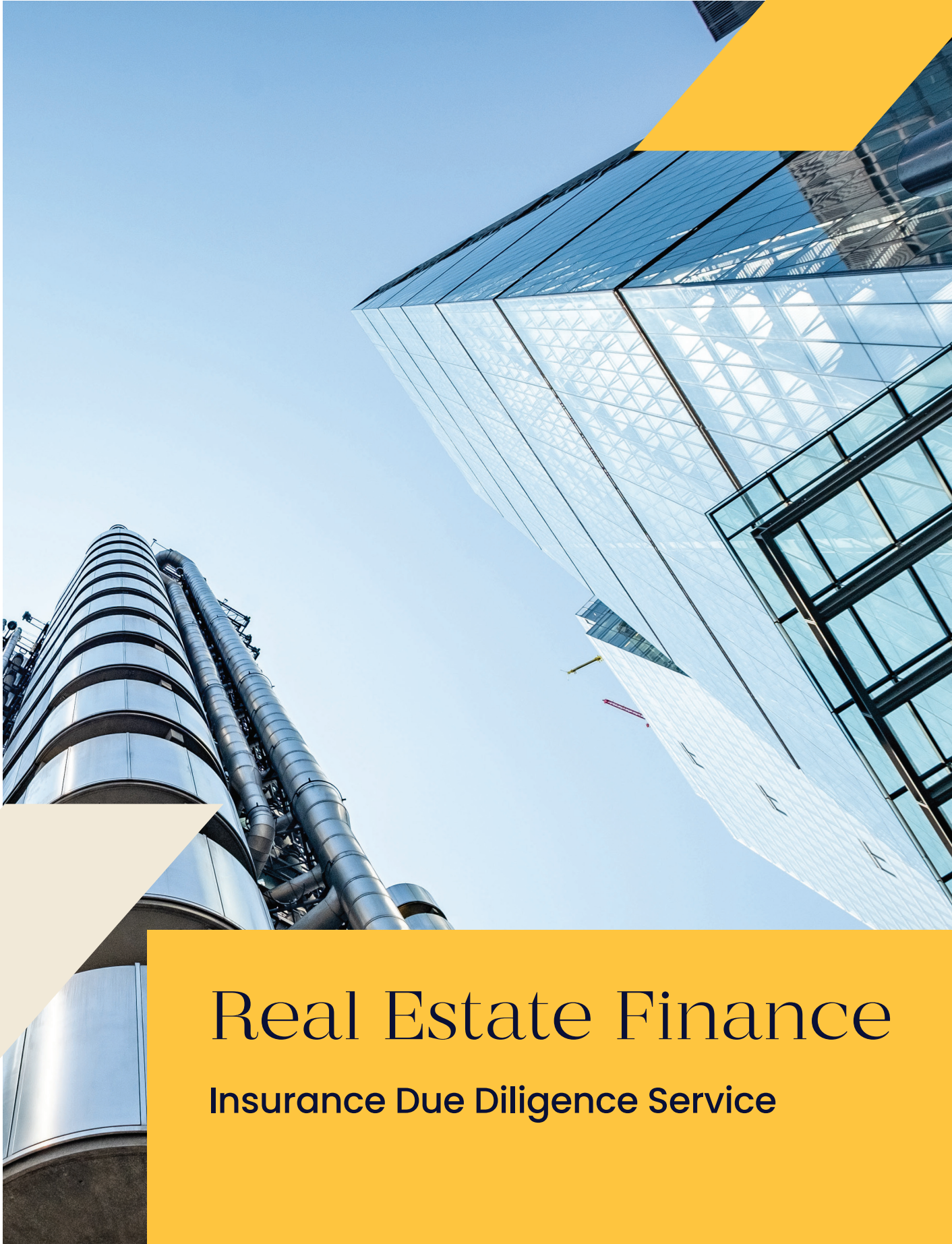


priceforbes



# Real Estate Finance

Insurance Due Diligence Service

# Introduction

As a provider of debt secured against real estate assets, you will be keenly aware of the importance of an effective borrowers' insurance programme as part of the overall security package. However, determining the appropriate insurances for each specific transaction requires the insight of an insurance expert who understands the nature of the risk and the range of available insurance products and markets.

## Our due diligence offering will help you to:



Scope a suitable set of insurance requirements in the loan to reflect the specific risks of the secured property.



Identify any risks to the ongoing insurability of the secured property during the loan term.



Obtain independent confirmation that the borrowers insurance programme meets the stated requirements at closing.



Find practical solutions to any areas of non compliance that cannot be resolved by the borrower.

## The Price Forbes Process

- 1 Determine the specific risks associated with the secured properties by reference to their location, construction and use and thereby inform your legal advisor's drafting of the insurance clause in the facility agreement.
- 2 Once the insurance clause is in agreed form, review the borrower's insurance documentation to ensure that it evidences compliance with the agreed provisions of the insurance clause.
- 3 Provide proactive support to the borrower's insurance broker to enable swift rectification of any identified areas of non compliance, thereby minimising or eliminating impact on drawdown timeline.
- 4 Where there are areas of non compliance identified that cannot be resolved, work with you and the borrower to procure suitable transaction specific insurance solutions to allow the transaction to progress.
- 5 Issue a reliance report to you in approved format with agreed addressee language.

# Transaction Specific Insurance Solutions

From time to time, issues are identified during the due diligence process that prevent a lender from proceeding unless the risk can be mitigated. If the borrower cannot resolve the issue themselves, Price Forbes will use its expertise and market knowledge to seek a bespoke insurance solution to facilitate the completion of the loan.

## Transaction specific insurance case study 1

Our client, a Pfandbrief lender, was seeking to lend on a long leasehold property. The borrower, as leaseholder, had no contractual right to have the lender added as a composite insured on the landlord's insurance policy, which caused an issue for the lender given Pfandbrief requirements. Price Forbes were able, in a short space of time, to procure a contingent property damage insurance that allowed the lender to satisfy the Pfandbrief requirements and close the transaction on time.

## Transaction specific insurance case study 2

Lawyers for our lender client identified an unacceptable forfeiture risk in the long lease held by the borrower. The lenders' insurance due diligence provider was unable to identify an insurance solution. This position was confirmed by the borrower's insurance broker. Price Forbes were subsequently approached by the lawyers to get a final confirmation that this was an uninsurable risk. To the contrary, within 24 hours, we had obtained an insurance solution in the name of the lender at negligible cost, mitigating the forfeiture risk and enabling the transaction to proceed.



# About Price Forbes

Price Forbes is part of Ardonagh Specialty, the largest independent broker in the London market with offices around the globe and a newly streamlined portfolio. As a widely respected authority in open market insurance, Price Forbes brings together a number of historic brands with a bold and progressive agenda to better meet clients' needs.

## Real estate team

Our team has many years experience working for both borrowers and lenders in the real estate sector across all asset classes. We pride ourselves on proactive management of the process, keeping all parties informed throughout so that the insurance workstream is completed in good time.

You will benefit from one key point of contact to manage our activity on each transaction, backed up by a team of specialists with knowledge of all specific lines of insurance that may be relevant to the transaction.



## Meet the experts

To discuss this service with one of our team, please contact us:



**Craig Taylor**  
Executive Director

T +44 (0)750 086 4451  
E [craig.taylor@priceforbes.com](mailto:craig.taylor@priceforbes.com)



**Chris Rogers**  
Associate Director

T +44 (0)782 185 0136  
E [chris.rogers@priceforbes.com](mailto:chris.rogers@priceforbes.com)



**Jack Stevens**  
Client Manager

T +44 (0)746 985 3639  
E [jack.stevens@priceforbes.com](mailto:jack.stevens@priceforbes.com)

**[priceforbes.com](https://www.priceforbes.com)**

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615-2407