



## 5 Reasons to Use Title Insurance

Title Insurance can be used as a risk management tool in the conveyancing transaction.

Below are real claims covered by Stewart Title. These claims demonstrate the value of title insurance policies in providing protection to home buyers and existing home owners against certain unknown and hidden risks inherent in property transactions.

With no excess payable on claims, the insured is compensated for the full value of their loss on a no-fault basis.\*

### 1. Illegal Conversion

Our insureds purchased a large piece of land, which included a house. Following settlement they approached the local shire to obtain a copy of the house plans to build an extension. The shire informed them there were no such plans and that the house was converted from a barn without a building licence. The shire notified our insureds that the barn was an illegal dwelling and legal action might be taken against them if they continued to use it as such.

#### *The Resolution*

Stewart Title compensated the insureds for the full value of the house, and valued as though it were approved. The value of the house was determined by an independent valuation also paid for by Stewart Title.

### 2. Adverse Affectation

Several weeks after settlement of purchase, our insured received a rates notice from Council which included a special charge for road upgrading which had been levied against the insured property.

Whilst the special charge had been disclosed in the Council information certificate attached to the Contract for Sale, the conveyancer due to an oversight, had failed to inform the insured of the special charges scheme prior to settlement. As the new owner of the property, the insured was liable to pay the special charge in the sum of \$14,500.

#### *The Resolution*

Stewart Title paid the outstanding special charge to the Council in full releasing the insured from any liability to pay the charge.

Although the claim was a result of an error, Stewart Title waived its rights of subrogation under the policy against the conveyancer and did not take subsequent action to recover the outstanding special charge from the conveyancer.

### 3. Unapproved Carport

Following settlement of the purchase of a home, our insured received a Building Notice from Council in relation to a large carport which had been erected on the property by the previous owners without a building permit.

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Council required a certificate to be issued by a registered building surveyor confirming that the carport complied with the relevant provisions of the Building Act 1993 and Building Regulations 2006. A registered building surveyor carried out an inspection and required the insured to obtain:

- a Structural Engineer's Report;
- Draftman's plans for the carport;
- Geotechnical Report;
- Soil Report; and
- Plumbing works to be carried out to connect the downpipes on the carport to the existing storm water system.

#### *The Resolution*

Stewart Title indemnified the insured and paid for the various reports to be provided to the building surveyor and paid for the plumbing works to be carried out. Stewart Title handled all correspondence with Council and the building surveyor and arranged final inspections and a final certificate of compliance to be provided to Council. Council cancelled the Building Notice.

#### **4. Breach of Building Licence**

Our insureds purchased their home and at the front of the property stood an attractive front entrance gate supported by brick piers. Nothing appeared untoward with the gate and piers at the time of purchase. The orders and requisitions from the local shire confirmed there was a building licence and the insureds' structural engineer's report did not reveal any defects in the construction.

Several years later, the neighbour complained to the Council that one of the brick piers encroached onto his property. The shire inspected the property and confirmed that the pier did indeed encroach over the boundary with the neighbour and onto the street in breach of the conditions of the building licence. The shire ordered our insureds to relocate the pier within the property boundaries and then provide a survey report confirming this had been done.

#### *The Resolution*

Stewart Title paid for the cost of demolishing and rebuilding the pier and re-hanging the gate within the property boundaries as well as the cost of the surveyor's report.

#### **5. Outstanding Work Order**

Our insured purchased a property that was serviced by a septic system. Unknown to our insured, there was an outstanding work order against the property issued by the Water Corporation for the connection of the property to the public sewer and the decommissioning of the septic system. As the new owner of the property, our insured was required to comply with that work order, which involved digging up the driveway.

#### *The Resolution*

Stewart Title indemnified the insured for the costs of connecting to the sewer and decommissioning the septic system.

**Contact us for more information.**

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\*Please note that coverage under the policy for unapproved building work is capped at \$160,000 and coverage for boundary and survey risks will not apply to land where the land area size exceeds 50 acres.

This material is intended to provide information of a general nature. Please refer to the policy for full details, including the specific terms and conditions. Sample policies are available on our website or upon request. Stewart Title Limited ARBN 101 720 101 (United Kingdom).

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AU-302-SA, TAS & QLD | 10/17