



Message from the GM: Core Values



Welcome to the spring 2017 edition of *The Connection*! At Stewart Title, our clients and business partners are of utmost importance and supporting the legal and conveyancing community throughout Australia is central to everything that we do. While reflecting over my past five years as General Manager, I was continually reminded of the great team we have at Stewart here in Australia. I'm certain each of you know at least one representative from our [business development team](#) who are backed by our finance, operations and customer service teams as well as our legal department. I truly admire their embrace of Stewart Title's culture and traditions as evident in the relationships built with thousands of lawyers and conveyancers across Australia.

I'd also like to take this time to reiterate our long-standing values which continue to drive Stewart's business worldwide:

Support for Lawyers and Conveyancers

Our unwavering philosophy is that the role of a title insurer should be to underwrite risk, allowing lawyers and conveyancers to provide conveyancing services and prepare transfer documents. Stewart Title does not support programs that reduce or eliminate the lawyer's or conveyancer's role in real estate transactions.

This is a worldwide commitment and Stewart Title has an impressive record of supporting legal and conveyancing professionals to protect their role in conveyancing transactions. In Australia, Stewart Title's sole business is that of title insurance, while providing the highest level of service to lawyers, conveyancers and our mutual clients.

Stewart Title will continue to serve and partner with the legal and conveyancing community to enhance the service and standards of the property market in Australia.

Due Diligence

Title insurance is a risk management tool which complements and supports the due diligence of lawyers and conveyancers and provides a safety net for property purchasers and owners. With property purchasers and owners ever more vigilantly monitoring their dollar spent, many quite simply will not pay for many searches and reports which are available, including a boundary survey. Some of the risks covered by a title insurance policy may not even be discoverable by a

search, such as unregistered easements or covenants, and in many cases it is risky to bring the property to the attention of Council.

No matter how many due diligence investigations and reports are completed, a title insurance policy from Stewart Title provides effective risk management for those risks which cannot be discovered or are errantly reported to an insured.

Lawyers and conveyancers are experiencing the biggest ever changes to their businesses with more expected and required from them when conducting a conveyancing transaction. Property professionals are taking on an increasing level of due diligence and risk for themselves and their clients. Look to Stewart Title to help manage this risk through a title insurance policy.

When issues with your client's property are identified post settlement, take comfort when you see a Stewart Title policy in your conveyancing file.

Manage your and your clients' risk – advise them to take out a Stewart Title policy on every transaction.

Warm regards,

Ciaran Westland
General Manager

2 October, 2017 – NTL (AU)

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Increased Cap on Cover for Unapproved Building Work

To ensure that our clients receive the most comprehensive and cost-effective title insurance coverage in the marketplace, Stewart Title is pleased to announce that we have raised our cap on cover from \$150,000 to \$160,000 for losses resulting from unapproved building work.

This increase in cover will be applied to the following policies ordered on or after **1 October 2017**: Residential Purchaser, Residential Existing Owner, Residential Strata, Residential Strata Existing Owner and Commercial Purchaser (under \$5 million).



We are also pleased to inform you that this increase in cover will be applied:

- At **no additional premium**
- With **no reduction in cover**

Coverage for unapproved building work **will continue to include** losses resulting from:

- **Unapproved Building Work** - enforcement action by a Local Authority in relation to structures which have been built or modified by any previous owner of the property without obtaining building or development approvals; or
- **Non-Compliant Building Work** - enforcement action by a Local Authority in relation to structures which do not comply with building or development approvals issued by the Local Authority, including structures which do not comply with building or development approvals because the structures have not been built in accordance with applicable building codes and standards.

For rural properties, this cover is limited to the main residence, including sheds, carports, garages used for residential purposes and any swimming pool.

As always, you will continue to benefit from our competitive premiums, the knowledge of our experienced team and our commitment to providing the conveyancing profession with the tools and support needed to stay at the forefront of the settlement transaction.

Should you have any questions regarding this notice, please do not hesitate to contact us on **1800 300 440** or your local [Business Development Manager](#). He or she will be happy to answer any questions you may have.

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Stewart Title's Commercial Purchaser & Existing Owner Cover Explained

Whilst most conveyancers in Australia are aware of the benefits of title insurance as a risk management tool for clients buying or selling residential properties, Stewart Title also provides title insurance coverage for buyers, sellers and existing owners of commercial property.

Buying a commercial property can be a risky proposition. Whether the property is zoned commercial, industrial or business, most of the same risks which apply to residential property also apply to commercial properties.

Have all of the improvements on the land been constructed with Council approval? Are the physical boundaries in line with the legal boundaries? Are there any encroachments? Have all of the conditions of the original development consent relating to the property been complied with? Are there any unregistered interests in the land, such as easements, covenants, or rights of way? Does the property comply with the zoning?

The consequences of non-compliance with planning, building or development laws and regulations, or encroachments or claims by third parties in relation to alleged interests in the land can be catastrophic for a commercial purchaser.

How can buyers effectively manage these risks?

Conveyancers should be aware that their clients can obtain protection by obtaining a Stewart Title "Commercial Purchaser Policy" or "Commercial Existing Owner Policy".

Title Insurance Coverage for Commercial Properties

Stewart Title offers a "Comprehensive Commercial Purchaser Policy"¹ which provides cover in relation to a broad range of risks, including:

Illegal Building Work

Illegal structures which have been built without the required Council permits or which do not comply with those permits (for rural properties this cover only applies to the primary residence and not to other structures on the property)

Survey/Boundary Defects

Any adverse matters that would have been revealed in an up-to-date survey report (excluding boundary walls and fences)

Registration Gap

Someone else lodges a dealing which prevents your interest from being registered or recorded (not available for existing owner policies)

Fraud, Forgery & Identity Theft

Loss due to fraud, forgery or identity theft which affects your ownership at the time of purchase (during the registration gap – not available for existing owner policies)

Planning & Title Defects

Loss due to non compliance with zoning laws, unregistered easements & covenants, lack of legal access, defects in title to the land

Unmarketability

Loss on resale of the property because of the existence of a covered title risk

Outstanding Rates and Taxes

Outstanding rates and taxes on the property which you are now liable for as the current owner of the property (not available for existing owner policies)

Defence of Title

In addition to indemnifying the insured from actual loss arising from a risk covered in the Commercial Purchaser or Commercial Existing Owner Policy, Stewart Title will also cover the costs, legal fees and expenses associated with defending the insured's title against litigation arising from covered title risks.

We call this our "Defence of Title" cover. Such costs are in addition to any liability the insurer may have in respect of the indemnity amount contained in the Policy.

This defence of title is extremely valuable cover for buyers or existing owners who may find themselves in a position of having to defend a claim brought by a third party, such as a neighbouring property owner, alleging an interest in the insured property. Defending such claims can be very expensive.

The defence of title cover provided is effectively a "fighting fund" for the insured against legal costs which may be incurred in relation to defending any legal proceedings commenced against the insured relating to a covered risk.

Custom Commercial Property

Stewart Title is also able to provide custom coverage for commercial properties with a purchase price of over \$5,000,000 AUD (exclusive of GST) which may be tailored to suit your client's risk management needs. This means that a buyer may select the coverage which is best suited to the needs of the transaction. Premiums are based on a cents per thousand basis. Coverage and premiums are on application only.

Stewart Title's Underwriting Team in Australia and overseas has extensive experience with underwriting commercial transactions and providing risk management solutions to a range of commercial buyers and investors, from small family businesses to multi-national global corporations and equity funds.

Stewart Title Custom Commercial Policy

Hotel in Melbourne's CBD

A stylish modern hotel located in the heart of Melbourne was recently purchased for over \$50 million. The purchaser approached Stewart Title to obtain a custom commercial policy. This purchaser elected to receive our standard Ownership Risks cover with additional Survey Cover. This meant they were covered for any actual loss they sustained against any ownership risks.

An ownership risk is an unknown defect that affects the Insured's ownership or renders the Insured's title unmarketable. Survey Cover provides cover for any actual loss the Insured sustains against any title defect or adverse matters that affected the Land which a current survey report would have disclosed. By electing to obtain our custom commercial policy, this purchaser was able to select the coverage they wanted to best suit the needs of their transaction.

¹ For commercial properties with a purchase price up to and including \$5,000,000AUD (excluding GST)

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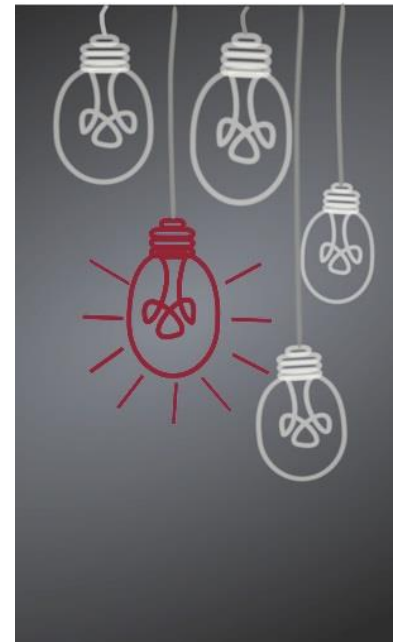
New Key Facts Sheets for Residential and Commercial Policies

Available as of 1 October, new “Key Facts Sheets” will be provided with every Policy Order Confirmation issued for Residential Strata, Residential Existing Owner and Commercial Purchaser policies. A Key Facts Sheet for our Residential Purchaser policy was made available earlier this year.

These fact sheets provide insureds with an overview of the features of the policy along with a quick reference chart outlining key covered risks and provisions, conditions or limits that may apply.

To download copies of our Key Facts Sheets, please visit the Consumer Resources section of our website (www.stewartau.com).

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Claims Update

Stewart Title has a long history of issuing title insurance policies and our financial strength and claims paying ability make us an industry leader. Claims are resolved in a timely manner through a professional, practical and result-oriented approach.

Recent residential claim scenarios handled by our Claims Team:



Unapproved Water Feature

Our insured purchased a home for \$1,960,000 which included a water feature on the property. Nine months later, he received correspondence from Council advising that they intended to investigate an allegation that the concrete/stone water feature was an unauthorised building work which encroached onto Council land and was causing excess water leakage from the front of the property.

After the investigation was completed, our insured received a Building Notice from Council which confirmed that water was flowing from an agricultural pipe to the road edge. Council advised that no Development Approval or construction certificate was obtained and all parts of the water feature structure on the footpath reserve required removal.

The insured arranged for an identification survey to determine what portion of the water feature encroached onto the footpath. The identification survey determined that the water feature encroached onto Council land by up to 4.4 meters.

The Resolution:

After opening a claim, Stewart Title was advised by Council that the section of the land that the water feature encroached onto could not be purchased and the structure needed to be removed.

A Building Consultant and Engineer were appointed and determined it would cost \$105,000 to modify the water feature to bring it into compliance with Council requirements and to re-landscape the affected area. After work commenced, it became evident that additional structural work was required to make the water feature's foundation stronger, further adding to the cost.

Once completed, Stewart Title paid a total sum of \$192,000 for the work needed to modify the water feature and to cover the costs of all expert and solicitor fees. The insured paid no excess on the claim.

Non-compliance Ancillary Accommodation

Our insured purchased a residential dwelling with additional ancillary accommodation in Western Australia for \$490,000. Following settlement, the insured made enquiries with Council in relation to adding a garage on the land.

After visiting the property, Council became aware that a garage previously approved was being used as ancillary accommodation. The insured was issued with a Notice requiring them to return the ancillary accommodation to its approved condition or to undertake the necessary steps to make it compliant with Australian Standards.

The Resolution:

After learning that the ancillary accommodation was to be occupied by the insured's son, Stewart Title appointed a Building Certifier who advised that minor works needed to be undertaken in order to achieve compliance as an ancillary accommodation.

Stewart Title paid over \$145,000 to cover the costs associated with bringing the ancillary accommodation in compliance with Australian Standards. These costs included the installation of insulation in the walls and roof, upgrading of the septic system, the acquiring of a glazing certificate and the retaining of an engineer to update building plans and ensure structural adequacy of the accommodation. The insured paid no excess on the claim.

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Change in Cover for Non-Compliant External Cladding

Affects Residential and Commercial Purchaser Policies Issued for Strata Properties

In September 2017, the Senate Economics References Committee (SERC) – Non-Conforming Building Products published its [Interim report: aluminum composite cladding](#) which clearly established how widespread the use of non-compliant external cladding has become in many construction projects throughout Australia. Thousands of buildings have been identified as containing this external cladding, which has been found to be the key catalyst in building fires [reported](#) around the world.

Taking into account these external forces and unique market conditions, Stewart Title had to examine its risk tolerance and make adjustments to cover. Accordingly and **effective immediately**, loss or damage arising from non-compliant external cladding is excluded from cover for all Residential Strata Policies and Commercial Purchaser Policies issued for strata title properties.

The specific wording of this exclusion will be found on Schedule B and reads as follows:

Exclusion from Cover

The coverage provided in sections 2.1 (h) and 2.1 (j)(i)- (iii) inclusive of the Policy will not apply to any loss or damage arising from any non-compliant external cladding of the building which forms part of your Strata Unit outlined in Schedule A, including but not limited to, any liability arising from any periodic or special levies which are struck prior to or after the Policy Date that relate to non-compliant external cladding of the building, and any enforcement action issued by a Local Authority requiring you to rectify, alter or replace the non-compliant external cladding of the building, because the external cladding does not comply with building or developments approvals from the relevant Local Authority which were granted at the time the building was constructed.

Affirmative Cover

Nil.

Despite this change, we are proud to still offer the most comprehensive and cost-effective title insurance coverage in the marketplace, including the recently increased cap on cover for losses resulting from unapproved and non-compliant building work (from \$150,000 to \$160,000) for Residential Purchaser, Residential Existing Owner, Residential Strata, Residential Strata Existing Owner and Commercial Purchaser (under \$5 million) policies.

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2017 Events at a Glance

At Stewart Title we appreciate spending time with our valued clients and meeting new faces at various events we host and attend across Australia. Below are snapshots of just some of the events our team has enjoyed participating at throughout 2017:

Adelaide Fringe

Earlier this year, Stewart Title hosted a fabulous night at Adelaide Fringe starting with a private cocktail party at the Adelaide Fringe Club and a private show by some of the Fringe's hottest acts. We then walked through the Garden of Unearthly Delights to see a fabulous show called "Soap".



BPG Seminar – NSW

During our time as sponsor of the Coffs harbour region BPG seminar, members of our team enjoyed a lovely evening dinner with local conveyancers from the area along with guest speakers for the event.

AIC-PEXA roadshow

We were proud to be a sponsor of the many “Conveyancing Transformed” educational roadshow events hosted in part with the AIC and PEXA.



Paul Watkins of Stewart Title presents to lawyers and conveyancers on the benefits of title insurance at the Traralgon edition of the AIC-PEXA-Stewart Title roadshow, June 2017.



Greg Cooper of Stewart Title speaks at the AIC-PEXA-Stewart Title roadshow on the benefit of using title insurance.

National AIC Conference 2017



Professor Peter Butt at the Stewart Title booth during the 2017 AIC National Conference.



The Stewart Title Team at the 2017 AIC National Conference.



Congratulations to Kim MacDonald for reaching an amazing milestone. Forty years in settlements!



While many of you know our wonderful Paul Watkins as General Counsel for Stewart Title, Paul also shares a great passion for drumming. While at the 2017 AIC National Conference, Paul joined in to play with the band during the final two songs!

Asian-Australian Lawyers Association WA Branch Launch

Stewart Title was on hand and was a sponsor at the launch event for the Asian-Australian Lawyers Association (AALA) WA launch on 5 July 2017. This association was founded in 2013 and is the first incorporated association in Australia to focus on the growing number of Asian Australian lawyers in the profession, as well as other lawyers with an interest in Asia.



The WA branch was grateful to the Hon. Michael Kirby, AC, CMG for being the key note speaker for this launch day event.

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