

To insure legal risks in real estate is an opportunity

URL:

<https://iberian.property/editorial/To-Insure-legal-risks-In-real-estate-Is-an-opportunity-within-the-Portuguese-market/>

It is already possible to insure legal risks in commercial real estate operations, and this is a business opportunity within the Portuguese market to which Secure Legal Title is alert.

The company, headquartered in London, was invited to the latest Imojuris Conference Breakfast, which took place on the 7th of November at the Hotel InterContinental, in Lisbon, and it was represented at the occasion by Joel Peck, Co-Founder and CEO, and Jean-Bernard Wurm, Co-Founder and Managing Director of the company.

How to insure legal risks in real estate transactions, including real estate M&A (mergers and acquisitions) operations was the theme of the debate which gathered the two representatives from Secure Legal Title and some of the main Portuguese real estate lawyers representing legal firms such as Morais Leitão, PLMJ, RSA Advogados, Sofia Galvão Advogados, SRS Advogados, Uría Menéndez - Proença de Carvalho and VdA.

For Jean-Bernard Wurm, the great advantage of this type of insurance is to pass the risk from the buyer to the insurer, and make possible some hard (or even impossible) transactions. He further assures that it is a business opportunity which is growing in the Portuguese market, and this is a market where we will keep betting in the near future.

Secure Legal Title (SLT) already operates in the European market through Title and Warranty & Indemnity Insurances issued by Lloyd's and AXA, its two partner insurance companies, acting essentially in large operations (normally higher than 10 million euro) led by equity funds, for example. The figure of the Title Insurance Policy already exists in the United States, for example, and REITs (Real Estate Investment Trusts) also use it: it is as if it was a "custom made suit" customized in partnership with the lawyers from each country, since they know the market best, namely in terms of licensing, remarked SLT's Managing Director.

All risks covered by this type of insurance have a legal source. Wurm explained that we do not cover market or environmental risks, nor fines, nor penalties, he exemplified. Specific risks which lawyers and notaries identify during their due diligence are covered, as well as other risks which concern the licenses' validity or leasing contracts.

Examples of identified risks are lost documents, zoning and licensing discrepancies, the potential nullity of the agreement between the parts in hotel and apartment developments, leases or contracts for which the EU directives were not followed or applied, matters related to restitutions or privatisations, fraud, regulations' grey areas, among others.

Thus, by transferring risk to the insurer, these policies facilitate and accelerate acquisition transactions and financing.

In the case SLT, Wurm clarified that our policies are immune to Brexit, and are not subject to any consequences of Brexit if it comes into place.

Ana Tavares