

Our Tenant Default insurance is aimed at commercial landlords wishing to protect themselves against non-payment of rental income due to either insolvency or protracted default.

The cover provided is similar to that offered by a Trade Credit policy and is attractive to real estate owners:

- Policy underwritten based on the leasehold agreement between landlord and tenant
- Single or basket of risks, properties can be based in one or more premises
- Cover for non-payment of rent and for loss of future rental income
- Losses occurring during policy period with an additional six month future loss of rental income horizon post policy end date
- Maximum payable 12 months of rental income but covering an 18 month window
- Full claim eligible for payment immediately following claimable event date
- Claim payment in whole – no waiting for future rental due dates, thus providing excellent cash flow
- Fixed number of selected tenants covered, established prior to policy inception
- Only rental income covered
- Non-cancellable limits for the 12 month policy duration
- Minimum portfolio premium per landlord of £20k. Premium is fixed.
- Re-letting treated as recoveries
- Recoveries split between Insured and Insurer in ratio of Indemnity
- 12 month renewable policy period to run in tandem with the leasehold agreement
- Protracted Default period of 180 days
- Financial assignee in order to protect lender
- Policy is portable in the event of sale of property



### **What details do you need to provide to obtain a quote?**

Full request for details are contained within the Proposal form. All details required should be contained within your leasehold agreement. Once added to the proposal form this will form the basis of the insurance policy. Any future changes to this leasehold agreement will need to be approved by the Insurer in order to maintain cover.



**If the tenant could not honour the leasehold contract would the Insurer become involved in the legal debt collection or eviction process of the Tenant?**

No, the Insurer would expect you to follow the details of debt recovery and eviction process as stated in the leasehold agreement and your completed proposal form.

The Insurer would not be involved in any such collections or evictions procedure. Liability is restricted if the tenant remains in the property.

**Does the Insurer want to be advised of disputes and legal proceedings?**

Yes, please keep us up to date with any developments, it is a requirement of the Policy.

The only point at which we need to be consulted however, is to authorise the re-leasing of a property following a claim payment.

**Is the leasehold agreement legally enforceable?**

The responsibility to make sure that the leasehold agreement is legally enforceable rests with you. In the event that a court rules that the agreement is not legally binding then QBE would not be able to offer liability.

**At what point is an account reportable?**

Rental instalments are usually due quarterly in advance and have no terms of payment attaching to them. We would therefore expect them to be paid on the day. Payment dates are set out in the leasehold agreement.

We allow a 14 day 'Maximum Extension Period' before the account becomes reportable.

**After the account becomes reportable does this mean that we are not on cover for future instalments as per a normal good sold and delivered policy?**

No we have a commitment to future rental income lost due to a claimable event as defined within the policy wording.

**How is Protracted Default applied to the tenant default insurance product?**

It is possible that you may not receive payment from your tenant despite the fact that the company has not entered administration.

It should be within your power as the landlord to evict the client (contained within your leasehold contract) in the event of non payment. However you may not want or be able to do this immediately, you must work in collaboration with the Insurer.

**The leasehold agreement I wish to insure is for multiple years although the policy is only for 12 months?**

Yes that is correct. The risk of default by the tenant will need to be reviewed every 12 months. A credit risk is continually evolving. However, we do offer a commitment to renew providing the tenant has not deteriorated. We will cover you for loss of future rental income up to 6 months beyond the end of the policy period.

**Are costs involved with returning the premises to an agreed state, damage, loss adjustors, maintenance, rebuilding, replacement, sub leasing covered?**

No the cover is for rental payments only and these are set out within the leasehold agreement. Please view exclusions in the policy wording.

These additional associated costs are referred to as dilapidations.

**We have a mortgage on the property so would we be eligible for a policy?**

Yes and we could accommodate the mortgage company as an assignee for the policy in order to protect them. This policy can provide lenders of all types with security.

**Further information**

If you have any queries please contact your commercial underwriter or email us at [tradecrediteurope@uk.qbe.com](mailto:tradecrediteurope@uk.qbe.com)

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