

# POLICY TERMS & CONDITIONS



## LEGAL EXPENSES & RENT GUARANTEE INSURANCE

Tenant Referencing is a requirement of this policy

## LEGAL EXPENSES & RENT GUARANTEE INSURANCE

This Insurance is underwritten by Inter Partner Assistance S.A., a wholly owned subsidiary of the **AXA Assistance Group**, and administered by **Arc Legal Assistance Limited**.

Insurance Certificates are processed and issued by **Discount Insurance** a trading style of Home and Travel Ltd **authorised and regulated by the Financial Conduct Authority**. This can be checked on the FCA website at [www.fca.org.uk/register](http://www.fca.org.uk/register) or by contacting them on 0800 111 6768.

We adhere to the Codes of Practice of the Association of British Insurers (ABI), and the Insurance Ombudsman scheme. Your personal details and information provided are also covered by the Data Protection Act.

In the event of a valid Claim under this Insurance Certificate, Arc will appoint their panel solicitors, or their agents, to handle the Insured's case. The Insured is not covered for any other legal adviser's fees unless court proceedings are issued.

**Claims must be submitted by sending a correctly completed claim form with all required documentation to Arc within 45 days of the Insured Event. Failure to submit the claim within this time will invalidate the Insurance. Claim forms can be obtained by contacting the Claims Line on 0344 770 1079.**

All type of lets have to be FULLY referenced either by Discount Insurance or a Referencing company approved by Discount Insurance – these include DSS, Students, Self employed lets etc.

However, for full time employed Working Tenant(s) a 4 point check\* will suffice (Please note that the details have to be valid from the START of the Tenancy Agreement).

The 4 point check is:

- Identification from the Tenant, containing a clear photograph;
- Either a Utility Bill or Bank Statement;
- Credit check - clear of CCJ's, bankruptcies & indicating confirmation of residency;
- Confirmation of employment – a written employers' reference on company letter headed paper confirming the Tenant's permanent and current employment and that their salary is at least a multiple of 2.5 of the Tenant's Rent (The documents should be no more than one month old from the start of the Tenancy).

\*Please note that if the 4 point check is applied & is in place, there will be no need to do a Full Profile – though in the event of a claim, the responsibility lies with the insured to produce the appropriate documents. A 4 point check is only applicable if the Tenant(s) have not yet moved into the property before the first continuous policy is inception.

For further information or advice about Tenant Referencing, please contact Discount Insurance Tenant Referencing on 0333 0000 166.

# Definitions

**Wherever the following words and phrases appear in the Policy they will always have these meanings**

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## Adviser

Arc's panel solicitors or their agents appointed by Arc to act for the Insured.

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## Advisers' Costs

Reasonable legal fees incurred by the Adviser up to the hourly rate shown in the Arc fee scale ruling at the time the Adviser is instructed and disbursements essential to the Insured's case. Legal costs shall be assessed on the standard basis and third party's costs shall be covered if awarded against the Insured and paid on the standard basis of assessment.

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## Arc

Arc Legal Assistance Limited who administer this Insurance on behalf of IPA, whose registered address is Gatehouse, Lodge Lane, Langham, Colchester, CO4 5NE.

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## Claim

A claim under this Insurance Certificate for Advisers' Costs in Proceedings and / or Rent following an Insured Event which occurs during the Period of Insurance and within the Territorial Limits.

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## Contents

Furniture, carpets, curtains, blinds and all other property belonging to You (the Insured) or for which You are responsible as stated in the Dilapidations Inventory.

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## Credit Check

A credit check obtained from a licensed credit referencing company showing no County Court Judgements, bankruptcies and that the Tenant's residency has been confirmed at the addresses checked.

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## Deposit

The sum of money collected from the Tenant(s) which must be an amount equal to at least one months Rent shown in the original Tenancy and held by the Insured or his agent in accordance with Section 213 of the Housing Act 2004 (and any amending legislation) in respect of a Tenancy Agreement to which it applies as an indemnity for losses incurred by the Insured arising from Tenant(s) failing to perform his obligations set out in the Tenancy Agreement.

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## Discount Insurance

Discount Insurance is a trading style of Home and Travel Ltd who have arranged this Insurance on behalf of IPA, and are located at The Business Exchange, 26/28 Hammersmith Grove, London, W6 7BA.

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## Dilapidations Inventory

A full and detailed inventory of the Insured's contents and their condition within the Insured Property which has been signed by the Tenant(s).

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## Excess

The amount that the Insured is liable to pay before any Claim payment is made under an Insurance Certificate.

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## Guarantor

The individual or organisation shown in the Tenancy Agreement and has received a Tenant Reference and signed a financial guarantee of the Tenant's performance of his obligations under the Tenancy Agreement.

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## Insured

The Landlord shown in the Insurance Schedule and on the Tenancy Agreement who has paid the premium and been declared to Arc by Discount Insurance. If the Insured dies, his personal representatives will be covered to pursue cases covered by this insurance on behalf of the Insured that arose prior to the Insured's death.

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## Insured Event

An incident or the first of a series of incidents where the Tenant(s) fails to perform his obligations set out in the Tenancy Agreement relating to the rightful occupation of the Insured Property. Only one Insured Event shall be deemed to have arisen from all causes of action, incidents or events that are related by cause or time under the Tenancy Agreement.

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**Insured Property**

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The property shown in the Insurance Schedule and the Tenancy Agreement.

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**IPA**

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Inter Partner Assistance SA, who are the insurance arm of AXA Assistance and part of the worldwide AXA Group, located at The Quadrangle, 106-118 Station Road, Redhill, Surrey RH1 1PR.

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**Limit of Indemnity**

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The maximum payable in respect of an Insured Event.

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**Period of Insurance**

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The period shown on the Insurance Schedule.

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**Proceedings**

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The pursuit of civil legal cases for damages or injunctions against the Tenant(s) or Guarantor for repossession of the Insured Property and the recovery of costs within the Territorial Limits arising from an Insured Event.

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**Rent**

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The monthly amount payable by the Tenant(s) to the Insured as set out in the Tenancy Agreement.

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**Tenancy Agreement**

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A Tenancy Agreement between the Insured and the Tenant(s) in relation to the Insured Property which is:(a) An Assured Shorthold Tenancy Agreement as defined within the Housing Act 1988 (as amended);

- (b) A Company Residential Tenancy (Company Let) created after 28th February 1997 where the Tenant(s) is a public limited company (plc) or limited company (Ltd) and the Insured Property is let purely for residential purposes;
- (c) A written common law residential tenancy agreement created after 28th February 1997 between individuals where the Rent is in excess of £15,000 (or £100,000 after 1st October 2010) per annum or its equivalent outside of England and Wales but within the Territorial Limits.

The initial Tenancy Agreement must be for a fixed term of no more than 12 months which is:

- (a) Appropriate for the tenancy;
- (b) Signed and independently witnessed by the Landlord, the Tenant(s) and if recommended as part of the Tenant Reference, the guarantor;
- (c) Free from any unreasonably restrictive covenants.

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**Tenant**

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The occupier of the Insured Property named in the Tenancy Agreement as the Tenant who has received a Tenant Reference.

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**Tenant Reference**

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A full profile reference for the Tenant(s) and/or Guarantor clearly indicating a 'Pass' and recommendation to 'Proceed', obtained from Tenant Referencing company approved by Discount Insurance. Where the Period of Insurance started on or before the start of the Tenancy Agreement, Working Tenant(s) can be subject to: a credit check obtained from a licensed credit referencing company showing no CCJ's or Bankruptcies and that the person has been confirmed as a resident at the addresses searched; a copy of a photographic identification; a copy of supporting identification, which can be a utility bill, bank statement, birth certificate, payment slip or letter from the Inland Revenue or other government body & a written employers' reference on company letter headed paper, confirming the Tenant's permanent and current employment and that their salary is at least a multiple of 2.5 of the Tenant's Rent.

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**Territorial Limits**

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England, Scotland & Wales.

## Cover

**The Insured is only covered for the specific Section of Cover shown as operative in the Insurance Schedule.**

### Section 1

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The Insured is covered for Advisers' Costs in Proceedings up to the Limit of Indemnity if an Insured Event occurs during the Period of Insurance and the amount in dispute exceeds £250 including VAT.

### Section 2

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The Insured is covered for Rent arrears owed by the Tenant(s) under the Tenancy Agreement during the Period of Insurance and up to the Limit of Indemnity, where an Insured Event occurs and the Insured is, where appropriate, pursuing Proceedings under this Insurance Certificate.

A full month's Rent must be in arrears after deduction of the Excess; unless otherwise noted on the policy certificate and statement of fact that no excess applies to the policy.

Rent is only payable during the Insured Period and for up to 6 months or to the end of the period shown in the Tenancy Agreement, whichever happens sooner and whilst the Tenant (including any unauthorised occupants) remains in occupation of the Insured Property. For the purposes of this clause the Tenancy Agreement shall be deemed to continue until vacant possession, if the only reason it has been brought to an end earlier than originally intended is as a result of the Tenant's breach of the Tenancy Agreement.

The Claim must be made during the Period of Insurance.

## Limit of indemnity

### Section 1

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Up to £25,000 of Advisers' Costs per Claim.

### Section 2

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The monthly Rent shown in the Tenancy Agreement and the Insurance Schedule up to a maximum of £2,500 per month. The maximum Rent payable per Claim is £15,000 or the equivalent of six month's Rent, whichever is the lesser amount.

## Excess

### Section 1

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No excess

### Section 2

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An amount equal to one month's Rent; unless otherwise noted on the policy certificate and statement of fact that no excess applies to the policy.

## Exclusions specific to the performance of the Tenancy Agreement

### 1 An insured event:

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- Which is not reported to Discount Insurance, IPA or Arc within 45 days of it occurring;
- Within the first 90 days of the Period of Insurance where the Tenancy Agreement commenced before the Period of Insurance;
- Where the Insured fails to provide evidence relating to a Tenant Reference;
- Arising from or connected to the Insured's performance of his obligations under the Tenancy Agreement;
- Arising from dilapidations unless the missing or damaged items were contained within the Dilapidations Inventory;
- Where the amount in dispute is less than £250 including VAT;
- Falling within the jurisdiction of the Rent Assessment Committee, the Lands Tribunal or the Leasehold Valuation Tribunal;
- Relating to the payment or non payment of service charges as defined within the Landlord and Tenant Act 1985 (as amended).

### 2 A claim:

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- Where there are insufficient prospects of success in the Proceedings due to the terms of the Tenancy Agreement being unenforceable;
- Arising from a dispute between the Insured and his agent or mortgage lender.

# Conditions relating to the Tenancy Agreement

## 1. The Insured Property

- The Insured property must be residential and remain solely for residential use.

## 2. The Tenant(s)

- The Tenant(s) must be aged 18 years or over.

## 3. The start of the Tenancy Agreement

- The Insured or his agent must not allow the Tenant(s) into possession of the Insured Property until:
  - a) The Tenancy Agreement has been signed by all parties;
  - b) All necessary statutory pre-grant notices to the Tenant(s) have been issued;
  - c) The first months Rent and the Deposit have been received in cash or cleared funds;
  - d) The Dilapidations Inventory has been signed by the Tenant(s).

## 4. Period of Insurance

- A Reference for the Tenant(s) must be obtained prior to the start of the Tenancy Agreement and/or the Period of Insurance.

## 5. During the Tenancy Agreement

- The Insured or his agent must:
  - a) Keep full and up to date rental records;
  - b) Not allow the Tenancy Agreement to be transferred to any other individual or organisation.

## 6. Policy cover

- This policy will apply to one Tenancy Agreement and covers up to 5 Tenants.

# Conditions specific to Section 2. Rent Protection

1. Rent will be paid in accordance with the above and monthly in arrears at a rate of 1/30th for each continuous day that it is in arrears.
2. One full month's Rent must be in arrears after deduction of the Excess; unless otherwise noted on the policy certificate and statement of fact that no excess applies to the policy.
3. If the Tenant(s) is claiming Housing Benefit, Rent will not be paid until the outcome of the Housing Benefit claim is known. If the Tenant's Housing Benefit claim is rejected, Rent will be paid under the Insurance Certificate backdated to the date that the Insured could first Claim. There is no cover under the Insurance Certificate for any shortfall between the amount paid to the Tenant(s) as Housing Benefit and the Rent.
4. If the Deposit is more than the Excess, the cover under the Insurance Certificate will pay Rent arrears after deduction of the balance of the Deposit. If the balance of the Deposit is subsequently required to meet the cost of dilapidations, this will be paid to the Insured.

# General Exclusions

## 1. There is no cover where:

- The Insured Event began to occur or had occurred before the Insured purchased or renewed this Insurance;
- The Insured should reasonably have realised when purchasing or renewing this Insurance that a claim under this Insurance might occur;
- The Insured fails to give proper and prompt information or evidence to Discount Insurance, IPA or Arc;
- The Insured's act, omission or delay prejudices Discount Insurance, Arc or IPA'S position in connection with the Proceedings or prolongs the length of the Rent Claim;
- The Insured acts without or contrary to the advice or agreement of IPA or the Adviser;
- The Insured has breached a Condition of this Certificate of Insurance;
- Advisers' Costs have not been agreed in advance or are above those for which Discount Insurance or IPA has given its prior written approval.

## 2. There is no cover for any claim arising from:

- Works undertaken or to be undertaken by or under the order of any government or public or local authority including compulsory purchase;
- Subsidence, mining or quarrying activities;
- War, riot, radioactive contamination, nuclear accident and similar risks;
- Planning law including Town and Country Planning;
- The construction of or structural alteration to buildings;
- Defamation or malicious falsehood. Divorce, matrimonial matters or proceedings including ancillary relief, parental responsibility and contact, or affiliation;
- An application for Judicial Review;
- A novel point of law.

## 3. There is no cover:

- For Advisers' Costs incurred in avoidable correspondence or which are recoverable from a court, tribunal or other party;
- For damages, interest, fines or costs awarded in criminal courts or any other penalties;
- Where the Insured has other legal costs Insurance cover;
- For claims made by or against Discount Insurance, IPA, a Tenant Reference company or Arc;
- For appeals without the prior written consent of Arc or IPA;
- For disputes in relation to the sale, purchase or adverse possession of the Insured Property;
- Prior to the issue of court proceedings, for the costs of any legal representative other than those of the Adviser unless expressly agreed by Arc or IPA. Such agreement is entirely at Arc or IPA's discretion;

- Where the Claim is false, fraudulent or arises from a criminal act or omission of the insured;
- If the Insured or his agent gave any false or misleading information when he applied for the Tenant Reference or for this Insurance cover;
- Where the Tenant(s) received a Tenant Reference subject to a Guarantor and the Guarantor was not correctly assigned to the Tenancy Agreement.

#### **4. Contracts (Rights of Third Parties) Act 1999**

- A person who is not a party to this contract has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this contract but this does not affect any right or remedy of a third party which exists or is available other than by virtue of this Act.

## **General Conditions**

### **1. Cancellation**

- The Insured may cancel this Insurance at any time by writing to and providing fourteen days written notice to Discount Insurance. Cancellation of your policy within 14 days, from inception, is therefore subject to a full refund.
- After 14 days, cancellation of your Insurance Policy will be subject to the normal terms and conditions of the policy; however, there is no refund of premium allowable.
- Discount Insurance, IPA or Arc may cancel the Insurance by giving fourteen days notice in writing to the Insured.

### **2. Claims**

- The Insured must notify claims as soon as reasonably possible within 45 days of the Insured Incident, by completing and returning and complete the claim form and all supporting documents requested, to ARC.
- If Rent is overdue the Tenant(s) must be contacted within 7 days to establish the reason for the default. If the Rent is not paid within a further seven days the Tenant(s) must be contacted again. If the Tenant(s) cannot be contacted, and it is lawful to do so, the Insured or his agent must serve notice of a requirement to undertake an inspection in accordance with the Insured's obligations within the Tenancy Agreement and visit the Insured Property. The Insured or his agent should seek legal advice if he is unsure that such an inspection is lawful. Contact with the Tenant(s) and Guarantor should be in written or traceable communication.
- The Insured and his agent must act promptly to gain vacant possession of the Insured Property and recover Rent arrears.
- In the event of a Claim the Insured or his agent must prepare a detailed schedule of dilapidations as soon as reasonably possible after the Tenant(s) has vacated the Insured Property.
- The Insured and/or his agent will attend any court hearing in relation to an Insured Event if requested to do so by Arc or the Adviser. Failure to attend will result in all cover under this Insurance Certificate being withdrawn with immediate effect and no further Claim payments being made.
- Arc may investigate the claim and take over and conduct the Proceedings in the Insured's name. Subject to the Insured's consent which shall not be unreasonably withheld, Arc may reach a settlement of the Proceedings.
- The Insured must supply, at his own expense, all of the information which Arc reasonably requires to decide whether a claim may be accepted. If Court Proceedings are required and the Insured wishes to nominate an alternative legal representative to act for him he may do so. The Adviser must:
  - a) Confirm in writing that he will enable the Insured to comply with his obligations under this Insurance;
  - b) Agree with Arc the rate at which his costs will be calculated. If no agreement is reached the Law Society will be asked to nominate an Adviser and this nomination shall be binding.
- The Adviser will:
  - a) Provide a detailed view of the Insured's prospects of success including the prospects of enforcing any judgement obtained;
  - b) Keep Arc fully advised of all developments and provide such information as Arc may require;
  - c) Keep Arc regularly advised of Advisers' Costs incurred;
  - d) Advise Arc of any offers to settle and payments in to court. If, contrary to Arc's advice, such offers or payments are not accepted, there shall be no further cover for Advisers' Costs unless Arc agrees in its absolute discretion to allow the case to proceed;
  - e) Submit bills for assessment or certification by the appropriate body if requested by Arc;
  - f) Attempt recovery of costs from third parties.
- In the event of a dispute arising as to Advisers' Costs, Arc may require the Insured to change Adviser.
- IPA shall only be liable for costs for work expressly authorised by Arc in writing and undertaken while there are reasonable prospects of success.
- The Insured shall supply all information requested by the Adviser and Arc.
- The Insured is liable for any Advisers' Costs if he withdraws from the Proceedings without Arc's prior consent. Any costs already paid by Arc will be reimbursed by the Insured.
- Arc, on behalf of IPA has the right under subrogation to pursue Proceedings against the Tenant(s) to recover Advisers' Costs and Rent.
- Any monies recovered from the Tenant or Guarantor will be retained by Arc to pay for any Adviser's Costs or Rent that has been paid by Underwriters under this insurance.

### 3. Disputes

- Any dispute between the Insured and Discount Insurance, IPA shall be referred to an arbitrator who will be either a solicitor or a barrister. If the parties cannot agree on their choice of arbitrator the Law society may be asked to make a nomination. The arbitration will be binding and carried out under the Arbitration Act. The costs of the arbitration will be at the discretion of the arbitrator.

### 4. Renewals

- Neither Discount Insurance, Arc or IPA is bound to give notice when this policy becomes due for renewal.

### 5. Re-referencing at Renewal

- If the Tenant(s)'s circumstances have changed from those provided at the start of the Tenancy Agreement and when the initial Tenant Referencing was completed, or there has been a breach of the Tenancy Agreement by the Tenant(s), then the Insured must complete a new reference on the Tenant(s) and Guarantor.

### 6. Reasonable Prospects

- At any time Arc, on behalf of IPA, may form the view that the Insured does not have a reasonable prospect of success in the action he is proposing to take or is taking. If so, Arc may decline support or any further support. In forming this view Arc may take into account:
  - The amount of money at stake;
  - The fact that a reasonable person without this Insurance would not wish to pursue the matter;
  - The prospects of being able to enforce a judgement;
  - The fact that the Insured's interests could be better achieved in another way;
  - The prospects of recovery.

### 7. English Law

- This contract is governed by English Law.

## Claims

Claims must be notified to the Claims Line within 45 days of the Insured Event. Failure to notify the claim within this time will invalidate the Insurance cover.

If Rent is overdue the Tenant(s) and any Guarantor must be contacted within 7 days to establish the reason for the arrears. If the Rent is not paid within a further seven days the Tenant(s) and any Guarantor must be contacted again. If the Tenant(s) can not be contacted, and it is lawful to do so, the Insured or his agent must serve notice of a requirement to undertake an inspection in accordance with the Insured's obligations within the Tenancy Agreement and then visit the Insured Property. The Insured or his agent should seek legal advice if he is unsure that such an inspection is lawful. Contact with the Tenant(s) and Guarantor should be in written or traceable communication.

## Rent

Rent is paid one month in arrears within 21 days from the end of the monthly period due and equal to 1/30th of each continuous day the Tenant(s) is in arrears. Rent will be paid equal to the monthly arrears up to a maximum of £2500 per month for up to six months or £15,000, whichever is the lesser amount. Rent will only be paid whilst the arrears occur during the Period of Insurance, the period of the Tenancy Agreement, and whilst the Tenant(s) remains in the Insured Property.

## Legal costs

This Insurance only covers legal fees incurred by Arc's panel solicitors or their agents appointed by Arc until court proceedings are issued. If court proceedings are issued, the Insured may nominate another solicitor to act for him.

## Claims line (Reporting a claim)

A claim form can be obtained from:

<http://www.arclegal.co.uk/informationcentre/landlords.php>

Username: lergpolicy

Password: landlords

Alternatively:

The Insured or his agent should telephone 0344 770 1079 and quote "Discount Insurance". A claim form will be sent out by e-mail, fax or post within 24-hours. The claim form is required to be completed and returned to Arc along with supporting documentation within forty five days of the insured event. The claims line operates from 09:00 to 17:30 Monday to Friday (exc. Bank Holidays).



## What happens next?

The Claim will be assessed and if accepted and deemed appropriate, an Enquiry Agent will visit the Tenant(s) and any Guarantor. If the Enquiry Agent is unable to reach an agreement with the Tenant(s) to remedy his failure to perform his obligations under the Tenancy Agreement, Arc's panel solicitors or their agents will be appointed to act for the Insured in the Claim.

Any Rent arrears covered under the Insurance will generally be paid within 21 days from the end of the month they became due. The Insured or his agent will be required to complete a continuation claim form before each Rent Claim payment is made.

The Insured or his agent must give all information requested by Arc or the Adviser within five days of receiving the request for that information.

The Insured or his agent must attend any court hearing if requested by the Adviser.

This Claims procedure should be read in conjunction with the main terms and conditions of the Insurance Certificate.

## Customer care & complaints procedure

Our aim is to get it right, first time, every time. If we make a mistake, we will try to put it right promptly. We will always confirm to you, within five working days, that we have received your complaint, and do our best to sort out the problem within four weeks. If we cannot, we will let you know when you can expect the answer.

If you are unhappy with any aspect of the service provided by Discount Insurance, please contact the Underwriting Director:

Discount Insurance  
The Business Exchange  
26/28 Hammersmith Grove  
London  
W6 7BA

If you are still unhappy with any aspect of the service provided by Discount Insurance, Arc Legal Assistance, Arc's panel solicitors or any other Adviser or agent appointed to act for you under this Insurance, please contact the General Manager at Inter Partner Assistance S.A., The Quadrangle, 106-118 Station Road, Redhill, Surrey, RH1 1PX.

If we have not sorted out your problem within eight weeks and you remain dissatisfied you may then approach the Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London, E14 9SR.

**Discount Insurance** is a leading provider of insurance products and services to the commercial and residential lettings market and provides this policy on behalf of leading UK Insurers.

**With our expertise, commitment to customer care and consistent quality service, you can rely on Discount Insurance for lasting security and comprehensive products.**

**Ask about Discount Insurance range of products & services which include:**

LANDLORD BUILDINGS AND CONTENTS INSURANCE

OWNER OCCUPIED

LANDLORD RENT & LEGAL PROTECTION

COMMERCIAL PROPERTIES INSURANCE

COMMERCIAL BUSINESS OWNER INSURANCE

TENANT CONTENTS INSURANCE

UK & EU HOLIDAY HOMES

CARAVAN INSURANCE

TRAVEL INSURANCE

BREAKDOWN INSURANCE

PET INSURANCE

TENANT REFERENCING



Financial  
Ombudsman  
Service

## **DISCOUNT INSURANCE**

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Home and Travel Limited are registered in England and Wales Reg No. 7270270 and are authorised and regulated by the Financial Services Authority 533383. The registered office is 28 Ridgeway Road, Isleworth, Middlesex, TW7 5LA.

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