



NORWEGIAN **BROKER**



Why latent defect insurance?



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By selling your house, irrespective of type, you will be liable for hidden faults and defects the following 5 years in accordance with the law of conveyancing. You remain liable even if the house is resold within that 5 year period.



Latent defect insurance will protect you against claims made by the buyer of your property. Even though the property is sold “as is”, there may be faults and defects that you did not know about and that you are therefore unable to disclose. If you take out latent defect insurance, your insurance company will handle all claims the buyer may direct towards you.

Latent defect insurance covers price reduction, compensatory damages and revocation of contract by the buyer up to the purchase price of the property, limited to kr10 000 000. Claims under kr 5000 are not covered by the insurance. With latent defect insurance you may therefore sleep tight for the five years you remain liable.



9
out of
10

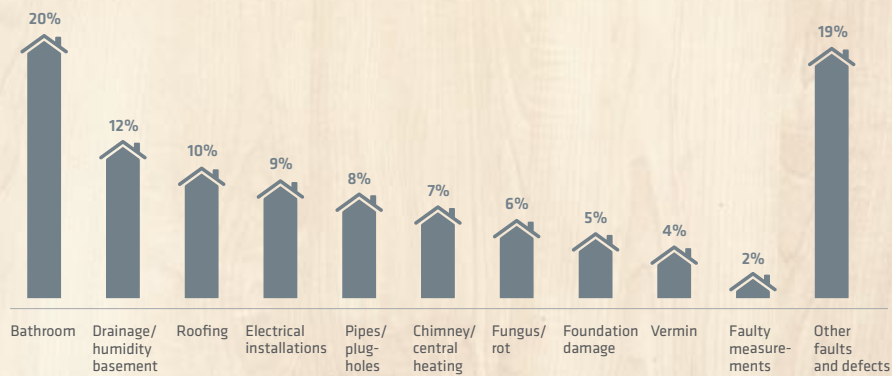
*sellers take out
latent defect
insurance*

Claims made by house buyers the past years

Even though a claim may be unfounded, it has to be handled. If you have taken out latent defect insurance, you do not need to use your time and energy on this, as it is the insurance company who handles the claim on your behalf.

1 out of 6

buyers complain about the property after the purchase is complete.



Examples of claims

All rejected, but must nonetheless be thoroughly handled.

- Buyer complains as there is 600 meters to the nearest school and not 400 meters as informed of previously.
- Buyer complains as the neighbour has bought "an increasing number of dogs" since the house showing.
- Buyer complains as the train to Oslo S takes 18 min. and not 14 min. as informed of previously.
- Buyer complains as the neighbour smokes on the porch.
- Buyer complains about the noise from the playground. The nearest neighbour is a primary school.
- Buyer complains about a strong smell of food from the neighbour.

Important information to take out latent defect insurance

The insurance incept at acceptance of offer

The latent defect insurance incept at acceptance of offer, that is from the moment you accepts a bid on the property, though maximum 12 months before completion of the sale. The insurance is thereafter effective for the following 5 years after completion of the sale, which is also the period you remain liable.

Fill out the sellers statement form

In order to take out latent defect insurance, you have to fill out the sellers

statement form to be used in the sales description prepared by your real estate broker. It is important that the form is filled out correctly and completely. We would like to draw your attention to the seller's duty of full disclosure and that a breach of this duty may result in that the insurance company's liability is reduced or lapse entirely.

Work thoroughly through the questions

We generally recommend that members of the household sits down together and work through the questionnaire thoroughly.



The insurance does not apply to sales between spouses, family in direct lineage, siblings or persons that currently reside or have resided on the property. The insurance must moreover be taken out before the property is put on the market.



YOU TAKE OUT LATENT DEFECT INSURANCE THROUGH YOUR REAL ESTATE BROKER.

Do you dare to sell without latent defect insurance?

- 9 out of 10 sellers take out latent defect insurance.
- Latent defect insurance covers your liability for the 5 years stipulated in the law of conveyancing.
- 1 out of 6 buyers complain about the property after the purchase is complete. Frequently it concerns considerable amounts of money.
- You will get your own claims handler or lawyer who represents you if the buyer complains about the property.
- Claims may be directed towards all types of property and insurance is just as important for new as old houses.
- Even if you have lived in your house for a long period of time, it is impossible to fully know the property. Hidden faults and defects are not visible to anyone.
- A considerable amount of sellers do not have the resources to repay a price reduction or compensate the buyer. For many this will mean financial ruin.
- You may experience that the buyer expect you to have taken out latent defect insurance before they place a bid.
- The insurance premium is drawn directly from the settlement after the sale by the real estate broker.
- On the sale of an apartment you may also be liable for the common areas and information given by the general management and the board.
- Latent defect insurance is just as important for cabins as for other types of properties. As cabins are not continuously attended to throughout the year they are particularly exposed.



How to take out latent defect insurance

Contact your real estate agent who will make sure that the insurance is taken out on your behalf. The premium for latent defect insurance is set as a cost per thousand and will be calculated on the basis of the sales sum. The premium is drawn directly from the settlement by the real estate agent. You will not receive an invoice.

For questions about the product, contact your real estate agent or Norwegian Broker on tel. 930 00 020.

For questions in relation to claims, contact your real estate agent or Norwegian Claims Link on tel. 67 83 51 30.

You can read more about latent defect insurance on our home page norwegianbroker.no

Here you will also find the service "Ask the legal practitioner" – completely free of charge!