

SCHEDULE 6

General provision about searches and search reports

PART 2

Specific required search reports

Insurance cover for third party contractual rights

7. The person preparing the search reports required by regulation 8(k) (local enquiries) or 8(l) (drainage and water enquiries) must do so on terms ensuring that—

- (a) any liability of any type arising under paragraph 6 is the subject of a contract of insurance against such risk effected by, and to be carried out by persons so authorised for the purposes of the Financial Services and Markets Act 2000;
- (b) any liability for financial loss arising under paragraph 6 will be met by financial compensation to be paid by a person (other than the persons described in paragraph 6(a) (i) to (iii)) who is—
 - (i) a party to the contract of insurance; or
 - (ii) another person involved in the sale of the property; and
- (c) such financial compensation is paid by a person mentioned in sub-paragraph (a), if any person mentioned in sub-paragraph (b) fails to pay it (or no longer exists and has no successor).