

THE value of title insurance



Title Insurance is:

- An assurance against loss and indemnifies the insured against actual loss should the title to the property insured not be as stated in the policy
- An agreement to defend the insured's title against an attack from parties claiming rights that have been insured by the policy coverage
- An agreement to compensate the insured for actual losses suffered under covered title risks

Fraud and forgery are covered risks offered in a title insurance policy. Due to the increase in absentee owner or seller impersonation fraud, title insurance has never been more important. Here is an example of how it works.

A buyer made an offer to purchase a vacant lot for \$315,000. The seller accepted the offer. The seller, located in Canada had made arrangements to sign the deed with a Canadian Barrister.

After closing, the seller received a copy of the closing documents by mail at his home. The problem was, he had not sold his lot an imposter did. At closing, an owner's title policy was issued naming the buyer as the insured.

Without title insurance the buyer's only recourse would have been to try to track down the imposter who fraudulently sold him the lot. The chances of receiving a reimbursement for his purchase would have been very slim. Instead, he filed a claim and received a full refund of \$315,000.

The title insurance premium was \$1,500 representing less than 1% of the purchase price. For such a small cost, the buyer's investment was protected. Money well spent.