



# What is Title Insurance?

*When you purchase your home you want to make sure the property is indeed yours.*



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**T**he purchase of a home is one of the most expensive and important purchases you will ever make. You and your Lender will want to make sure the property is indeed yours and that no one else has any lien, claim or encumbrance on your property.

**Q. What is the difference between title insurance and casualty insurance?**

**A.** Title insurers work to identify and eliminate risk before issuing a title insurance policy. Casualty insurance companies realize that a certain number of losses will occur each year and collect premiums from the policy holders to establish reserve funds in order to pay for expected losses.

Title companies work in a very different manner. Title insurance will indemnify you against loss under the terms of your policy, but title companies work in advance of issuing your policy to identify and eliminate potential risks and therefore prevent losses caused by title defects that may have been created in the past.

**Q. Who needs title insurance?**

**A.** Buyers and Lenders in real estate transactions need title insurance. Both want to know that the property they are involved with is insured against title defects. The Seller, Buyer and Lender all benefit from the insurance provided by title companies.

**Q. What does title insurance insure?**

**A.** Title insurance offers protection against claims resulting from various defects (as set out in the policy) which may exist in the title to a specific parcel of real property, effective on the issue date of the policy. For example, a person might claim to have a deed or lease giving them ownership or the right to possess your property. Another person could claim to hold an easement giving them a right of access across your land. Yet another person may claim that they have a lien on your property securing the repayment of a debt. Title insurance would make these known to you ahead of time.

**Q. What types of policies are available?**

**A.** Title companies routinely issue two types of policies: an "Owner's" policy which insures you, the Home Buyer for as long as you and your heirs own the home and a "Lender's" policy which insures the priority of the Lender's security interest over the claims that others may have in the property.