



What is Title Insurance?

DEFINITION

Insurance is broadly defined as a contract obligation whereby one party agrees to indemnify or reimburse another party for loss or damage that may occur under the terms and provisions of their contract. The contract referred to is called a policy. Unlike casualty or life insurance which insure on future events, Title Insurance insures with these few exceptions against past events. It insures the ownership of the property and all matters pertaining to its past history.

PUBLIC RECORDS

When dealing with policies of title insurance, the term "public record" is mentioned quite frequently. The public records that are examined generally include those in the following offices:

1. Any taxing authority that levies taxes or assessments on real property;
2. The county Recorder of the county in which the property is located;
3. The clerk of any of the county courts referred to variously as Circuit, Probate, Superior, Juvenile, Municipal, Small Claims, Domestic, etc., and
4. Clerk of the U.S District Court as to bankruptcy proceedings where the records of the original proceeding are kept in the same county in which the property is located.

SEARCH & EXAMINING

To search the public records adequately, the title company must examine, summarize and classify every document affecting the property and the status of the various owners. Highly skilled title searchers assemble this material and present the title search to a title officer. The title officer or examiner then writes an opinion as to the document of the record. This opinion will initially take the form of a preliminary title report and finally a policy of Title Insurance.

POLICY

The policy of Title Insurance not only insures the ownership of the property, but excepts from coverage those matters to which said ownership is subject to. The title policy shows the condition of title and matters like taxes, conditions and restrictions.

RATES

Premiums for the policy of the Title Insurance are based on the amount of liability assumed. The liability on a transaction is determined by the sales price of a parcel of property or in the event a loan policy is requested, then in the amount of the loan. The premium is a one time charge and the policy will remain in effect so long as the insured, the heirs or assigns retain the respective interest in the property.

SUMMARY

The purchase of real property often represents the largest single investment a person will make during a lifetime. The protection and peace of mind offered through a policy of title insurance is well worth the cost. Where else can you get that kind of protection for such a small investment?

