

## **What is Title Insurance?**

Title Insurance protects purchasers and lenders against loss or damage arising from defects in title, unmarketability of title, liens, encumbrances, and other covered title risks existing as of the date of the policy. The Title Insurance company will also pay the legal costs of defending the Insured's title in the event that during the time of the Insured's ownership someone else claims an interest in the insured property.

## **How Does Title Insurance Differ from Other Types of Insurance?**

Title Insurance is different from other types of insurance in that it protects the Insured from a loss that may occur from matters or faults that occurred before the Date of Policy. Other types of insurance such as auto, life, or health cover you against losses that may occur in the future. With some exceptions, title insurance does not protect against future faults.

## **How Much Does Title Insurance Cost?**

For residential transactions valued under \$500,000, and depending upon the type of property (eg. condominiums, freehold title), coverage for the owner and lender can be purchased for between \$200 and \$500, plus applicable taxes, if any.

Commercial premiums vary depending on the nature of the transaction. Title Insurance companies can provide quotes for such transactions.

Title insurance premiums are a one time only premium.

## **How Long Does the Coverage Last?**

Once purchased, title insurance for the owner remains in effect for as long as the homeowner owns the insured property. For lenders the policy remains in effect until the mortgage is discharged.

## **Does Title Insurance Eliminate the Lawyer's Role in Real Estate Transactions?**

No, with Title Insurance, lawyers maintain an integral role in the real estate transaction. Title insurance eliminates some of the lawyer's administrative work in a transaction, but the substantive legal work of reviewing title and advising clients remains unchanged.

## **What Protection Does Title Insurance Provide a Homeowner or Lender that a Lawyer's Opinion Can Not?**

Title insurance can provide protection for items on which a lawyer cannot give an opinion. Some examples are: fraud, forgery, false impersonation, errors appearing in the public record, missing heirs, mental incompetence of the transferor, and authenticity of the registered documents upon which a lawyer's opinion is based.

Other examples of covered risks can include the following (depending on the policy):

- Existing liens against the title
- Violations of municipal by-laws
- Encroachments onto an adjoining property
- Realty tax arrears
- Existing work orders
- Lack of legal access to the property

Further, title insurance is "no fault" and if a potential claim arises, the policy holder need only claim against the insurance company. Without title insurance clients must sue their lawyer and prove negligence. Clearly, there is added time and cost to suing a lawyer.

It is important to note that every Title Insurance policy will contain certain exceptions and exclusions of coverage and these should be reviewed carefully.

### **If I Have a Survey for the Property Why Do I Need Title Insurance?**

One of the key benefits of title insurance is that it is acceptable by most lenders in lieu of an up-to-date survey on residential properties because title insurance covers loss or damage suffered due to defects that an up-to-date survey might reveal.

However, a title insurance policy provides much more than just survey coverage. The policy holder is protected from loss or damage due to defects in title, unmarketability of title, liens, and other covered title risks. Taking into account the many ancillary searches that are eliminated in residential transactions (building and zoning compliance, tax certificates, etc.) title insurance, in most circumstances, will save the policy holder money on closing costs.

Considering the added protection provided by a policy of title insurance and the potential cost savings to homeowners, title insurance can be a valuable option to consider for certain residential real estate transactions.

### **Further Resources:**

You can visit the following sites for further information about Title Insurance policies offered by various companies:

- [www.stewart.ca](http://www.stewart.ca)
- [www.titleplus.ca](http://www.titleplus.ca)
- [www.firstcanadiantitle.com](http://www.firstcanadiantitle.com)
- [www.chicagotitle.ca](http://www.chicagotitle.ca)