

What Is Title Insurance



Title insurance protects your title to real estate. But what are the risks that make title insurance important?

Real estate has always been considered a person's most valuable possession. It is so basic a form of wealth that many special laws have been enacted to protect ownership of land and the buildings on the land.

Whenever you buy property, the owner who is selling it to you has extremely strong rights, as do his family and heirs. Also, there may be others in addition to the owner who have "rights" in the property. These may be governmental bodies or contractors, or individuals who have proper unpaid claims against the property.

Anyone who has such claim is in a sense part owner. The property may be sold to you without the party who has a claim knowing about the sale. And you may know nothing about such claim. It doesn't matter. Such claims may remain attached to the real estate you have purchased.

It is important that you get a clear title when you purchase property. This means that you must be informed about any claims against your land so that you can make certain they are cleared up before you buy. And it means you must be protected against any undiscovered claims that may arise to threaten your title and the possession of your property. Title insurance provides this two-fold protection.

Undiscovered Claims

What if there is a defect in the title which doesn't show up in the public records? This can happen. They are called "hidden risks", the undiscovered claims which may arise long after you bought your home. Protection against loss from claims on real estate which cannot be discovered by examination of the public records is the second part of the two-fold benefit which title insurance provides.

The title to the home which you have paid for and to which you have received a deed could be seriously threatened or completely lost by such circumstances as forgery, confusion due to similar name, errors in the records, to cite just a few hazards.

If a claim is made against your home and you are insured, title insurance companies will defend your title in court if necessary, completely at their expense. They will also bear the cost of settling the claim if it proves valid in order to protect your title and keep you in possession of your property.

Title insurance is assurance that every possible "cloud" or defect on the title to the land you are buying has been called to your attention so that such defects can be corrected before you buy. And it is insurance that if any undisclosed claim against your policy arises out of the past to threaten your ownership of real estate, it will be disposed of, or you will be reimbursed exactly as your insurance policy provides.