

Residential Real Estate

Understanding Title Insurance

Basic Facts About Title Insurance:

1. Title Insurance is an insurance policy with a one-time fee (usually between \$100 – \$500) for insuring against common defects in title and fraud. There is no deductible should a claim be necessary, so it resembles a one-time fee for title assurance for the time that the purchaser owns the property.
2. Title insurance does not automatically cover all the risks relating to the transference of property. Title insurers still rely on lawyers to identify significant potential problems with a title and then decide whether or not to cover them, and at what premium.
3. While title insurance reduces lawyer fees and disbursements by eliminating the need to conduct some sub-searches, there are still some searches and many other responsibilities that require a lawyer's expertise (see Standard Package for a comprehensive list).
4. Title insurance is available for different kinds of property, including:
 - a. residential dwellings of up to six units;
 - b. vacant land;
 - c. cottages;
 - d. condominiums;
 - e. cooperatives; and
 - f. leased land.
5. In Ontario, there are five providers of title insurance, each providing slightly different coverage and prices for their products. In Ontario, lawyers must:
 - a. "be knowledgeable about title insurance and discuss with the client the advantages, conditions, and limitations of the various options and coverages generally available to the client through title insurance," and
 - b. "not receive any compensation, whether directly or indirectly, from a title insurer, agent or intermediary for recommending a specific title insurance product to his or her client."
6. Determining which option is best able to provide the protection you need is complicated because the various risks, different time frames covered by each option, how the products are bundled, your unique property characteristics and of course, at what cost.

7. Title insurance has recently become a profitable business model due to three trends:
 - a. the increase in administrative fees required to conduct government searches and up-to-date-survey costs;
 - b. technological improvements in the land registry systems significantly reducing the risk of title defects;
 - c. an increase in mortgage fraud that occurs *after* a lawyer has provided their legal opinion, which leaves the purchaser without a remedy for issues occurring post closing and the need for coverage.

As part of every Residential Real Estate Package, your unique situation is considered and a recommendation is provided.