

## **The Role of Title Insurance in the Real Estate Transaction**

Most real estate transactions in Ontario are now completed with the aid of Title Insurance, yet many purchasers and existing owners don't fully understand the role and purpose of title insurance. Where title insurance is used, the lawyer provides his title opinion to the title insurer who defines what searches and costs are necessary to issue the policy. The title insurer issues a title insurance policy and, in accordance with its terms, it becomes unnecessary to determine cause and fault in order to receive compensation. The title insurer's policy insures that your property is and remains marketable to future mortgage lenders and purchasers.

None the less, it is important to understand that a lawyer can still provide a conventional opinion on title to his client. However, the use of title insurance has many benefits, both to the client and to the lawyer handling the transaction. Without attempting to be exhaustive, the major advantages are summarized below.

### **Cost**

Title insurance streamlines the title process and eliminates many costs and disbursements, usually saving the client significant amounts of money. In effect, the title insurer assumes risks that are both expensive and time consuming to research effectively. For example, an updated land survey can cost \$2,500.00 and compliance reports can easily cost \$225.00 for each one required. Modern titles will often have several subdivision or other municipal agreements registered with a separate compliance report required for each one. Title Insurance, on the other hand, simply assumes the risk of non-compliance and insures that your title will be marketable in the future

### **Speed**

A full conventional title opinion requires a new survey which must then be submitted to a municipality for compliance review. Many real estate transactions are entered into without sufficient time for the process to be completed if a conventional solicitor's opinion is requested. Title insurance can, in most cases, be issued in a few days.

### **Post Closing Protection**

Title Fraud has become a significant problem in Ontario. In a simple case, title fraud involves impersonation of an owner and/or mortgage lender, resulting in conveyances, mortgages or liens being registered on an owners title. Simply put, a title insurance policy is the best protection a property owner can have should they become a victim after closing or during the transaction. A conventional solicitor's opinion provides no protection from this risk.

### **Useful Resources:**

[Stewart Title](#)