

Title Chat

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Why Title Insurance?

This question seems to be asked more often today than in the past. Some customers say that all we do is collect premiums because claims are just a small percentage of premiums when compared to other types of insurance, such as auto insurance, where claims are a large percentage of premiums.

We know that in title insurance we practice claim prevention through our search, examination and closing processes. These processes are costly because they are labor intensive. However this is the reason why claims are a small percentage of the premium charged.

So how do we answer this question other than to describe our claim elimination concept? Well just how much money is paid out in claims by our industry?

Take a guess!

5 million? 50 million? 500 million? 5 billion?

If you guessed 500 million you were just a little high. According to a recent press release from the American Land Title Association, the industry paid out about \$460 million in claims in the year 2001. This compares to \$350 million paid out in the year 2000. At this rate when the year 2002 is over and accounted for, we would not be surprised if over \$500 million was paid out.

In the press release, James R. Maher, executive director of the American Land Title Association is quoted as stating “The truth is that claims do happen more frequently than people think” and “Title insurance not only buys you protection from financial loss, it buys you peace of mind.”

With that thought in mind, your friends at North American Title Insurance Corporation wish you all a happy holiday season and a healthy new year.

Title Chat is published monthly by North American Title Insurance Corporation, a member of the North American Title Group of companies for distribution to North American Title Group's employees and customers. Topics will include closing issues, title and title insurance issues and title insurance business issues; and are intended to make the reader aware of the issues discussed. It should not be construed as giving a legal opinion on the issues being discussed; but rather as addressing situations encountered in its business and sometimes offering solutions based upon applicable case or statutory law that the reader may be unaware of. North American Title Insurance Corporation assumes no liability for any incorrect statements made herein

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