NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

CONSUMER GUIDE TO TITLE INSURANCE

THIS GUIDE PROVIDES:

- The basics of title insurance.
- The importance of title insurance.
- Shopping tips for title insurance and closing services.
- Questions to ask before you buy title insurance.

Drafting Note: This template is designed for state insurance departments interested in creating a consumer education publication about title insurance. It serves as a comprehensive guide that can be customized to suit the specific needs of each state.

TABLE OF CONTENTS

DISCLAIMER:
The information included in this publication is meant to serve as a guide and is not a substitute for legal or professional advice. Please contact a professional if you have any questions.

INTRODUCTION

Buying or refinancing a property is a significant financial decision that involves many steps. One critical but sometimes overlooked step is choosing title insurance. Title insurance protects property owners and/or lenders from financial losses caused by past issues, such as unpaid liens, forged documents, or claims from missing heirs that weren't discovered during a title search. This protection typically lasts for the entire time you own the property.

When you buy title insurance, be sure it is from a title insurance agent or company licensed to do business in { State }.[1]

[1] *[**Drafting note:** If your state has an agent locating/verification tool, this is a great place to reference the website specific to the agent verification tool and/or contact number for the state's licensing office.]*

This shopping tool focuses on title insurance–what it is, when it's required, why it's important, and information to help you choose the right policy.

KEY STEPS IN THE HOMEBUYING PROCESS

- Prepare finances and credit
- Secure financing pre-approval....if needed
- Find a real estate professional
- Identify the right property
- Make an offer
- Sign the purchase agreement and get an inspection
- Determine your insurance coverage needs
- Close and enjoy your new home

WHAT IS TITLE INSURANCE AND WHAT DOES IT COVER?

A deed is a legal document that conveys the legal ownership of a property.
A deed is a legal document that conveys the legal ownership of a property.

Title insurance is an insurance policy that covers past title problems that come up *after* you buy or refinance a property.

Lost, forged, or incorrectly filed deeds, property access issues, and liens on a property are just a few of the title problems that could come up after you buy or refinance a property.

For example, if you get a letter telling you there is an unpaid mortgage on a home you just bought, you could submit a claim to your title insurance company. The title insurance company would cover the legal costs and other expenses to investigate, defend against the claim to the title, and settle the dispute and/or resolve the issue.

Without title insurance, you might have to pay all of the legal costs to settle the dispute. And if you lose the dispute, you could lose money, the equity you have in your home, and possibly your home.

WHAT ARE THE TWO MAIN TYPES OF TITLE INSURANCE?

There are two types of title insurance policies:

1. An Owner's Title Insurance Policy

An *owner's policy* protects you for the full price you paid for the property, plus legal costs if a past covered title problem comes up after you buy your property. The coverage in an owner's policy is often for the amount you paid to buy your property. The policy will cover you as long as you have a legal right to own the property. The buyer most often pays the premiums for an owner's policy.

If you aren't required to buy an owner's policy, you may want to anyway, so you don't risk losing the money you've paid for your property if there's a problem with the title.[2]

[2] [***Drafting note:*** *If your state requires an owner's policy, use this sentence: "In {State}, you must buy an owner's policy." If your state does NOT require an owner's policy, use this sentence: "While some states require you to buy an owner's policy, {State} does not."*

An *enhanced owner's policy*, which has more coverage than a standard owner's policy, may also be available in your area. Enhanced owner's policies cost about 20% more than a standard owner's policy, but they cover extra risks. An enhanced owner's policy may also continue to cover you after you no longer own a property.

2. A Lender's Title Insurance Policy

If you borrow money to buy your property, your lender is likely to require you to buy a *lender's policy*. A lender's policy only protects *the lender* if a title problem comes up after you buy the property. The coverage in a lender's policy is for the amount of the mortgage and goes down as you pay down your loan. Unlike an owner's policy, the lender's policy ends when you pay off your mortgage. You may have to pay the premium for a lender's policy.

Because a lender's policy only protects the lender from title problems, you'll also need an owner's policy if you want to protect yourself and the equity you have in your property.

WHAT DOESN'T TITLE INSURANCE COVER?

Title insurance policies *do not* cover ownership issues that come about *after* you've bought a property. For example, if your neighbor builds a fence on your property line or a contractor files a lien after you've bought your property, your title insurance policy will **not** cover the costs to settle the dispute.

Also, your title insurance policy might not cover certain existing issues with the property. For instance, the property may have an ongoing boundary dispute or an undisclosed easement (for example, someone else has the legal right to use part of your property, like a driveway or utility line, for a specific purpose). Your title insurance typically will **not** cover the costs of resolving these types of issues.

A title insurance policy primarily covers past title defects, such as forged documents and improperly filed titles, but does not address issues that come up after the closing.

Ask for a list of what will and won't be covered and ask questions to be sure you understand the differences.

WHAT SHOULD I KNOW ABOUT CHOOSING A TITLE COMPANY AND BUYING TITLE INSURANCE: RIGHTS, COSTS, AND REFERRALS?

YOU HAVE THE RIGHT TO SHOP FOR AND CHOOSE WHO PROVIDES YOUR TITLE INSURANCE AND CONDUCTS THE CLOSING!

When you buy a property, two important steps are choosing the right title company and understanding your title insurance. Both are important to protect your investment and make sure your closing goes smoothly. Before, or more likely, at the time you make an offer to buy a property, you'll be asked to name a licensed title company, agent/producer, or attorney to handle your real estate closing. The closing is also known as a settlement.

The licensed professional you choose will be responsible for several crucial steps in the process to buy a property, including buying title insurance. At all times during the process, you have the right to choose the title company for your transaction. At no point should you be pressured, coerced, or required to sign an agreement with a company you didn't choose.

AFFILIATED BUSINESS ARRANGEMENTS IN THE LAW

The Federal Real Estate Settlement Procedures Act (RESPA) defines and regulates affiliated business arrangements (ABAs). This law requires a written disclosure that names a specific title company and explains that the agent has a financial interest and will make money if you use this title company. RESPA prohibits kickbacks and referral fees for parties involved in real estate settlements.

For more information, access the full text here.

WHO SELLS TITLE INSURANCE AND WHO PAYS FOR IT?

You can start to research title insurance when you begin your search for a property to buy. Only licensed companies, agencies, or agents are allowed to sell title insurance policies. You can ask friends, family, or your real estate agent for advice to help you with your choice. Online reviews may also be helpful.

Who pays for title insurance depends on local rules and traditions, but buyers and sellers can also negotiate this. Often, the seller pays for the owner's policy, and the buyer pays for the lender's policy. Ask your real estate agent who usually pays for title insurance in your area.

You pay for title insurance once—at closing.

If you're refinancing, you, as the property owner, must buy and pay for the new lender's title insurance policy. Generally, you won't need a new owner's policy when you refinance if you bought one when you bought the property.

BE AWARE

Your agent or broker may have an affiliated business arrangement (ABA) with the title insurance agent or company they recommended. There may be a financial arrangement in place that gives the agent an incentive to make this recommendation.

If there's an affiliated arrangement, the agent must tell the buyer in a written notice before the closing. Often, the title company is pre-selected, and the name is pre-filled on the offer paperwork. The disclosure is a separate document.

The established relationship in an ABA could mean a smoother transaction and more coordinated services. But it also could mean higher costs, a conflict of interest, and poorer service if the focus is on financial gain. You are never required to use a company that has an affiliated business relationship.

HOW DO I CHOOSE A TITLE INSURANCE COMPANY?

Regardless of who refers you to a title insurance company, it's essential to compare the estimated costs and fees and to ask questions. While the cost of a title policy is fixed based on the purchase price of the property, fees and some costs can vary widely between title companies.

The cost comparison chart on page 17 lists several costs and fees. Ask for an estimate of these fees and costs based on the expected purchase price of the property. You may be able to negotiate some of them. If you don't understand what a fee or cost is, ask questions. Do not accept statements like:

"Everyone charges the same price."

"We'll give you a discount on something else if you use our title agent."

"If you choose another title agent, your purchase may be delayed."

A title company should be willing and able to answer all your questions before you make a decision. Even if the process feels rushed, federal law gives you the right to receive and review a closing disclosure at least three business days before closing.

Shopping around and asking questions allows you to make an informed decision, find a company you feel confident in, and potentially save you money.

WHAT ARE ALTERNATIVES TO TITLE INSURANCE?

WHAT IS AN ATTORNEY OPINION LETTER?

If you are offered an attorney opinion letter (AOL) instead of title insurance, here's what you should know. An AOL is essentially a letter from a lawyer that states who owns the property and shares their opinion about any issues they find in the public records after reviewing the title.

The letter is the lawyer's opinion on the condition and ownership of a property's title. The letter may include information on the legal status, validity, and risks of a real estate transaction. It may address issues such as title disputes, enforceability of loan terms, or compliance with local laws. This opinion is based on facts and information available as of the day the AOL is written.

The letters do not typically cover fraud, forgery, or liens that aren't in public records. If there is a problem with the title, the attorney who drafted the letter does not pay your legal costs and expenses to fix the problem. You will pay the costs to research and resolve the issue. The attorney who drafts the letter determines the price of the AOL.

State insurance departments do not regulate the contents, form, or pricing of AOLs. Title insurance is primarily regulated at the state level, and state insurance agencies may license title insurance companies and review and approve forms and rates

Whether you can use an AOL depends on the type of transaction, the location of the property, and the type of property. Currently, AOLs are mainly used by lenders and usually only protect the lender.

WHAT EMERGING PRODUCTS SHOULD I KNOW ABOUT IN THE AOL MARKET?

Insurance companies have begun to offer an insurance policy that protects an attorney if they made an error or mistake when providing their opinion in the AOL.

The liability insurance is purchased at the same time as the AOL and serves as a safety net for attorney mistakes. Usually, it protects only the lender and the attorney who issued the AOL, not you as the property owner.

Some newer liability coverage offerings may extend protection for you and your lender. If you are offered an AOL with an insurance policy that states it covers you as the property owner, be sure to review the terms carefully and ask questions to understand what's included.[3]

[3]*[**Drafting note:** If your state has issued guidance regarding AOLs or other products being offered as an alternative to title insurance, reference the bulletin or guidance issued by your state here.]*

If you're considering an AOL, check the "What Does a Title Insurance Policy Cost?" section for costs and discounts, and use the cost chart to compare options.

HOW DOES TITLE INSURANCE FIT INTO THE CLOSING PROCESS?

WHAT HAPPENS AT CLOSING?

The closing is the final step to buy or refinance a property. The closing can be in person, remote, or by mail. An in-person closing usually takes an hour or two. Several individuals may attend, including the buyer, seller, real estate agents, attorneys, title agents, and lenders. If you can't be there in person or remotely, you can appoint someone to sign documents on your behalf.

A closing agent is responsible for managing the closing and coordinating the steps to finalize the transaction. Closing agents can be title agents or attorneys. After the seller accepts your offer or the lender approves your refinancing, you'll work together to choose a closing date. On that day, you and the seller must settle any outstanding debts and sign the necessary legal paperwork to finalize the transaction.

You pay the title insurance premium only once—at closing.

Remember that your policy protects you and your heirs with a legal right to the property from title issues for as long as you own it.

WHAT DOCUMENTS WILL I SEE AT CLOSING?

The closing disclosure is an important document. The disclosure details all payments required to complete the transaction, including title insurance premiums and closing protection letter premiums/ fees.

Federal law lets you review your closing disclosure at least three business days before closing. Reviewing the disclosure as soon as possible gives you more time to ask questions and avoid delays in your closing date.

You'll sign many documents at closing. Be sure you understand what you're signing.

After closing, you'll receive copies of all signed documents. The figure below illustrates what you can expect during the closing process.

WHAT STEPS TO EXPECT IN A REAL ESTATE TRANSACTION

SIGN CONTRACT AND PROVIDE EARNEST MONEY	You will sign the purchase contract and provide an earnest money deposit to show you are serious about buying the property.
TITLE SEARCH COMPLETED	The title agent or title company will review the property's history to check for issues like liens, disputes, or outstanding mortgages. You'll be notified if anything needs to be resolved before closing.
RECEIVE TITLE INSURANCE COMMITMENT	You'll get a report from your title agent or title company outlining the title insurance premium, requirements, and any exceptions (such as easements).
REVIEW CLOSING DISCLOSURE	If you are borrowing money to buy real estate, you will receive your Closing Disclosure at least three days before closing, outlining how the funds will be disbursed and the mortgage terms. Review this carefully and ask questions if anything is unclear.
ATTEND CLOSING	On closing day, you'll sign all required documents, pay any remaining costs, and the funds will be distributed (such as paying off liens, disbursing proceeds, paying premiums, etc.).
DOCUMENTS RECORDED	After closing, the closing agent or title company files paperwork with the county where the property is located to update public records with your ownership and lender information. This isn't always done correctly, and mistakes can happen, so you should always follow up with the county to confirm.
RECEIVE YOUR TITLE POLICY AND DEED	You'll receive your owner's title policy and the recorded deed as proof of ownership. The lender will receive a lender's title policy. (You should keep your title policy as proof of title insurance.)

WHAT IS A CLOSING PROTECTION LETTER?

Title insurance doesn't protect the lender or buyer against mistakes made during the closing, or if money is stolen or paid to the wrong parties. For an added fee, title insurance companies offer closing protection letters. In some cases, the lender may require a closing protection letter.

If you buy a closing protection letter, the title insurance company will reimburse you for any money you lose from negligence, fraud, theft of funds, or errors the closing agent made.

Without this protection, you'd have to sue the agent to get back any money lost.

If you buy closing protection coverage, be sure to ask for a copy of the closing protection letter for your records.[4]

[4] ***Drafting note:*** *States that do not require closing protection, have modified coverage requirements, or have determined a closing protection letter to be insurance should delete or edit this section accordingly.*

WHAT'S THE DIFFERENCE BETWEEN TITLE INSURANCE AND HOMEOWNERS INSURANCE?

Title insurance is different from homeowners insurance (sometimes called hazard insurance).

Title insurance protects you against past title problems. Homeowners insurance protects you against future issues that cause damage to your home or personal property. Homeowners insurance also limits your personal legal responsibility (or liability) if someone is injured while they are on your property.

Licensed title insurance agents and companies sell title insurance. Insurance agents licensed to sell property/casualty insurance sell homeowners insurance.

You pay for title insurance just once when you buy or refinance your property. For homeowners insurance, you make your first payment at closing and then keep paying regularly (such as every month or year) to keep your coverage active. Homeowners insurance needs to be renewed each year, and a premium is paid at each renewal.

Homeowners insurance does not protect your ownership of the property and does not replace the need for title insurance. The table below summarizes the differences between title insurance and homeowners insurance. Remember to always review your insurance policy for terms and conditions regarding your coverage.

FEATURES	TITLE INSURANCE*	HOMEOWNERS INSURANCE*
PROTECTION	Covers defects in the property's legal history or title.	Covers physical damage to the home and personal property from future events, as well as liability risks.
TIMELINE	Covers specified past and existing issues with a property.	Covers future damage and liability.
COMMON ISSUES COVERED	Prior liens, errors in public records or past deeds, heirs and claims, and forged documents.	Damage from fires and storms, theft and vandalism, personal liability, and additional living expenses.
PAYMENT	One-time premium paid at closing.	Recurring monthly or annual premium payments.
POLICY DURATION	Lasts as long as you or your heirs own the property.	Lasts for the policy term and must be renewed.

*Always review your policy for terms and conditions

For more information about homeowners insurance, refer to the NAIC's A Consumer's Guide to Home Insurance and the NAIC's A Shopping Tool for Homeowners Insurance.

HOW CAN I PROTECT MYSELF FROM REAL ESTATE FRAUD?

Scammers often target real estate transactions. They use fake documents, hacked emails, and even artificial intelligence (AI) technology to steal money or property. While title insurance protects against past ownership issues, it may not cover scams that happen during the closing process.

The good news is that there are simple steps you can take to recognize fraud and keep your transactions secure.

WHAT ARE THE MOST COMMON TYPES OF SCAMS?

Seller Impersonation Fraud: Scammers use fake IDs or paperwork to pretend to own a vacant or rental property. They quickly list the property for sale and try to close the deal fast to steal the money.

Wire Transfer Fraud: Hackers break into email accounts and send fake wiring instructions that look like they came from your title company, agent, or attorney. If you send money to these accounts, it may be lost forever.

Mortgage Payoff Fraud: Criminals claim to be your lender or closing agent and trick you into wiring your mortgage payoff to the wrong place.

AI-Powered Voice Scams: Scammers use AI to mimic the voices of people you trust, convincing you to change payment or closing details.

Deed Theft: Criminals illegally transfer property ownership to themselves by forging documents, such as deeds. They then use this fake ownership to sell the property, secure loans against it, or rent it out to unaware tenants.

WHAT ARE THE SIGNS OF A SCAM?

- Requests to change payment or wire instructions via email or text.
- Unwillingness to speak by phone or meet in person.
- Pressure to close quickly or remotely.
- Properties priced well below market value or in poor condition.
- Closings scheduled for weekends or holidays.

HOW CAN I STAY SAFE?

- **Get a verified contact list:** Collect phone numbers and email addresses for all closing professionals from trusted sources.
- **Use secure platforms:** Choose title insurance companies that offer fraud prevention tools.
- **Review documents carefully:** Read your title commitment and closing disclosure in advance. Watch for unusual terms or instructions.
- **Double-check wire transfers:** Before and after sending money, speak directly with your title insurance or closing agent to confirm that it was received.
- **Verify all changes:** If you're asked to update any part of the closing process, call your contacts using known numbers to confirm.
- **Stay vigilant after closing:** Monitor your property for ongoing changes to your deed and title. You can use public land records or pay for a title monitoring service. *[Insert jurisdiction-specific information.]*

WHAT SHOULD I DO IF I SUSPECT FRAUD?

- Contact your bank immediately to attempt a wire recall.
- Notify your title insurance company and all parties involved in the transaction.
- Alert your credit bureau.
- Call your local Federal Bureau of Investigation (FBI) office and report the crime.
- File a report with the FBI's Internet Crime Complaint Center: www.ic3.gov.

HOW DO I FILE A TITLE INSURANCE CLAIM?

If there is an issue about your property's title, contact your title insurance company as soon as possible. If you don't know the name of your title insurance company, check the paperwork you signed when you bought or refinanced your property.

You can contact your title insurance agent or closing company for help. They will look into the issue and help determine if a valid claim exists. If there is one, they will explain the process to resolve the issue.

The
Is Here to Help.

For more information about buying insurance, please visit

or call

As a consumer protection agency, the

can also help if you think an insurance agent or company has misled you or acted improperly.

To file a complaint, please visit our website at

or send a written complaint and any supporting documents to:

OTHER RESOURCES

To verify that professionals who will help you with your real estate transaction are licensed, please contact:

Real Estate Agent

Bank/Mortgage Lender

Real Estate Appraiser

Insurance Agent

Insurance Company

Title Agent

Title Insurance Company

Attorney

To find other useful information about the home buying process, please contact:

U.S. Department of Housing and Urban Development
451 7th Street S.W.
Washington, DC 20410
202-708-1112
www.hud.gov

Consumer Financial Protection Bureau
P.O. Box 4503
Iowa City, Iowa 52244
855-411-2372
855-237-2392 (Fax)
http://www.consumerfinance.gov

National Flood Insurance Program
500 C Street SW
Washington, DC 20472
800-621-FEMA
www.floodsmart.gov

FBI Internet Crime Complaint Center
www.ic3.gov

FTC Identity Theft Help
www.identitytheft.gov

TITLE INSURANCE SHOPPING TOOLKIT

These pages are designed to be a practical toolkit. You're encouraged to download or print and use these materials during your decision-making process. Have the downloaded toolkit or a printed copy with you during meetings with title insurance agents, real estate agents, or when you review documents. Each section offers key questions to protect your interests.

WHEN YOU SHOP FOR TITLE INSURANCE, BE SURE TO ASK THE TITLE INSURANCE AGENT OR COMPANY THE FOLLOWING QUESTIONS:

- How long have you been licensed to sell title insurance in
- What title insurance companies' policies do you sell?
- Are title insurance premiums regulated in
- Are any discounts available?
- Are you related or affiliated in any way with my real estate agent, mortgage lender, builder, or attorney?
- Will anyone be paid a referral fee or commission, or be compensated if I buy title insurance from you or a company you represent?
- In addition to title insurance premiums, what other fees and charges will I pay?
- What policy endorsements are available?
- Do you charge a cancellation fee if I don't buy title insurance from you after you do a title search?
- Will I need to pay for a survey (a professional drawing of the property's boundaries and property location) before you can sell me title insurance?

IF YOU'RE CONSIDERING AN ATTORNEY OPINION LETTER (AOL), BE SURE TO ASK THE FOLLOWING QUESTIONS:

- How is an AOL different from title insurance?
- How does the cost of an AOL compare to the cost of title insurance?
- Will my lender accept an AOL instead of title insurance?
- Is there any extra insurance with the AOL? If yes, who is it from, and what does it cover?
- If there's a problem, do I have to go to court to get help?
- What problems won't the AOL cover?

WHEN CHOOSING A CLOSING AGENT, BE SURE TO ASK THE FOLLOWING QUESTIONS:

- Can you give me a list of all the fees and charges I would pay if you were my closing agent?
- What fees and charges are negotiable?
- Are your closing staff licensed title insurance agents?
- How and when do you conduct closings?
- Who will handle my closing?
- When will you give me a copy of the closing document?
- Do you have references or testimonials from former clients?
- Do you offer closing protection coverage?
- How much does closing protection cost?

SHOP AROUND FOR TITLE INSURANCE AND CLOSING SERVICES

You should shop for title insurance and closing services, as premiums and fees can vary. Use the chart below to see how much you'll be charged for specific premiums, fees, and services.

TITLE INSURANCE SHOPPING TOOL

COST COMPARISON CHART

	Company Name	Company Name	Company Name
Title Insurance			
Premium Price (Lender's Title Policy)	$	$	$
Premium Price (Owner's Title Policy)	$	$	$
Endorsement Price	$	$	$
Title Search Fee	$	$	$
Closing Protection Letter	$	$	$
Deed Preparation Fee	$	$	$
Other	$	$	$
Other	$	$	$
Total:	**$**	**$**	**$**

	Company Name	Company Name	Company Name
Closing Costs			
Government Recording Charge	$	$	$
Tax & Other Certifications	$	$	$
Overnight Mail	$	$	$
Wire Fee	$	$	$
Transfer Tax	$	$	$
Notary Fee	$	$	$
Settlement Fee	$	$	$
Document Preparation Fee	$	$	$
Email/Electronic Doc Fee	$	$	$
Other	$	$	$
Other	$	$	$
Total:	**$**	**$**	**$**

GLOSSARY OF TERMS AND DEFINITIONS

Affiliated Business Arrangement: An arrangement in which a person who can refer business, such as a real estate agent, has an ownership interest in a settlement service provider (e.g., title insurance, mortgage company) and refers business to them.

Attorney Opinion Letter: A legal opinion from an attorney on a property's title status.

Closing: The process of completing a real estate transaction during which deeds, mortgages, leases, and other required instruments are signed and/or delivered, parties settle and balance their accounts, and money is paid. Closing can also be referred to as a settlement.

Closing protection letters: A document issued by a title insurance company. The letter protects a lender if a title insurance company's agent or attorney fails to follow closing instructions or steals funds.

Commitment: The preliminary report or binder that the title insurance company creates before it issues a title insurance policy. The commitment includes the policy's terms, conditions, and exceptions.

Deed: A legal document that conveys legal ownership.

Defect: A problem or missing information related to the title that affects your ownership rights to the property.

Earnest money deposit: A good-faith payment from the potential buyer to show serious intent to buy the property.

Exception: Specific items or issues listed in a title insurance policy that the insurance doesn't cover.

Insurance: A contract where you pay for financial protection against specific risks.

Lien: A legal claim on a property for money owed to a creditor or lienholder. Property with a lien usually cannot be sold.

Lender's policy: Protects the lender against problems with the title for as long as they have an interest in the property (typically until the mortgage is paid off).

Owner's policy: Protects the owner against problems with the title for as long as they have an interest in the property. Covers the full purchase price of the property and legal costs if a past title issue comes up.

Policy: A written legal agreement (i.e., contract) between an insurance company and the owner of the policy (i.e., policyholder) that provides financial coverage for specific losses in return for fees (i.e., premium payments).

Premium rates: Price for a unit of insurance.

Real Estate Settlement Procedures Act (RESPA): A federal law that offers guidance for certain real estate settlement procedures. For more information about RESPA, visit: https://www.consumerfinance.gov/compliance/compliance-resources/mortgage-resources/real-estate-settlement-procedures-act/

Recording: Officially entering a real estate or property transaction document into the public record.

Simultaneous issue: When an owner's and lender's title insurance policies are issued at the same time. The premium could be lower if policies are issued at the same time.

Title: A legal right to own, possess, use, control, enjoy, and dispose of real estate or a right or interest therein.

GLOSSARY OF TERMS AND DEFINITIONS CONTINUED

Title agent: A person licensed to issue title insurance. This person reviews property histories, determines if the property can be insured, and issues title insurance reports or policies. They also handle money, such as premiums or escrow funds, manage escrow accounts and closings, negotiate title insurance deals, and take care of closing paperwork.[5]

[5] ***Drafting Note:*** *If a jurisdiction uses different terminology, such as "producer" instead of "agent," this definition can be modified accordingly.*

Title insurance: A contract that provides financial protection for past title problems that come up after you buy or refinance a property.

Title insurance report: A preliminary report, statement, or agreement issued before a title insurance policy that outlines the terms, conditions, exceptions, and other relevant details the title insurer is willing to accept for issuing the policy.

Title insurer: An insurance company that underwrites and provides title insurance policies to protect against financial loss due to issues with a property's title.

Title Report: The results of the title examination. These results include what, if anything, needs to be fixed to make sure the property can be sold without problems. Note that a title report does not say whether a property can be sold or insured.

Title search and examination: The process of reviewing recorded documents about a property to see if the seller has the legal right to sell it and whether there are any problems, like debts or legal claims, that could affect the sale.

PROJECT HISTORY

TITLE INSURANCE CONSUMER SHOPPING TOOL TEMPLATE

1. Purpose, Description of the Project, Date Adopted

- The *Title Insurance Consumer Shopping Tool Template* educates consumers about title insurance, assists with shopping, explains closing, and can be customized by each state. The tool, last revised in 2021, required a complete overhaul to incorporate new products, market developments, and changes in how consumers access and use information.

- The *Title Insurance Consumer Shopping Tool Template* was adopted by the Title Insurance (C) Working Group at the 2025 Fall National Meeting and by the Property and Casualty Insurance (C) Committee at the 2026 Spring National Meeting.

2. Relationship to Federal Legislation, If Any

N/A

3. Name of Group Responsible for Drafting the Model and States Participating

Title Insurance (C) Working Group

4. Project Authorized by What Charge and Date First Given to the Group

Title Insurance (C) Working Group ongoing charge:

- D. Update the survey of state laws regarding title data and title matters report and the *Title Insurance Consumer Shopping Tool Template* as needed.

5. A General Description of the Drafting Process (e.g., drafted by a subgroup, interested parties, the full group, etc.). Include any parties outside the members that participated (attach a list).

Drafted by a drafting group consisting of the following Working Group members: Chuck Myers (LA), Connie Van Slyke (NE), Jim Easton (IN), Angela Crooker (VA), and Pratima Lele and Angela King (DC). Input was sought from NAIC Consumer Advocate Brenda J. Cude on readability. Modest revisions were incorporated based on industry feedback following the exposure period.

6. A General Description of the Due Process (e.g., exposure periods, public hearings, or any other means by which widespread input from industry, consumers, and legislators was solicited).

- The drafting group began revising the shopping tool in May, initially focusing on content updates. This included:
  - Clarifying attorney opinion letters so consumers understand their purpose and differences from traditional title insurance.
  - Updating the fraud section for emerging artificial intelligence (AI) schemes, title protection options, and mortgage monitoring services.

- Expanding the affiliated business arrangements section to include kickback settlements and consumer rights under the Real Estate Settlement Procedures Act (RESPA).
  - Noting different state coverage requirements in the closing protection section.
  - Replacing details on home buying and homeowners insurance with a link to the NAIC Homeowners Insurance Buyer Guide.

- The drafting group then made extensive revisions to improve readability, scanability, and usefulness. This included:
  - Using plain language, consolidating and reorganizing sections, restructuring into two columns, and creating a toolkit with a fillable cost-comparison chart and resources page.
  - Adding graphic elements, pull-outs, a glossary, and a chart showing the steps in the closing process.
  - It should be noted that the chart was updated after adoption by the NAIC's Internal Editing department to present the steps from a consumer perspective rather than the closing agent's perspective.

- The NAIC Title Insurance Working Group exposed the *Title Insurance Consumer Shopping Tool Template* on Nov. 12, 2025, and adopted it at the 2025 Fall National Meeting.

- The Property and Casualty Insurance (C) Committee adopted it at the 2026 Spring National Meeting.

7. A Discussion of the Significant Issues (items of some controversy raised during the due process and the group's response)

N/A

8. List the key provisions of the model (sections considered most essential to state adoption)

N/A

9. Any Other Important Information (e.g., amending an accreditation standard)

N/A

