Draft date: 11/25/25

2025 Fall National Meeting
Hollywood, Florida

TITLE INSURANCE (C) WORKING GROUP

Thursday, December 11, 2025
9:30 – 10:30 a.m.
Diplomat Convention Center—Atlantic Ballroom—Level 2

ROLL CALL

Chuck Myers, Chair	Louisiana	Grace Arnold	Minnesota
Connie Van Slyke, Vice Chair	Nebraska	Erin Summers	Nevada
Mark Fowler	Alabama	Alice T. Kane	New Mexico
Heather Carpenter	Alaska	Mike Causey	North Carolina
Maria Ailor	Arizona	Jon Godfread	North Dakota
Angela King	District of Columbia	Judith L. French	Ohio
Michael Yaworsky/Joe Hart	Florida	Glen Mulready	Oklahoma
Scott Saiki	Hawaii	Michael Humphreys	Pennsylvania
Dean L. Cameron	Idaho	Elizabeth Kelleher Dwyer	Rhode Island
Jim Easton	Indiana	Michael Wise	South Carolina
Doug Ommen	Iowa	Larry D. Deiter	South Dakota
Vicki Schmidt	Kansas	Kaj Samsom	Vermont
Marie Grant	Maryland	Scott A. White/ Angela Crooker	Virginia

NAIC Committee Support: Anne Obersteadt

AGENDA

1. Adopt its Nov. 12 Minutes—*Chuck Myers (LA)* — Attachments A

2. Hear an Update on the Progress of Updating the *Title Insurance Shopping Tool Template—Connie Van Slyke (NE)*
   A. Exposed Document with Comment Letter Revisions — Attachment B
   B. Exposed Document — Attachment C
   C. 2021 Original Document — Attachment D

3. Consider Adoption of the *Title Insurance Shopping Tool Template —Chuck Myers (LA)*

4. Hear About Bulletins for Title Alternative Products —*Angela Crooker (VA) and Emily Marsh (TN)* — Attachments E-F

5. Hear a Presentation from the American Academy of Actuaries (Academy) on its Title-Related Research—*Steve Jackson (Academy)* Attachment G

6. Adjournment—*Chuck Myers (LA)*

1. Adopt its Nov. 12 Minutes

Attachment A

Chuck Myers (LA)

Draft: 11/17/25

Title Insurance (C) Working Group
Virtual Meeting
November 12, 2025

The Title Insurance (C) Working Group of the Property and Casualty Insurance (C) Committee met Nov. 12, 2025. The following Working Group members participated: Chuck Myers, Chair (LA); Alex Reno (AK); Erick Wright (AL); Angela King (DC); Jeffrey Joseph (FL); Kathleen Nakasone (HI); Shannon Hohl (ID); Jim Easton (IN); Julie Holmes (KS); Maryam David (MD); Robert Croom (NC); Blaine Bergstedt (ND); Laura Baca and Mickey VanCuren (NM); Erin Summers (NV); David Barney (OH); Erin Wainner (OK); Karissa Skotedis (PA); Patrick Smock (RI); Ryan Basnett (SC); Tony Dorschner (SD); Angela Crooker (VA); and Rosemary Raszka (VT).

1. Adopted its Sept. 11 Minutes

The Working Group met Sept. 11 and took the following action: 1) adopted its April 21 meeting minutes; 2) received an update on the drafting of revisions to the *Title Insurance Shopping Tool Template*; 3) heard an update on the regulatory developments from the National Settlement Services Summit (NS3); and 4) heard a presentation on the American Academy of Actuaries' (Academy's) title-related research.

Wright made a motion, seconded by Easton, to adopt the Working Group's Sept. 11 minutes (Attachment TBD). The motion passed unanimously.

2. Received an Overview of the Proposed Revisions for the *Title Insurance Shopping Tool Template*

Myers said the drafting group was finished with its proposed changes to the *Title Insurance Shopping Tool Template* (Shopping Tool). The Shopping Tool is designed to serve as an educational resource for consumers that states can customize. It was last revised in 2021 to include information about closing protection letters. Because the new revisions are quite substantial, a red-lined version was not included. Once adopted, the NAIC Communications team will transfer the Shopping Tool content into their software template and recreate the graphics using professional tools.

Key revision objectives included expanding content on attorney opinion letters, emerging fraud schemes, title protection tools, and affiliated business arrangements. Enhancing readability through the use of visuals, simplified explanations, and plain language was also prioritized. The material was streamlined to concentrate primarily on title insurance, omitting extensive detail on the home-buying process and homeowners insurance, as these topics are addressed in the NAIC's *Homeowners Insurance Shopping Tool*. References and a link to this guide were provided for further information. Additionally, the content was reorganized to ensure logical progression, providing a clearer understanding of the title insurance process for consumers. The pages containing suggested questions and a cost comparison chart have been relocated to the back of the shopping tool for consumer use as a printable toolkit. The last page introduces a new glossary defining key terms.

3. Exposed the Proposed Revised NAIC *Title Insurance Shopping Tool Template*

Easton made a motion, seconded by King, to expose the proposed revised NAIC *Title Insurance Shopping Tool Template* for a 14-day comment period ending Nov. 26. The motion passed unanimously.

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Myers stated the goal is to consider the updated template for adoption at the Fall National Meeting. He requested that all comment submissions be made promptly by the deadline of Nov. 26, to ensure the Working Group has adequate time to review the feedback received and make any necessary updates to the template.

4. Discussed Other Matters

Myers said that the Working Group will be meeting in person on Thursday, Dec. 11, at 9:30 a.m. ET in the Atlantic Ballroom in the Convention Center during the Fall National Meeting. The meeting will be hybrid for those unable to attend in person.

Having no further business, the Title Insurance (C) Working Group adjourned.

SharePoint/NAIC Support Staff Hub/Member Meetings/C CMTE/2025/TITLE/11-TitleWG.docx

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2. Hear an Update on the Progress of Updating the *Title Insurance Shopping Tool Template*

Attachment B-Exposed Document with Comment Letter Revisions
Attachment C-Exposed Document
Attachment D-2021 Original Document

Connie Van Slyke (NE)

NAIC NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Placeholder for Attachment C-Exposed Document with Comment Letter Revisions

CONSUMER GUIDE TO TITLE INSURANCE

IN [Insert State]



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 purchasing title insurance.

[DOI Website Address] **[DOI Logo]** **[Commissioner Name]**

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.

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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.

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INTRODUCTION

Buying or refinancing a home is a significant financial decision that involves numerous factors. One critical but sometimes overlooked step is choosing title insurance. This coverage plays a key role after loan approval and before closing in protecting your legal ownership of the property from past issues that may not be discovered until later.

Do you need to buy an owner's title insurance policy if it is not required? [1]

[1] *[**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."]*

When purchasing title insurance, ensure it is from a title insurance agent or company licensed to do business in { State }.[2]

[2] *[**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*.]

Sometimes, you might be offered an attorney opinion letter (AOL) instead of title insurance.[3]

[3] *[**Drafting note**: Choose the appropriate sentence: "While {State} regulates title insurance, it does NOT regulate AOLs." "{State} regulates both title insurance and AOLs." "{State} does not regulate either title insurance or AOLs."]*

This shopping tool focuses on title insurance—what it is, when it is required, why it is important, and information to assist in choosing the right policy.

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WHAT IS TITLE INSURANCE AND WHAT DOES IT COVER?

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 home or land.

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 costs of legal representation and other associated expenses to defend against the legal fees incurred in settling the dispute and/or resolving 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.

Two Types of Title Insurance—Owner's and Lender's Policies

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 home, plus legal costs if a past covered title problem comes up after you buy your home. The coverage in an owner's policy is for the amount you paid to buy your home. The policy will cover you as long as you own an interest in the property. You're not required to buy an owner's policy, but if you don't, you could lose the money you've paid for your home if there's a problem with the title.

If a basic owner's policy does not cover a specific title issue, you can often add coverage, known as a *policy endorsement*. Suppose you are buying a new home and the owner's policy doesn't cover claims a contractor files (often known as a mechanic's lien). You can add a policy endorsement to ensure you're covered. Some endorsements are included in the cost of the insurance, while others cost extra.

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 home or 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.

What Doesn't Title Insurance Cover?

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

Also, your title insurance policy might not cover certain existing issues with the home. For instance, the home could have an undisclosed easement or an ongoing boundary dispute. Your title insurance typically won't cover the costs of resolving them.

A title policy primarily covers past title defects, such as forged documents and erroneously filed titles, but does not address current issues that have arisen since the closing. Ask for a list of what will and won't be covered and ask questions to ensure you understand the differences.

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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 purchasing a home, selecting the right title company and understanding your title insurance options are crucial steps to protect your investment and ensure a smooth closing process. Prior to, or more likely, at the time you submit an offer to purchase a property, you will be asked to identify a title company to handle your real estate closing, also known as settlement.

This company will be responsible for several crucial steps in the property purchasing process, including purchasing title insurance. At all times during the process, you have the right to select your title company for your transaction. At no point should you be pressured, coerced, or required to sign an agreement with a company not of your choosing.

Who Sells Title Insurance and Who Pays for It?

You can start looking into title insurance when you begin your home search. Only licensed companies, agencies, or agents are allowed to sell title insurance policies. You can get advice on which company to choose from friends, family, online reviews, or your real estate agent.

Who pays for title insurance depends on local rules and traditions, but buyers and sellers can also negotiate this in their deals. Often, the seller pays for the owner's policy, and the buyer pays for the lender's policy. If you're buying a home, ask your real estate agent who usually pays for title insurance in your area.

If you are refinancing, you, as the homeowner, must buy and pay for the new lender's title insurance policy. Generally, you will not need a new owner's policy if one was purchased at the time of the original house purchase. Title insurance is paid with a one-time payment at closing.

Be Aware

The company that your agent or broker recommended may indicate that there is an affiliated business arrangement (ABA) between the party making the recommendation and the title insurance agent or company that was recommended. There may be a financial agreement in place that gives the agent an incentive to make this recommendation.

If one of these arrangements exists, it must be disclosed to the buyer in writing prior to closing. Often, the title company is pre-filled on the offer paperwork, and this disclosure is included. It will name the company making the referral and the company you're referred to, explain the companies' type of ownership and financial interest, and estimate the charges or a range of charges.

An affiliated business arrangement can potentially lead to a smoother transaction and better coordination of services due to the established relationship; however, it may also result in higher costs, a conflict of interest, and poorer service, as the focus is more on financial gains. At no point are you required to hire that affiliated business.

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.

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What Does a Title Insurance Policy Cost?

The cost of a title insurance policy premium is typically tied to the market value of the home.

If you're buying an owner's policy, the selling price of your home determines the cost of your policy.

If you're buying a lender's policy, the price of title insurance will depend on your loan amount.

When you buy title insurance, ask if you're eligible for any discounts. If there was a previous title policy on the home (because the home changed owners or you're refinancing), you may be eligible for a discount known as a "reissue rate."

If you buy both an owner's and a lender's policy from the same company, you may get a simultaneous issue discount.

How to Decide Which Company?

Regardless of who provides you with a referral to a title company, it is essential to compare the costs and fees that each company estimates and ask questions. While the cost of a title policy is fixed based on the price of your property, fees can vary wildly between title companies.

The cost comparison chart on page 16 breaks down several fees that may be different. Ask for an estimate of these fees and costs based on the anticipated purchase price of the property. If you do not understand what a fee or cost is for, ask questions and 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 see 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 maybe even save money.

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CAN I USE AN ATTORNEY OPINION LETTER INSTEAD OF TITLE INSURANCE?

A mortgage lender may offer you an attorney opinion letter (AOL) as an alternative to traditional title insurance. An AOL is a letter an attorney writes. The letter states who owns the property and the attorney's opinion regarding any potential legal issues with the title.

A lender might offer AOLs to reduce closing costs. However, AOLs aren't always cheaper than title insurance. Additionally, not all lenders accept AOLs. Whether they do varies by the type of transaction, the location of the property, and the specific lender's policies.

How Does a Standard AOL Compare to Title Insurance?

Title insurance and AOLs are different.

One important difference is that standard AOLs generally only protect the lender. With title insurance, you can protect both the home buyer (owner's policy) and the lender (lender's policy).

Unlike title insurance, standard AOLs do not typically cover fraud, forgery, or liens that aren't in public records. An AOL only shows the condition and ownership of a property's title based on public records as of the day the AOL is issued.

Standard AOLs don't usually cover those kinds of problems. They provide a lawyer's opinion on the condition and ownership of a property's title based only on public records. Standard AOLs don't pay to fix title problems.

How Does an Insured AOL Compare to Title Insurance?

Insured AOLs became available in April 2022, when Fannie Mae first announced they would accept them as an alternative to title insurance in certain situations. This opened up a new AOL that could provide some liability protection with the issuance of a limited liability insurance policy.

The liability insurance coverage being offered acts as a safety net for attorney errors, protecting only the lender, not the borrower. So even if the AOL is being marketed as insured, remember it is designed to protect the lender and the issuing attorney. Home buyers would be wise to also get an owner's title insurance policy to protect themselves(s).

Newer AOL products may offer limited protection for the owner. If an AOL is being offered with claims to include owner/home buyer protections, review the conditions of the AOL and coverages being offered carefully, and ask questions.

INPUT SOUGHT FOR POTENTIAL CHART

Attachment D

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TITLE INSURANCE AND THE CLOSING PROCESS

The Closing

The closing is the final step in buying or refinancing a home. 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 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.

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

However, remember that your policy protects you against title issues *for as long as you own the property.*

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.

Understanding Closing Documents

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 table below illustrates the closing process.

Closing Agent Responsibilities in a Real Estate Transaction		
	Contract and Earnest Money	Receive the signed contract and earnest money deposit from the buyer and seller.
	Title Search	Confirm the title search has been completed and that all identified issues have been resolved before closing. A title search reviews the property's history to identify potential title issues, such as liens, disputes, or outstanding mortgages.
	Title Insurance Commitment	Provide a commitment report detailing the title insurance premium, requirements, and exceptions, such as easements.
	Closing Documents	Prepare the closing disclosure and other necessary documents for closing.
	The Closing	Oversee signing of all required documents and distribute funds (pay off liens, disburse proceeds, pay premiums, etc.).
	Recording Documents	File paperwork with the county to update public records with the new ownership and lender information.
	Issuing Title Policies	Send the owner's title policy and recorded deed to the buyer, and the lender's title policy to the lender. (You should keep your title policy as proof of title insurance.)

Attachment D

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Closing Protection Letters

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 agents and companies that conduct real estate closings offer closing protection letters.

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, you'd have to sue the agent to get back any money lost.

If you purchase closing protection coverage, be sure to request 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.*

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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're on your property.

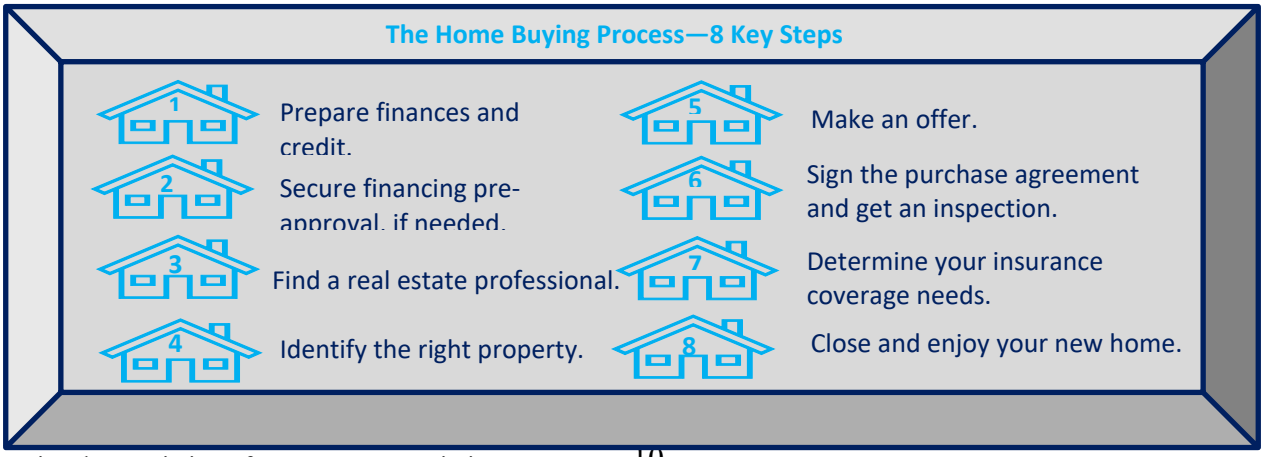
Licensed title insurance agents and companies sell title insurance. Insurance agents licensed to sell property/casualty insurance sell homeowners insurance.

You pay for title insurance just once when you buy or refinance your home. 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

Homeowners insurance does not protect your ownership of the property and does not replace the need for title insurance. The table below summarizes the difference between title insurance and homeowners insurance.

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 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 concerning homeowners insurance, refer to the NAIC's *A Consumer's Guide to Home Insurance* and the NAIC's *A Shopping Tool for Homeowners Insurance*.



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HOW TO PROTECT YOURSELF 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.

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 home 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 home, secure loans against it, or rent it out to unaware tenants.

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.

Steps to 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 like CertifID or ClosingLock.
- ✓ **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.

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- ✓ **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 to Do if You 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.

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HOW TO FILE A TITLE INSURANCE CLAIM

If there's an issue about your home'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 home.

You can contact your title insurance agent or closing company for help. They will look into the issue and determine if a valid claim exists. If so, a process will be explained to you to resolve the issue.

The [INSERT DOI NAME] Is Here to Help

For more information about buying insurance, please visit [INSERT DOI WEBSITE ADDRESS], or call [INSERT TELEPHONE NUMBER].

As a consumer protection agency, the [INSERT DOI NAME] 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 [INSERT WEB ADDRESS] or send a written complaint and any supporting documents to:

[DOI Logo]

[DOI Address]
[City, State Zip Code]
[DOI Telephone Numbers]

[DOI Website]

[DOI Facebook/X Handles]

OTHER RESOURCES

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

Real Estate Agent
[STATE AGENCY NAME]

[STATE AGENCY ADDRESS]

[CITY, STATE & ZIP CODE]

[AGENCY WEBSITE]

[AGENCY TELEPHONE NUMBER]

Bank/Mortgage Lender
[STATE AGENCY NAME]

[STATE AGENCY ADDRESS]

[CITY, STATE & ZIP CODE]

[AGENCY WEBSITE]

[AGENCY TELEPHONE NUMBER]

Real Estate Appraiser
[STATE AGENCY NAME]

[STATE AGENCY ADDRESS]

[CITY, STATE & ZIP CODE]

[AGENCY WEBSITE]

[AGENCY TELEPHONE NUMBER]

Insurance Agent /
[STATE AGENCY NAME]
Insurance Company
[STATE AGENCY ADDRESS]
and
[CITY, STATE & ZIP CODE]
Title Agent
[AGENCY WEBSITE]
Title Insurance Company
[AGENCY TELEPHONE NUMBER]

Attorney
[STATE AGENCY NAME]

[STATE AGENCY ADDRESS]

[CITY, STATE & ZIP CODE]

[AGENCY WEBSITE]

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[AGENCY TELEPHONE NUMBER]

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

[OTHER SOURCE NAME & INFO]

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TOOLKIT

These pages are designed to be a practical toolkit. You're encouraged to print and use these materials during your decision-making process. Have 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 [INSERT STATE]?
- ✓ What title insurance companies' policies do you sell?
- ✓ Are title insurance premiums regulated in [INSERT STATE]?
- ✓ 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 home location) before you can sell me title insurance?

If you are considering a standard attorney opinion letter (AOL) or an insured AOL, be sure to ask the following questions:

- ✓ How is an AOL different from 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.

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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:	$	$	$

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GLOSSARY OF TERMS AND DEFINITIONS

Affiliated Business Arrangement: An affiliated business arrangement occurs when someone who can refer business related to a real estate settlement service, such as a mortgage loan, or their associate, has an ownership interest of more than 1% or another type of affiliation with a settlement service provider, and refers or influences others to use that provider.

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, and accounting between parties is made, and the money is disbursed.

Closing protection letters: A document issued by a title insurance company in connection with an about-to-be-issued title insurance policy. It protects a mortgagee who is forwarding funds to a title insurance company's agent or attorney against embezzlement of funds or failure to follow specific closing instructions.

Commitment: The preliminary report or binder issued prior to the issuance of a title insurance policy containing the terms, conditions, exceptions, and any other matters under which the title insurer is willing to issue its title insurance policy.

Deed: A deed is a legal document that conveys legal ownership.

Defect: A blemish, imperfection, or deficiency. A defective title is one that is irregular and faulty.

Earnest money deposit: Down payment made by a purchaser of real estate as evidence of good faith; a deposit or partial payment.

Exception: Any item specifically excluded.

Insurance: A contract under which, for consideration, one party agrees to indemnify another for a possible loss under certain conditions.

Lien: An encumbrance against property for money, either voluntary or involuntary. All liens are encumbrances, but not all encumbrances are liens.

Lender's policy: This policy protects the bank or other lending institution for as long as they maintain an interest in the property (typically until your mortgage is paid off).

Attachment D

Loan closing: The time agreed upon by a borrower and a lender when the execution of the loan documents by the borrower occurs.

Owner's policy: A policy of title insurance usually insuring an owner of real estate against loss occasioned by defects in, liens against, or unmarketability of the owner's title.

Policy: A contract insuring or indemnifying owners of, or other persons lawfully interested in, real or personal property or an interest in real or personal property against loss or damage.

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Premium rates: Price for a unit of insurance.

Real Estate Settlement Procedures Act (RESPA): Section 8 bans paying or accepting fees or kickbacks for referring settlement services for real estate-related activities. It also does not allow splitting fees between parties unless they actually performed a service. Section 9 prohibits sellers from requiring buyers to use a specific title insurance company as a condition of sale, either directly or indirectly. More information on RESPA can be found here: https://www.consumerfinance.gov/compliance/compliance-resources/mortgage-resources/real-estate-settlement-procedures-act/

Recording: Filing documents affecting real property as a matter of public record, giving notice to future purchasers, creditors, or other interested parties. Recording is controlled by statute and usually requires the witnessing and notarizing of an instrument to be recorded.

Referral: The directing of title insurance business, whether or not the consent or approval of any other person is sought or obtained with respect to the referral.

Settlement: The time when the settlement agent has received a duly executed deed, loan funds, loan documents, and other documents, and certified funds required to carry out the terms of a contract between the parties, and the settlement agent can reasonably determine that pre-recordation conditions of the contract have been satisfied.

Simultaneous issue: When an owner's and lender's title insurance policy is issued at the same time. Such issuances could allow for a reduced premium.

Title: A combination of all the elements that constitute a legal right to own, possess, use, control, enjoy, and dispose of real estate or a right or interest therein. (2) The rights of ownership are recognized and protected by the law.

Title agent: A person licensed to work for a title insurance company who decides if a property can be insured and issues title insurance reports or policies based on a review or search of the property's title history. They also collect or pay out funds like premiums or escrow, handle escrows and closings, seek or negotiate title insurance business, or file closing documents.[5]

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

Title defect: Title to real property that lacks some of the elements necessary to transfer good title.

Title insurance: Indemnity against loss resulting from defects in or liens upon a title.

Title insurer: An entity that underwrites title insurance coverage.

Title search and examination: A review of all recorded documents affecting a specific piece of property to determine the present condition of the title.

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How to Buy Title Insurance in [Insert State]

This guide:

- **Covers the basics of title insurance.**
- **Explains the need for title insurance.**
- **Offers tips to shop for title insurance and closing services.**
- **Gives you questions you should ask before you buy title insurance.**

[Name]
[Superintendent of Insurance]

[DOI Logo]

[DOI Website Address]

Drafting Note: ***This template has been developed for state departments of insurance who are interested in providing a consumer education publication regarding title insurance. The template was developed as a comprehensive guide that can be edited/personalized to meet the individual needs of a state.***

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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.

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Introduction

A real estate transaction may be one of the largest investments you'll ever make. Because the decisions you make when you buy or refinance a home can have effects for years to come, it's important to take time to learn about the process so you can make good decisions.

You may want to hire a licensed professional to help you with the many steps to buy or refinance a home or piece of property. Before you agree to do business with anyone, however, be sure the individual is qualified and licensed.

Buying or Refinancing a Home or Property

So you're ready to buy or refinance a home or piece of property. Now what?

If you've found the perfect home or property and the seller has accepted your offer, the next steps will most likely be:

- You'll get a loan from a mortgage lender.
- A professional will inspect and appraise the home or property.
- You'll choose an individual or business, known as a closing agent, to organize and finalize your real estate transaction.
- You'll choose a "closing date" to sign paperwork and take ownership of your new home.
- You'll buy homeowners insurance through a licensed property and casualty insurance agent.
- You'll decide if you need flood and/or earthquake insurance, which you can buy through a licensed property and casualty agent.
- You'll decide if you'll need title insurance, which you can buy through a licensed title agent or company.
- A professional may "survey" the property. A survey is a professional drawing of the property's boundaries. It also shows where a home is located on the property.
- You may be able to buy a home warranty that covers the mechanical breakdown of individual parts of a home, such as the electrical and plumbing systems. A warranty doesn't cover the home's structure, may or may not cover appliances, ends at a specific point in time (for example, one year), and has exclusions and limitations that you should review. Home warranties might not be regulated as insurance in your state.
- The final walk-through of the home you're buying will be scheduled.
- You'll sign legal paperwork to finalize your new loan.

If you're refinancing your home or property:

- You'll get a new loan from a mortgage lender.
- A professional may inspect and appraise your home or property.
- You'll give the lender information about your homeowners, flood, and/or earthquake insurance coverage.
- You'll decide if you need title insurance, which you can buy from a licensed title agent or company.
- A closing date will be selected.
- You'll sign legal paperwork to finalize your new loan.

When you buy or refinance a home or piece of property, you'll need to decide whether to buy title insurance.

What is title insurance? Why do you need it? This guide will answer those questions and more.

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What is Title Insurance, and What Does it Cover?

A *title* documents your legal ownership or interest in 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 home or piece of land.

For example, if you received a letter telling you there's an unpaid mortgage on the property you just bought, you could submit a claim to your title insurance company. The title insurance company would pay the legal costs to settle the dispute and/or to resolve the problem.

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 ownership.

Two Types of Title Insurance—Owner's and Lender's Policies

There are two types of title insurance policies:

- An Owner's Policy
- A Lender's Policy

An *owner's policy* protects *you* for the full price you paid for the home, plus legal costs if a past title or ownership issue comes up after you buy your home. An owner's policy is issued for the amount you paid to buy your home, and the policy will cover you as long as you own an interest in the property. You are not required to purchase an owner's policy, but if you choose not to, you may lose the money you've paid for your home.

If a basic owner's policy doesn't cover a specific title issue, often you can add coverage, known as a *policy endorsement*. For example, if you're buying a new home and the owner's policy doesn't cover claims filed by a contractor (often known as a mechanic's lien), you can add a policy endorsement to ensure you are covered. Some endorsements are free while others can be added for an additional fee.

An *enhanced owner's policy*, which has a higher level of 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 also may continue to provide coverage after a property has been transferred.

If you borrow money to buy your home or 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 or ownership problem comes up after the property is purchased. A lender's policy is issued for the amount of the mortgage, and the coverage 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 be expected 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.

What Doesn't Title Insurance Cover?

Title insurance policies *do not* cover ownership issues that come about *after* you've bought a home.

For example, if your neighbor builds a fence on your property after you've bought your home, your title insurance policy will not cover the costs to settle the dispute.

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Also, most title insurance policies don't cover issues such as easements, boundary line disputes, zoning violations, and air or mineral rights.

Your title insurance policy may spell out other issues that won't be covered. And if there's a title issue specific to the home you're buying or refinancing, your title policy may not cover it. Ask for a list of what will and will not be covered, and be sure to read your policy.

Who Sells Title Insurance?

Only licensed title insurance companies, agencies, and agents can sell title insurance in [INSERT STATE]. ***Drafting Note:*** *If a state permits other individuals and entities to sell title insurance, this sentence should be amended to include those parties.*

You can buy title insurance directly from a title insurance company or a title agent who sells title insurance for a company.

The Right to Choose Your Own Title Agent/Company

You have the right to shop for and choose your provider of title insurance and settlement services

A good time to shop for title insurance is when you choose a real estate agent, and a lender has prequalified you for a loan. You'll have an idea of the price you can pay for a home/property, and a title insurance agent or company can use that information to estimate your title insurance costs.

There are several ways you can find a title insurance agent or company:

- You can ask the sellers who they used when they bought the home.
- You can check the [INSERT NAME OF DOI] website, [INSERT WEB ADDRESS].
- You can check online for title insurance agents, agencies, and companies in your area.
- You can ask for recommendations from your real estate agent, attorney, mortgage lender, financial institution, or builder.

If your real estate agent, attorney, builder, or lender offers to arrange title insurance for you, or suggests you use a specific title agent or company, ask if they have a business arrangement with the title company or agent they're recommending and if they'll make money from the referral. Federal law requires real estate professionals, title agents, and lenders to tell you about any business arrangements they may have.

Also, beware of statements such as:

- "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."

These types of statements may be used to convince you to give up your right to choose a title agent or company, and you may pay more for title insurance than if you had shopped around.

Who Pays for Title Insurance?

If you're buying a home, who pays for title insurance depends in part on local custom. It may be something, however, that you can negotiate with the seller of the property. When buying a home, be sure to ask your real estate agent what the custom is in your area and if you're likely to be the one to pay for title insurance.

If you're refinancing your home, it'll be your responsibility to buy and pay for the title insurance policy.

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A title insurance policy is paid for with a one-time premium payment.

What Does Title Insurance Cost?

The cost of title insurance is usually tied to the value of the home.

If you're buying an owner's policy, the price of your policy will depend on the selling price of your home.

The price of title insurance can also include more than just insurance. One cost included in the price is a *title search.* When a title search is conducted, a title agent or company reviews local records, such as deeds, mortgages, wills, divorce decrees, court judgments, and tax records, looking for any title issues with the property. In [INSERT STATE NAME], a title search must be done before a company can issue a title insurance policy.

If you're buying a lender's policy, the price of title insurance will depend on your loan amount.

Ask if You're Eligible for Discounts

When you buy title insurance, ask if you're eligible for any discounts.

If there was a previous title policy on the home (because the home changed owners or you're refinancing), you may get a discount known as a "reissue rate."

If you decide to buy both an owner's and a lender's policy, you may get a discount if you buy both policies together.

The Difference Between Title and Homeowners Insurance

Title insurance is different from homeowners 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're on your property.
- Licensed title agents and companies sell title insurance. Insurance agents licensed to sell property and casualty insurance sell homeowners insurance.
- You pay the premium for title insurance with a one-time payment when you buy or refinance a home. A homeowners insurance policy is paid for on an ongoing basis and is up for renewal each year.
- Homeowners insurance does not protect your ownership in the property and does not replace the need for title insurance.

Questions to Ask Before You Buy Title Insurance

When you shop for title insurance, be sure to ask the title agent or company the following questions:

- How long have you been licensed to sell title insurance in [INSERT STATE]?
- What title insurance company do you sell policies for?
- Are title insurance premiums regulated in [INSERT STATE]?
- 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?

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- Will I need to pay for a survey before you can sell me title insurance?

The Real Estate Closing

The last step to buying or refinancing a home/property is known as the *closing***.**

A closing date will be set shortly after the seller accepts your offer to buy their home or the lender approves your refinancing.

A closing can be done in person, electronically, or by mail. As part of the closing, you'll be asked to sign the legal paperwork required to finalize the real estate transaction. On the day of the closing, you (as well as the seller) will be expected to pay any money owed.

If an in-person closing is scheduled, expect the closing to last an hour or two. In addition to you, the seller, real estate agent(s), attorney, title agent and lender may attend the closing.

Make sure you understand what you're being asked to sign.

During the closing, you'll be signing documents that are legally binding contracts. Take time to understand what they mean. If you don't understand something, ask someone to explain it to you, or ask for time to contact a trusted friend, family member, attorney, or advisor for help.

One document you'll be asked to review and sign is the *closing disclosure.* The closing disclosure shows all of the money to be paid to complete the transaction. Some of the costs listed on the closing disclosure will include:

- Outstanding mortgages to be paid.
- Money to be exchanged between the buyer and seller.
- The amount of the new loan(s).
- Loan origination charges.
- Property appraisal fees.
- Credit report fees.
- Real estate agent fees.
- Tax preparation fees.
- Property taxes owed.
- Escrow funds.
- Title insurance premiums.
- Courier fees.
- Settlement or closing fees.
- Closing protection fees.
- Document or recording fees.

Federal law gives you the right to see the closing disclosure at least three business days before closing. It's highly recommended that you ask for a copy of the closing disclosure ahead of time, so you have a chance to review it and ask questions.

If everything isn't in order by your scheduled closing date, your closing date may be moved to another date.

After the closing, you'll be given copies of all the documents you signed.

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Closing Agents

Closing agents handle real estate closings and coordinate all of the steps required to make the real estate transaction official. They're responsible for getting mortgage and loan pay-off amounts from the seller's lender(s) and the amount of property taxes owed. They also give instructions to the buyer and seller, hold money until the home's title is transferred, prepare documents for the buyer and seller to sign, pay out money owed and file documents with the county recorder, who updates records to show a property has changed owners.

Some title agents do more than just sell title insurance. They also conduct real estate closings by serving as a closing agent. Their responsibilities as a closing agent are separate from what they to do as a title agent.

Other professionals, such as attorneys, also can be closing agents.

Just as you have the right to choose a title agent or company, you also have the right to choose your closing agent.

Questions to Ask When You Choose a Closing Agent

When you choose 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 settlement statement? [1]
- Do you have references or testimonials available?
- Do you offer closing protection coverage?
- How much does closing protection cost?

Closing Protection Letters

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 agents and companies that conduct real estate closings offer closing protection letters. 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, 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.

Drafting Note: States who do not require closing protection should delete this section.

Shop Around for Title Insurance and Closing Services

As rates and fees for title insurance and closing services may vary, you should shop for title insurance and closing services. Use the chart that follows to learn how much you'll be charged for certain rates, fees and services.

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Attachment D

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:	$	$	$

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Beware Of Real Estate Wire Fraud Schemes

Money often needs to change hands quickly in a real estate transaction. One way to move money quickly is to have a financial institution wire it. Your real estate broker or agent, the title and closing agent, or an attorney will give you the details you need for a wire transfer.

Criminals can hack into professionals' email systems to send emails that look as though they are coming from someone you're working with. The emails can have fake instructions about wiring money for your upcoming closing. If you follow these instructions, your money will go to the scammer's bank account. If that happens, you could lose your money.

To avoid being a victim of real estate wire fraud, you should:

- Call or personally meet with the professionals who will conduct the closing to learn how the closing will take place and how funds will be transferred.
- Get the names, telephone numbers, and mailing and email addresses for all of the professionals who will be involved with your closing.
- Be suspicious of all telephone or email messages about a change in the closing process. If you get such a message, call the professional you're working with. Use the contact information they gave you, not the contact information in the message.
- Carefully examine all email addresses and telephone numbers associated with a message about your closing to verify the message really came from an individual you've been dealing with.
- Never respond to a message or click on a link if you're asked to verify or provide bank account information.

Personally speak to the closing agent immediately before and after wiring any money to ensure the funds were received.

What To Do If You Believe You're The Victim of a Real Estate Wire Fraud Scheme

Report suspected wire fraud immediately!

If you suspect you're the victim of real estate wire fraud, it's important to immediately report your suspicions and take the following steps to increase the chances of recovering your money:

1) Contact your bank or wire transfer company to report your suspicions and ask for a wire recall.
2) Ask your bank to notify the financial institution that received your funds.
3) Call your local Federal Bureau of Investigation (FBI) office and report the crime.
4) File a report with the FBI's Internet Crime Complaint Center by visiting www.ic3.gov

Drafting note: States that have Fraud units that investigate real estate wire fraud may wish to add a Step 5. Consumers should contact the Department of Insurance.

Final Tips to Remember

- Deal only with licensed professionals who're in good standing in [INSERT STATE].
- As soon as you make an offer on a house or choose a lender to refinance with, start shopping for title insurance.
- Decide up front who'll pay for the title insurance policies.

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- Whoever buys the title insurance policy has the right to choose the title agent or title company.
- A professional who recommends a title insurance company or agent to you may receive a commission or referral fee.
- Ask the seller which title insurance company they used.
- Ask friends or family who recently bought a home if they would recommend their title agent/company.
- If you buy an owner's policy, be sure the coverage is equal to the price you paid for your home.
- Comparison shop and get at least three quotes before you buy title insurance and closing services.
- Ask about available discounts.
- Ask the title and closing agents for an itemized list of their fees and charges.
- Ask for a copy of the title commitment at least three weeks before your closing date.
- Know exactly what your title insurance policy will cover.
- If your title agent will also be the closing agent, ask if closing protection coverage is available.
- Ask the closing agent for a settlement statement at least one business day before your scheduled closing.
- Be suspicious of all communications claiming there's been a change to the closing process.
- Knowledge is power, so don't be afraid to ask questions!
- Read and understand all documents before signing them.
- Request copies of all documents.
- Keep a copy of your title insurance policy for as long as you own your property.
- Immediately report suspected real estate wire fraud.

How to File a Title Insurance Claim

If an issue arises about your home'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 home. You can also contact your title agent or closing agent for help.

The [INSERT DOI NAME] is Here to Help

For more information about buying insurance, please visit [INSERT DOI WEBSITE ADDRESS], or call [INSERT TELEPHONE NUMBER].

As a consumer protection agency, the [INSERT DOI NAME] can also help if you believe an insurance agent or company has misled you or acted improperly.

To file a complaint, please visit our website at [INSERT WEB ADDRESS], or send a written complaint and any supporting documents to:

[DOI Logo]

[DOI Address]
[City, State Zip Code]

[DOI Telephone Numbers]

[DOI Website]

[DOI Facebook / Twitter Contact Information]

Other Resources Available

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To verify the license status of the professionals who will be helping you with your real estate transaction, please contact:

Real Estate Agent	[STATE AGENCY NAME] [STATE AGENCY ADDRESS] [CITY, STATE & ZIP CODE] [AGENCY WEBSITE] [AGENCY TELEPHONE NUMBER]
Bank/Mortgage Lender	[STATE AGENCY NAME] [STATE AGENCY ADDRESS] [CITY, STATE & ZIP CODE] [AGENCY WEBSITE] [AGENCY TELEPHONE NUMBER]
Real Estate Appraiser	[STATE AGENCY NAME] [STATE AGENCY ADDRESS] [CITY, STATE & ZIP CODE] [AGENCY WEBSITE] [AGENCY TELEPHONE NUMBER]
Insurance Agent / Insurance Company and Title Agent Title Insurance Company	[STATE AGENCY NAME] [STATE AGENCY ADDRESS] [CITY, STATE & ZIP CODE] [AGENCY WEBSITE] [AGENCY TELEPHONE NUMBER]
Attorney	[STATE AGENCY NAME] [STATE AGENCY ADDRESS] [CITY, STATE & ZIP CODE] [AGENCY WEBSITE] [AGENCY TELEPHONE NUMBER]

To find other useful information regarding 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

[OTHER SOURCE NAME & INFO]

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3. Consider Adoption of the *Title Insurance Shopping Tool Template*

Chuck Myers (LA)

NAIC NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

4. Hear About Bulletins for Title Alternative Products

Attachments E-F

Angela Crocker (VA) and Emily Marsh (TN)

NAIC NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

SCOTT A. WHITE
COMMISSIONER OF INSURANCE
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

COMMONWEALTH OF VIRGINIA

Attachment E

P.O. BOX 1157
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September 9, 2025

Administrative Letter 2025-05

TO: All Title Insurance Companies, Title Insurance Agents, Entities Engaged in the Business of Title Insurance in Virginia and Interested Parties

RE: Title Insurance Alternatives

It has come to the attention of the Virginia Bureau of Insurance ("Bureau") that products structured like Attorney Opinion Letters ("AOLs") are being offered to consumers in the Commonwealth as a substitute for title insurance. It is important for consumers to understand the differing protections offered by AOLs and title insurance. Furthermore, it is important that consumers and those offering AOLs understand that AOLs are legally prohibited from providing the same or similar protections as title insurance. As long as the AOL does not offer coverage meeting the definition of "insurance" or "title insurance" found in the Code of Virginia ("Code"), the AOL would not be subject to the Bureau's regulation. This Administrative Letter explains the applicable law, the differences in protections between AOLs and title insurance, the importance of understanding coverage, and where certain AOL offerings may violate the Code by crossing the line into the unlicensed business of insurance.

Background and Legislative Authority

Through its administration and enforcement of the insurance laws in the Commonwealth, the Bureau has a robust framework in place to regulate the business of insurance and, more specifically, the provision of title insurance.

Section 38.2-100 of the Code defines "insurance" as "the business of transferring risk by contract wherein a person, for a consideration, undertakes (i) to indemnify another person, (ii) to pay or provide a specified or ascertainable amount of money, or (iii) to provide a benefit or service upon the occurrence of a determinable risk contingency." Section 38.2-100 continues by stating that "insurance" includes each of the classifications of insurance set forth in Article 2 of Chapter 1 of Section 38.2 of the Code which includes title insurance.

Section 38.2-123 of the Code defines "title insurance" as "insurance against loss by reason of liens and encumbrances upon property, defects in the title to property, and other

matters affecting the title to property or the right to the use and enjoyment of property." Section 38.2-123 also states that title insurance "includes insurance of the condition of the title to property and the status of any lien on property."

Section 38.2-135 of the Code prohibits a company from writing "any class of insurance unless it has a current annual license from the Commission to do so." Section 38.2-135 also imposes an additional restriction on title insurers in stating that "[a]n insurer licensed to write title insurance shall not be licensed to write any additional class of insurance," meaning title insurers are legally required to be monoline insurance companies writing only title insurance. Similarly, Section 38.2-4603 of the Code states that "[n]o company other than an insurance company organized as a stock company and licensed to transact title insurance shall transact title insurance in this Commonwealth."

Chapter 46 of Title 38.2 also imposes a number of requirements on title insurers and settlement agents. These include requirements on filing forms with the Bureau, rating practices, and establishing loss reserves, among other items. Section 38.2-4616 requires a settlement agent to obtain a statement in writing from a purchaser of residential real property in the Commonwealth that "he has been notified by the settlement agent that the purchaser may wish to obtain owner's title insurance coverage . . . and that the purchaser does or does not desire such coverage." Section 38.2-4602 also clarifies that, "[e]xcept as otherwise provided, and except where the context otherwise requires, all provisions of this title relating to insurance and insurers generally shall apply to title insurance and title insurance companies."

AOLs, traditionally, have avoided being subject to the regulatory framework applicable to insurance, because they fall outside of the scope of "insurance" and "title insurance." Typically, AOLs are documents prepared by a licensed attorney that provide assurances regarding the status of the title of real property as of the date of the letter. Traditional AOLs avoid being "insurance" or "title insurance" by not transferring the risk of loss related to the condition of the title to property, the status of any lien or encumbrance on property, or other matters affecting the title or right to the use and enjoyment of property. However, it has come to the Bureau's attention that some entities are offering products structured like AOLs that may meet the definition of "insurance" or "title insurance."

Understanding Coverage

Many buyers take out a mortgage to purchase a home. Lenders will often require the buyer to purchase a lender's title insurance policy which protects the lender's security interest in the property. Buyers may be encouraged to consider an AOL in lieu of title insurance by entities acting as party to the real estate transaction. However, the buyer has

the right to choose to buy title insurance and select their insurance provider. The buyer can also purchase owner's title insurance coverage to protect their interest and has the ability to choose their insurance provider. Additionally, the settlement agent in the Commonwealth is required to provide, under Section 38.2-4616 of the Code, a notice reinforcing the buyer's right to obtain owner's title insurance coverage.

The Bureau advises consumers considering the purchase of an AOL to understand if the AOL provides protection to them. The Bureau also encourages consumers to understand that AOLs, and the third parties that offer them, are not subject to the same consumer protection and regulatory requirements as title insurance.

Avoiding the Unlicensed Business of Insurance

The Bureau advises those entities issuing AOLs in the Commonwealth to exercise caution to ensure that they avoid engaging in the business of insurance. The Bureau takes the same view as its neighbor to the south in finding that "[a]ny product that, in essence, insures against loss by reason of defective title or incorrect title searches is title insurance, regardless of the semantics employed."[1]

The Code is clear that any product insuring "against loss by reason of liens and encumbrances upon property, defects in the title to property, and other matters affecting the title to property or the right to the use and enjoyment of property" is title insurance. Title insurance also "includes insurance of the condition of the title to property and the status of any lien on property."

The Bureau's regulation of title insurance includes enforcement of the requirements that the entity providing this coverage be licensed to conduct the business of insurance in the Commonwealth and that the licensed insurer be limited to writing only title insurance. An attempt to extend coverage underwritten by a non-title insurer to provide "title insurance" is not legally permissible because only licensed title insurers may provide title insurance and a licensed title insurer cannot offer other lines of insurance.

To the extent that an AOL indemnifies the owner or lender for losses by reason of liens and encumbrances upon property, defects in the title to property, or other matters affecting the title to property or the right to the use and enjoyment of property caused by events outside of the attorney's control or covers losses unrelated to the opinion expressed in the AOL, then the AOL may be "title insurance" and subject to the Bureau's regulation. However, the determination of what is and what is not "title insurance" is fact dependent so the Bureau

[1] North Carolina Department of Insurance, N.C. Bulletin No. 2002-B-3, *Mortgage Impairment Products Determined to be Title Insurance* (Apr. 17, 2002).

will carefully review the facts of each product and cannot offer an exhaustive list of factors to consider to determine if an AOL is an insurance product.

Conclusion

Consumers should be aware AOLs are being offered as substitutes for title insurance but they do not, and legally cannot, offer the same protection as title insurance. The gap in coverage may leave consumers without protection that they believe they purchased. Entities offering AOLs in the Commonwealth should exercise caution to ensure they are not improperly engaging in the business of insurance.

Questions about this administrative letter may be directed to:

Innovative Solution & Strategies Division
Bureau of Insurance
P.O. Box 1157
Richmond, Virginia 23218
InnovativeSolutions_Strategies@scc.virginia.gov

Cordially,

/s/ Scott A. White
Commissioner of Insurance

STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
500 JAMES ROBERTSON PARKWAY
NASHVILLE, TENNESSEE 37243-5065
615-741-6007

BILL LEE
GOVERNOR

CARTER LAWRENCE
COMMISSIONER

BULLETIN 25-02

To: All Title Insurance Companies, Title Insurance Agents, Title Insurance Agencies, Producers of Title Insurance Business, and other Entities Engaged in the Business of Title Insurance in Tennessee

From: Carter Lawrence, Commissioner Carter Lawrence (Apr 1, 2025 13:29 CDT)

Date: March 27, 2025

RE: Attorney Opinion Letters

It has come to the attention of the Tennessee Department of Commerce and Insurance (the "Department") that attorney opinion letters ("AOLs") are being offered to consumers as a substitute for traditional title insurance. However, AOLs are inherently different from traditional title insurance and do not – and under state law, cannot – offer the same types of protections as a policy of title insurance. This bulletin is issued to outline the Department's position regarding the use of AOLs and other similar documents as a substitute for traditional title insurance. It is the Department's position that some AOLs may be permissible and not subject to regulation as insurance. However, the question as to whether a specific AOL constitutes insurance is a fact-intensive analysis that must be made on a case-by-case basis. As such, those issuing AOLs in Tennessee are encouraged to exercise caution and discretion to ensure that they do not engage in the unauthorized business of insurance.

I. Background

As used in this bulletin, an AOL is a legal document prepared by a licensed attorney that provides certain assurances regarding the status of the title to a parcel of real property based on a search of publicly available real-property records conducted by the issuing attorney.[1] Losses attributable to

[1] These assurances generally include, but are not limited to, a certification that (1) title is vested as stated in the AOL; (2) title to the parcel is marketable, subject to listed encumbrances and exceptions; (3) the owner has legal access to the property; and (4) the lender's lien has, or would have, priority over other liens and encumbrances except as outlined in the AOL. Typically excluded from the certification is (1) any lien, lease, deed, security interest, or other document or matter affecting title that is not part of the publicly available real-property records and (2) any event occurring outside the dates of examination specifically covered by the AOL.

errors in an AOL and the underlying title search may be covered by the issuing attorney's errors-and-omissions insurance policy, and AOLs are sometimes issued in combination with a closing protection letter, also known as a closing indemnity letter, where the issuer contractually agrees to indemnify the beneficiary against losses resulting from the closing process. It is the Department's understanding that AOLs are being issued in some closing transactions in lieu of traditional title insurance, and this bulletin is issued to clarify the Department's position as to when AOLs may be subject to regulation as insurance.

II. Tennessee Law

Under Tennessee law, a contract of insurance is defined as "an agreement by which one party, for a consideration, promises to pay money or its equivalent, or to do some act of value to the assured, upon the destruction or injury, loss or damage of something in which the other party has an insurable interest." Tenn. Code Ann. § 56-7-101(a). However, companies "making abstracts of title, certifying to the correctness of abstracts of title, issuing certificates as to the record title to real estate, or furnishing information regarding title to real estate, [are exempted from] comply[ing] with [Tennessee title insurance laws found in Tenn. Code Ann. Title 56, Chapter 35], *when the information does not take the form of, and is not, in fact, an insurance of the title to real estate*, or interest in real estate, or of the liens or other encumbrances." Tenn. Code Ann. § 56-35-102 (emphasis added).

Additionally, the Tennessee Court of Appeals has determined that certain contracts do not constitute insurance if the primary basis of the contract is service and not indemnity. H & R Block E. Tax Servs., Inc. v. State, Dep't of Com. & Ins., Div. of Ins., 267 S.W.3d 848 (Tenn. Ct. App. 2008). When making this determination, the court has applied a service-indemnity test and looked to the "core essence" of the program or contract at issue and whether it is for a service or for indemnity. Id. at 863.

III. When an AOL is Properly Considered Insurance

When issuing an AOL in Tennessee, the Department cautions issuers to ensure that the AOL "does not take the form of, and is not, in fact, an insurance of the title to real estate" as prohibited by Tenn. Code Ann. § 56-35-102. While AOLs, as described in this bulletin, generally meet the definition of "insurance" under Tenn. Code Ann. § 56-7-101(a), the Department recognizes that an AOL may constitute a service contract under the H&R Block service-indemnity test if the core essence of the AOL is service, not indemnity.

AOLs that are limited as described above and stay within the boundaries of the exemption in Tenn. Code Ann. § 56-35-102 may, in the Department's view, be properly characterized as a contract of service and therefore not regulated as insurance. However, to the extent an AOL or any additional

document issued by an attorney in connection with a closing (1) indemnifies the lender or beneficiary for losses caused by events outside the attorney's control (e.g., recordation of a deed by a third party after closing but before the legitimate deed is recorded), (2) is not an ancillary service offered as part of a broader service or transaction, (3) does not have service as its "core essence," or (4) covers losses not related to the service(s) provided,[2] this would, in the Department's view, cause the AOL to be more likely properly characterized as "an insurance of the title to real estate" and therefore subject to regulation as insurance and the Tennessee title insurance laws found in Tenn. Code Ann. Title 56, Chapter 35. As stated above, the determination as to whether a specific AOL is insurance is a fact-intensive analysis and those issuing AOLs are cautioned to carefully review the letters to ensure that they do not constitute the issuance of insurance subject to regulation by the Department.

Please address questions about this bulletin to Emily Marsh, Senior Policy Advisor, at Emily.Marsh@tn.gov.

[2] These factors should not be construed as an exhaustive list of requirements that must be met before an AOL is properly considered an insurance product, nor should the absence of any of the factors be taken as proof an AOL is not an insurance product.

Attachment F

Tennessee State Government

Update on Bulletin 25-02

Attorney Opinion Letters

Will Kerby, Director of Insurance | Emily Marsh, Senior Policy Advisor
Tennessee Department of Commerce and Insurance

Tennessee State Government

Attachment F



Emily Marsh

Senior Policy Advisor

Emily.Marsh@tn.gov

Tennessee State Government

Attachment F



Will Kerby

Director of Insurance

William.Kerby@tn.gov

What we'll cover

- Why did we issue this bulletin?
- Points addressed in the bulletin
- Issues identified during research
- Conclusion/questions

Why did we issue this bulletin?

- We decided we should investigate attorney opinion letters (AOLs) and alternative title products to better understand them. The bulletin is the result of that investigation.
- Consumer protection
- Important to remember: NOT intended to ban AOLs

Points addressed in the bulletin

Attachment G

- Put AOLs in context of Tennessee insurance law
- From bulletin intro:

policy of title insurance. This bulletin is issued to outline the Department's position regarding the use of AOLs and other similar documents as a substitute for traditional title insurance. It is the Department's position that some AOLs may be permissible and not subject to regulation as insurance. However, the question as to whether a specific AOL constitutes insurance is a fact-intensive analysis that must be made on a case-by-case basis. As such, those issuing AOLs in Tennessee are encouraged to exercise caution and discretion to ensure that they do not engage in the unauthorized business of insurance.

Points addressed in the bulletin, cont'd

- Legal framework to be used when assessing an AOL
  - Definition of "contract of insurance" in Tenn. Code Ann. § 56-7-101(a)
  - Exception for title-related activities in Tenn. Code Ann. § 56-35-102
    - These services do not have to comply with insurance laws
    - See section II, page 2 of bulletin
  - Service-indemnity test from H & R Block case
    - 267 S.W.3d 848 (Tenn. Ct. App. 2008)
    - Certain contracts do not constitute insurance if the primary basis or the "core essence" is service, not indemnity.

Points addressed in the bulletin, cont'd

- Factors that would make an AOL more likely to be considered insurance and subject to regulation
  - Indemnifies the lender or beneficiary for losses caused by events outside the issuing attorney's control
  - Not an ancillary service offered as part of a broader service or transaction
  - Does not have service as its "core essence"
  - Covers losses not related to the service(s) provided by the issuing attorney

Issues identified during research

Attachment F

- Some AOLs offer “gap coverage” which indemnifies for losses incurred between the loan closing and the recordation of the documents.
- Why? Tennessee state law provides an exemption for products that are “not, in fact, an insurance of the title to real estate” so just stick to that.
- Short answer is the FHFA, Fannie Mae, and Freddie Mac.

Issues identified during research, cont'd

- From the Fannie Mae selling guide
  - B7-2-06, Attorney Title Opinion Letter Requirements
    - Lenders are authorized to use an attorney title opinion letter in lieu of a title insurance policy if all of the conditions in the following table are satisfied: . . . provide the gap coverage for the period of time between the loan closing and the recordation of the mortgage.

- From the Freddie Mac selling guide
  - 4702.3: Attorney opinion of title letter
    - (a) Issuer requirements: Attorney must meet the following requirements to be acceptable issuer of attorney opinion of title letters: . . . Provide coverage for the "gap" period between closing of the Mortgage and recordation of the loan documents

Conclusion

- Questions?

5. Hear a Presentation from the American Academy of Actuaries (Academy) on its Title-Related Research

Attachment G

Steve Jackson (Academy)

Attachment G

Title Insurance Research Update

NAIC Title Insurance (C) Working Group

December 11, 2025

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American Academy of Actuaries

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Our Research Approach and Goals

- Examine the patterns and trends in Title Insurance Expenses prior to the issuance of policies, both across companies and over time.
- Identify areas, if possible, where the industry might find ways to reduce costs (for example, by appropriate uses of new technologies) without reducing the quality of their service.

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Two Phases—Current Focus on Phase 1

Origin:

- **Source:** Annual Statement data (direct operations)
- **Goal:** Identify drivers of expenses for direct operations

Focus analysis on:

- **Efficiency**

Expenses per policy

Expenses per $1,000 insured

- **Business Model Composition**

Personnel, Outside production services; as % of total expenses

- **Commercial vs Residential**

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Data Sources and Analysis

- Four largest groups and nine medium-sized companies from 2012 – 2024.
- Expenses examined**:** Total Expenses Paid, found in Schedule T, line 27.
- Not including losses and loss adjustment expenses.
- Only Direct Operations data—not operations through affiliated nor non-affiliated agents.
- Objective**:** Examine the market—not individual companies.

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Introduction to the Current Analysis

All dollar values have been inflation-adjusted to January 1, 2024, using the CPI-U housing in US city average.

Our analysis focuses on:

- Eight companies which are parts of the four largest groups (Fidelity, First American, Old Republic and Stewart), and
- Nine midsize companies.

All 17 companies have reported relevant data for at least 10 of the 13 study years.

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What Have We Seen So Far

- Expenses per policy are increasing for both the largest groups and medium-sized companies.
- Increasing percentages of commercial policies and commercial insured amounts may account for increased expenses per policy.

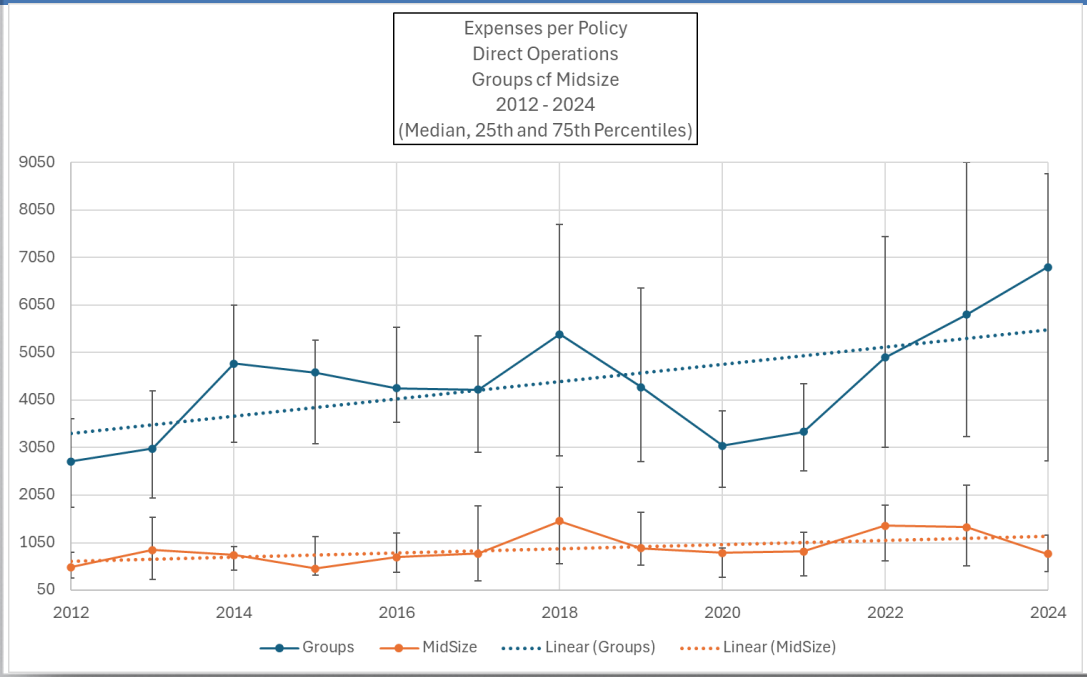
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What's New?

- Added 2024 data.
- Creation of a Labor Cost Index (LCI) to describe relative cost of personnel by company given the states in which they issue policies.
- Examining relationships at the company-year level rather than annual levels across all companies (greater granularity).
- Based on our analyses of the distributions, using statistical techniques to identify multivariate relationships.

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Expenses per Policy, Direct Operations, Groups or Midsize, 2012-2024



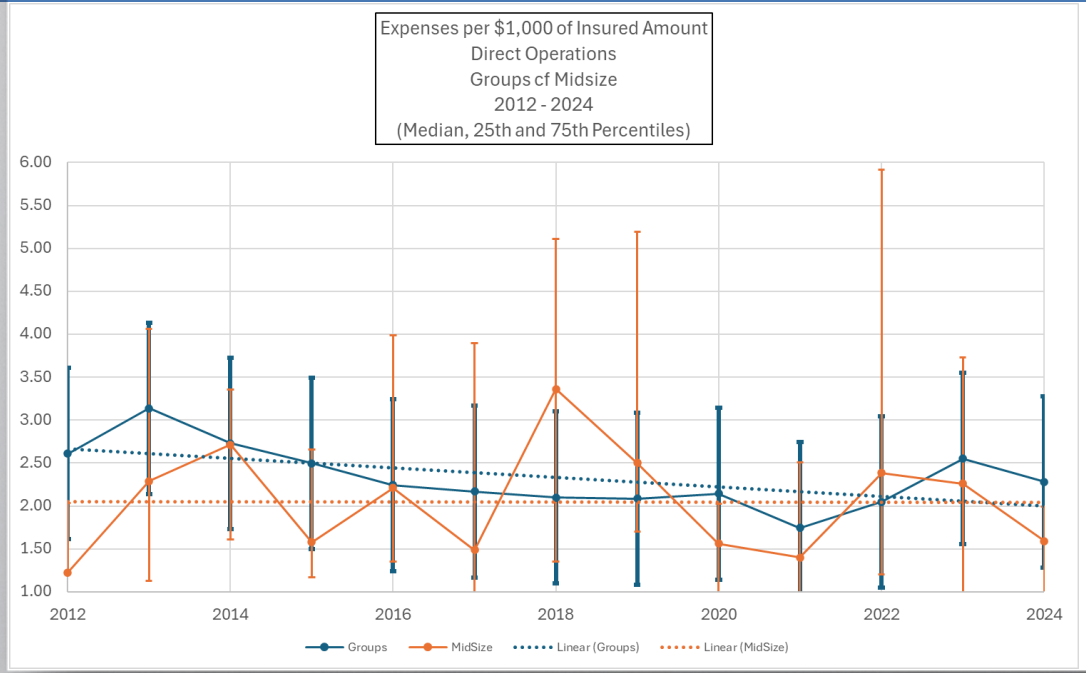
Median expenses per policy are increasing rapidly for the 4 largest groups and slowly for midsize companies during the period, 2012 – 2024.

There is substantial variation in both categories each year.

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Expenses per $1,000 of Insured Amount, Direct Operations, Groups or Midsize, 2012-2024



Expenses per $1,000 of Insured Amount have declined rapidly for the largest groups and barely at all for midsize companies.

There is substantial variation in both categories, more in the midsize companies.

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Developing a Labor Cost Index (LCI)

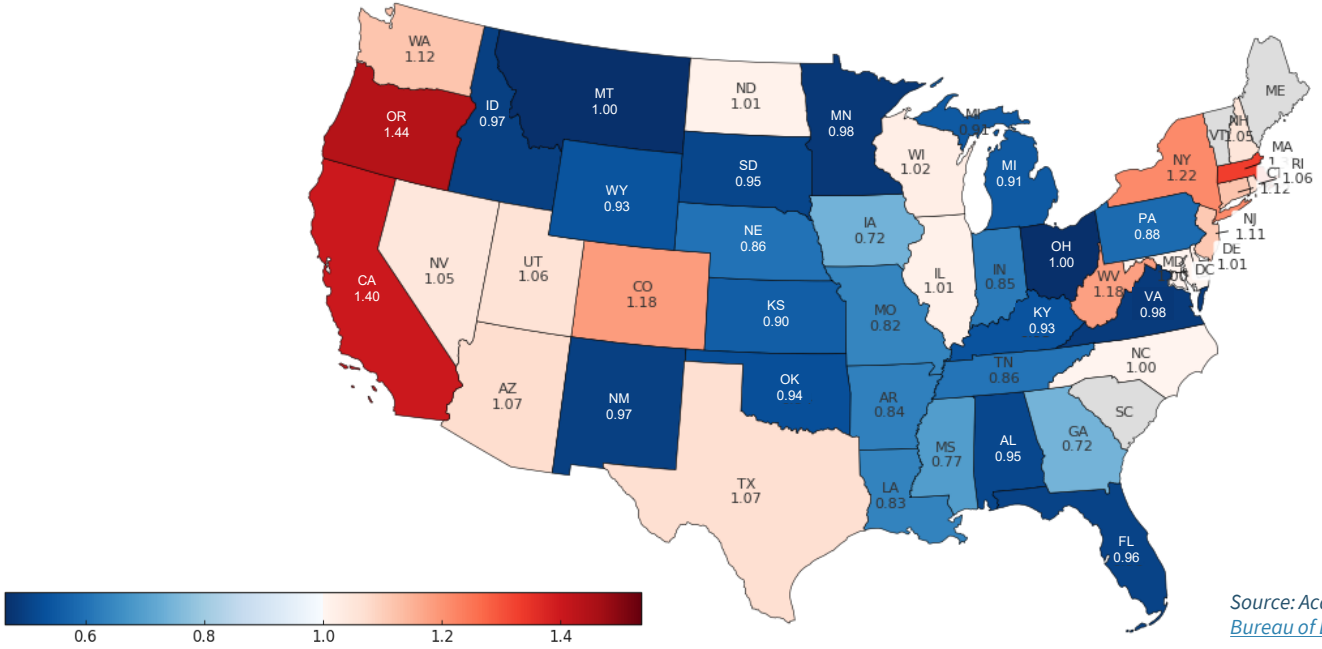
For the companies in our dataset, we have created a relative LCI for each company, which adjusts for the relative labor costs associated with title insurance in each state.

- Labor costs**:** Average annual wage of Title Examiner, Abstractors and Searchers (from BLS)
- LCI is the sum of the labor costs in each state weighted by the proportion of policies issued by a company in that state.

  LCI > 1 → Company tends to operate in more expensive states.
  LCI < 1 → Company operates in less expensive states.
  LCI = 1 → Company aligns with the national average.

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Developing a Labor Cost Index: Step 1
The Cost of Labor by State (2024)

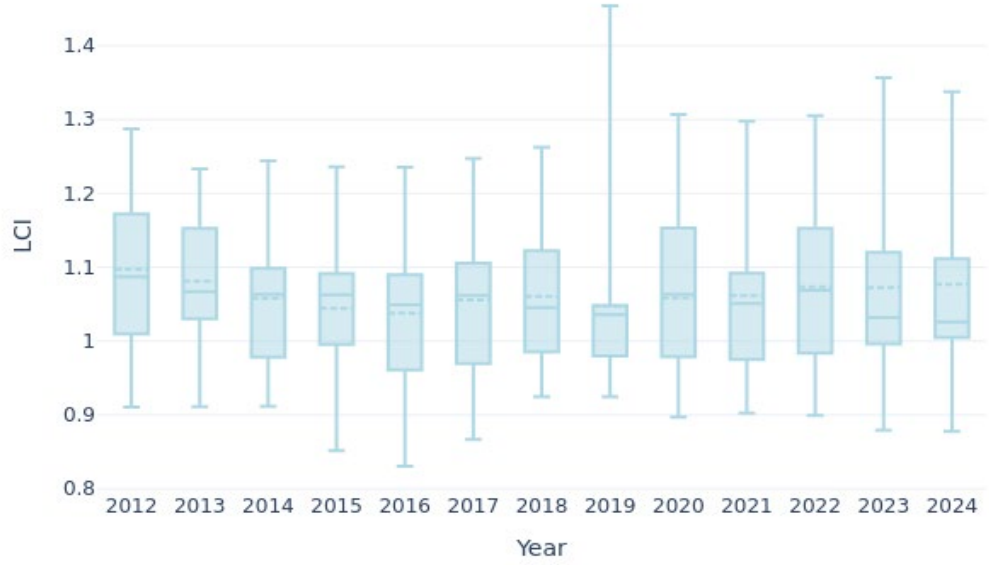


Source: Academy Calculations, based on Bureau of Labor Statistics data.

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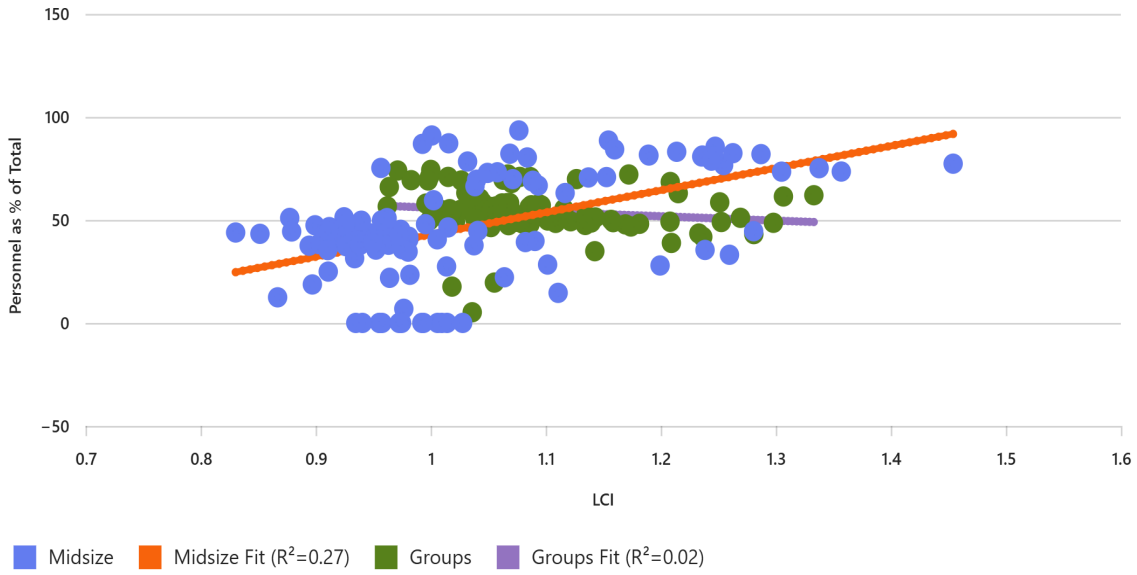
Developing a Labor Cost Index (LCI): 2024 Results



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Mapping the LCI Against Personnel Expenses (as percentage of total expenses)



For groups, there is very little apparent relationship between LCI and personnel expenses as a % of total.

For midsize companies, there is some apparent relationship, due mostly to the one company with virtually $0 in personnel expenses.

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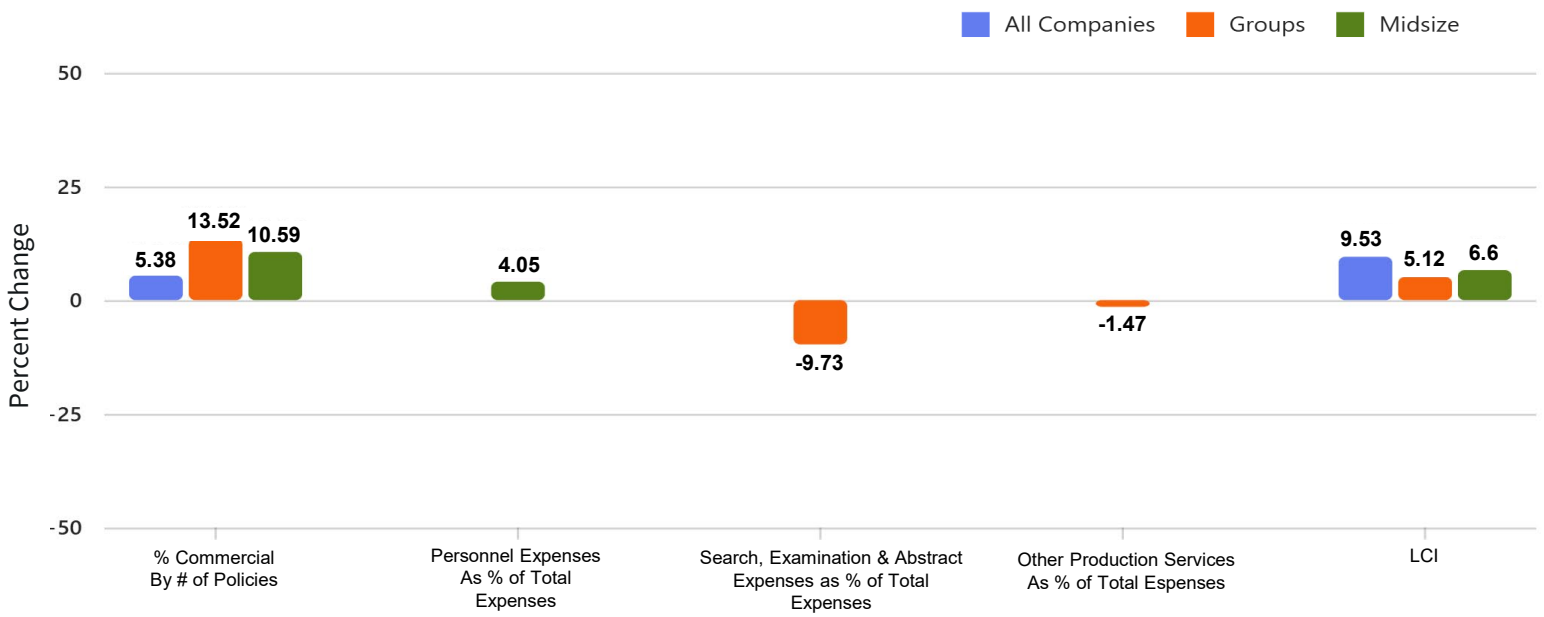
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Moving From a Bivariate to Multivariate Analysis

- Univariate trends → A multivariate linear regression model
- Parameters we analyzed:
    - Commercial insured amount as a percentage of all
    - Commercial policies as a percentage of all policies
    - Personnel expenses as a percentage of total expenses
    - Search, Examination and Abstract expenses (contracted outside) as a percentage of total expenses
    - Other Production Services (contracted outside) as a percentage of total expenses
    - Labor Cost Index (LCI)

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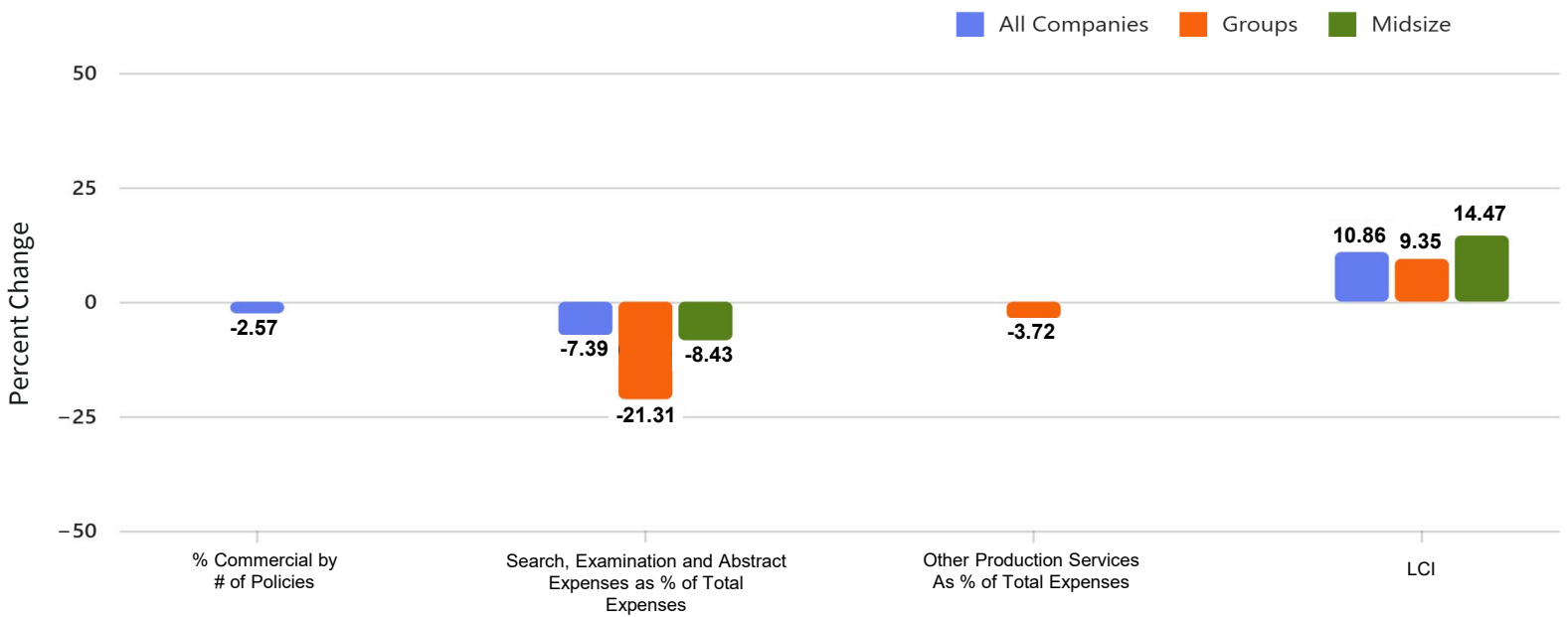
Impact of Moving from 25th to 75th Percentile as a % of the Maximum Expense Per Policy



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Impact of Moving from 25th to 75th Percentile as a % of the Maximum Expense Per $1,000 of Amount Insured



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Discussion of Results

While results may still be refined, these takeaways seem secure:

- Companies increasing the proportion of their commercial work are increasing their expenses per policy while slightly decreasing their expenses per $1,000 of insured amount.
- Companies issuing more policies in more expensive states (as measured by the LCI) experience higher expenses per policy.
- The more services are contracted out, the more a company saves on expenses vs providing services in-house.

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Next Steps

1. Prepare a paper extending and summarizing the results presented.
2. Examine data from three states which make data calls for title insurance agencies available.
3. Work with others to define data which would be most helpful (e.g. distinguishing expenses by those associated with commercial policies, those associated with residential policies, and those shared by both).

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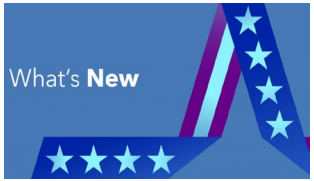
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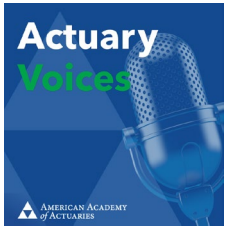
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Policy Forum



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Thank you

Questions?

For more information, contact:

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