

REAL ESTATE

Canadian Title Insurance

What the heck is Title Insurance?

I have to be honest with you, before I researched for this article I had only limited knowledge personally about what exactly title insurance was. Our mortgage specialists knew but then they don't generally write the articles...

Sure I'd heard of it before but, I was always under the impression that it was something typically found in the United States. Something like the word "escrow", not a term we use in Canada. In fact, title insurance originated in the United States some 150 years ago, and until recently was not something available in Canada.

In a nut shell, Title Insurance is insurance that, protects the insured against loss resulting from title and survey defects that would otherwise have been revealed by an up-to-date survey, property report or building location certificate. Title Insurance also protects the insured against losses associated with fraud and forgery as it relates to the title.

The difference between Title Insurance and conventionally thought of insurance is that Title Insurance protects the insured against matters that happened in the past as opposed to things that might happen in the future.

There are two types of Title Insurance available and include policies for property owners and lenders. Title Insurance for owners protects the owner against loss to the owner of the property while policies for lenders ensure that the mortgage is valid and enforceable against the property. When purchased, the policy stays in effect for as long as the owner retains an interest in the property and is generally transferable in case of the owner's death. Title Insurance is available for both residential and commercial properties.

Taken from Chicago Title Canada, risks insured against include the following:

- The un-marketability of the Land.
- Lack of a right of access.
- Someone else has an interest in the title.
- A document is not properly signed, sealed or delivered.
- Forgery, Fraud, duress, incompetence or impersonation.
- Future frauds and forgeries affecting title.
- Defective registration of a document.
- Restrictive covenants limiting the use of the Land.
- Liens arising from mortgages, taxes, utilities, judgments' or condominium charges.
- Builders' Liens.
- Rights of possession arising from leases, options, family law or homestead rights.
- Easements over the Land.
- Enforced removal of existing structures because they encroach onto adjoining land or easements, or because they violate municipal by-laws.
- The house cannot be used as a single family residence because it violates a restriction or zoning by-law.

A big benefit of Title Insurance is the fact that in most cases, it eliminates the requirement for a survey certificate and is generally more cost effective than having a survey completed. The policy is purchased prior to closing on the property or mortgage transaction and is typically ordered by the Lawyer or Notary prior to the purchase or registration of the mortgage.

While most properties qualify for Title Insurance, your Lawyer or Notary will advise you if the property is eligible.

The most recognizable Title Insurance companies in Canada include [Chicago Title Canada](#) and [First Canadian Title](#).

Suggested Article and Resources

[Canadian Mortgage Calculator](#) - Calculate mortgage payments, amortization schedules, interest costs and more. The more you play with it, the more you'll see what it can do.

[GDS and TDS](#) – Understanding your GDS and TDS is an important part of your borrowing ability.

[Fixed or Variable Rate Mortgage](#) – Why alternative is best for you. "you can't handle the risk!"

[Switching your Mortgage](#) – Ever considered switching your mortgage to a new lender?

Total Votes 25

Fair Average Good Very Good Excellent

[Rate This Article](#)
