

## What is Title Insurance?

Title insurance has the unique distinction of being the only form of insurance invented in the United States. It is said that as early as 1853, title insurance existed in this country. Title insurance is a contract to protect an owner against losses arising through defects in the title to real estate owned. If the title is insurable, the company guarantees the owner against any losses due to defects in title or expenses in legal defense of the title, up to the amount of the policy, which is the purchase price of the property.

The theory of title insurance is that in the ideal instance, no risks are taken. This belief arises because a policy is not issued until careful examination of the title has been made. Title insurance, therefore, performs two functions: one, an efficient title search, and two, insurance against loss by reason of certain defects in the title. However, title insurance does involve risks.

Since the accuracy of the examination of title records is the keynote of a successful title insurance company, and since efficient examinations are the key to doing business, title insurance company operations have come to center on "Title Plants". These plants contain the records of the County Recorder's Office which show the history of title to any parcel of land. In addition, the Title Plant contains a file containing a record of past searches and examinations of title. These serve as starting points for future searches and examinations of title. In brief, the Title Plant contains a concise record of pertinent information to enable skilled technicians to conduct short, efficient title examinations and issue its *Policy of Title Insurance*.