

# What is Commercial Title Insurance?



As real estate is the nation's largest market, the purchase and sale of commercial property is essential to the health of the U.S. economy. However, these transactions are never without risk. That's why title insurance has been offering protection for more than 130 years.

## OVERVIEW

When a piece of commercial property is financed, purchased or sold, a record of that transaction is generally filed in public land records.

Likewise, other issues and events that may affect the ownership of a property are also documented and filed. These may include liens, mortgages, restrictions, easements, etc. When a buyer purchases title insurance, the title company searches these records to find (and remedy, if possible) issues that may affect the purchaser's ownership.

## TITLE SEARCH AND EXAM

That's where title insurance differs from traditional insurance models.

When you purchase a policy insuring you for matters relating to your car or health, the insurance company assesses the risk of insuring you, and bases its premium on the risk being assumed. With title insurance, the insurer first works to identify the status of ownership, liens and other matters affecting title by collecting documents affecting title from the public records that are statutorily identified for the recording of real estate transactions. This process is called the search. Once the search is complete, the title insurance underwriter can then determine the insurability of the title and list exceptions from coverage and requirements to insure.

## UNDISCOVERED RISKS

Of course, even the most skilled title professionals may not find all title problems. Other risks include matters that are more difficult to identify, such as title issues resulting from filing errors, forgeries, undisclosed heirs, and other unforeseen problems. That's one reason why your title insurance policy can play a key role in protecting your commercial real estate investment.

## LOAN POLICY

When you purchase a commercial property by securing a mortgage, you will be required by your lender to purchase a loan policy of title insurance. This policy insures the lender against covered title defects up to the amount of insurance. This coverage in favor of the lender lasts for the life of the loan under limited circumstances stated within the policy.

## OWNER'S POLICY

You will also have the option of purchasing an owner's policy of title insurance, which provides insurance directly to the insured owner listed in the policy, and describes the type of real property interest owned. The insurance in both an owner's and a loan policy is subject to the policy provisions, which include the covered risks, exclusions from coverage, the conditions and the exceptions to title listed on a schedule to the policy.

**The purchase of commercial real estate may be the largest financial investment you ever make.  
Title insurance can give you added peace of mind in knowing that the title to your investment is insured.**

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