



An overview of Title Companies

# What will you learn today?



What makes title companies different from one another?



Why does it seem like every title company has the same underwriting companies? What are the differences between them?



How does the claims process work when there is an issue after closing? How often does that happen?

What makes title companies different? You must first understand the anatomy of all insurance companies:

- ▶ Meet Mayhem, he works for Allstate Insurance Agency.
- ▶ Mayhem sells Allstate Insurance policies issued by Allstate Insurance Company.

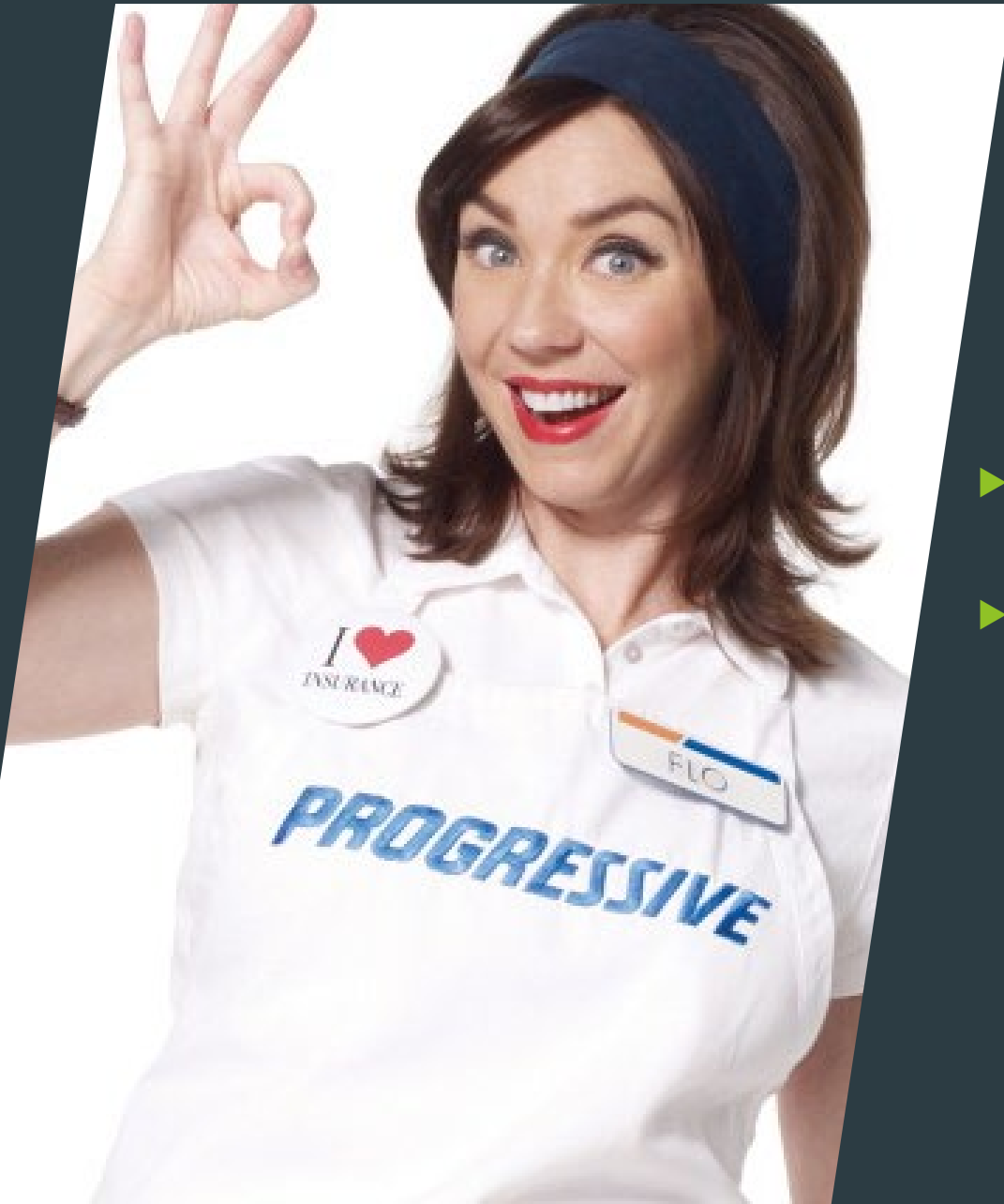


**Allstate**®

You're in good hands.



# #HomeAndAutoBundleExTravaFestaSaveAThon



## Meet Flo!

- ▶ Flo is with Progressive Insurance Company.
- ▶ Flo works with many insurance Agencies that offer Progressive and they also sell direct to consumers.

# So what's the difference between these two?

## Mayhem (Allstate)

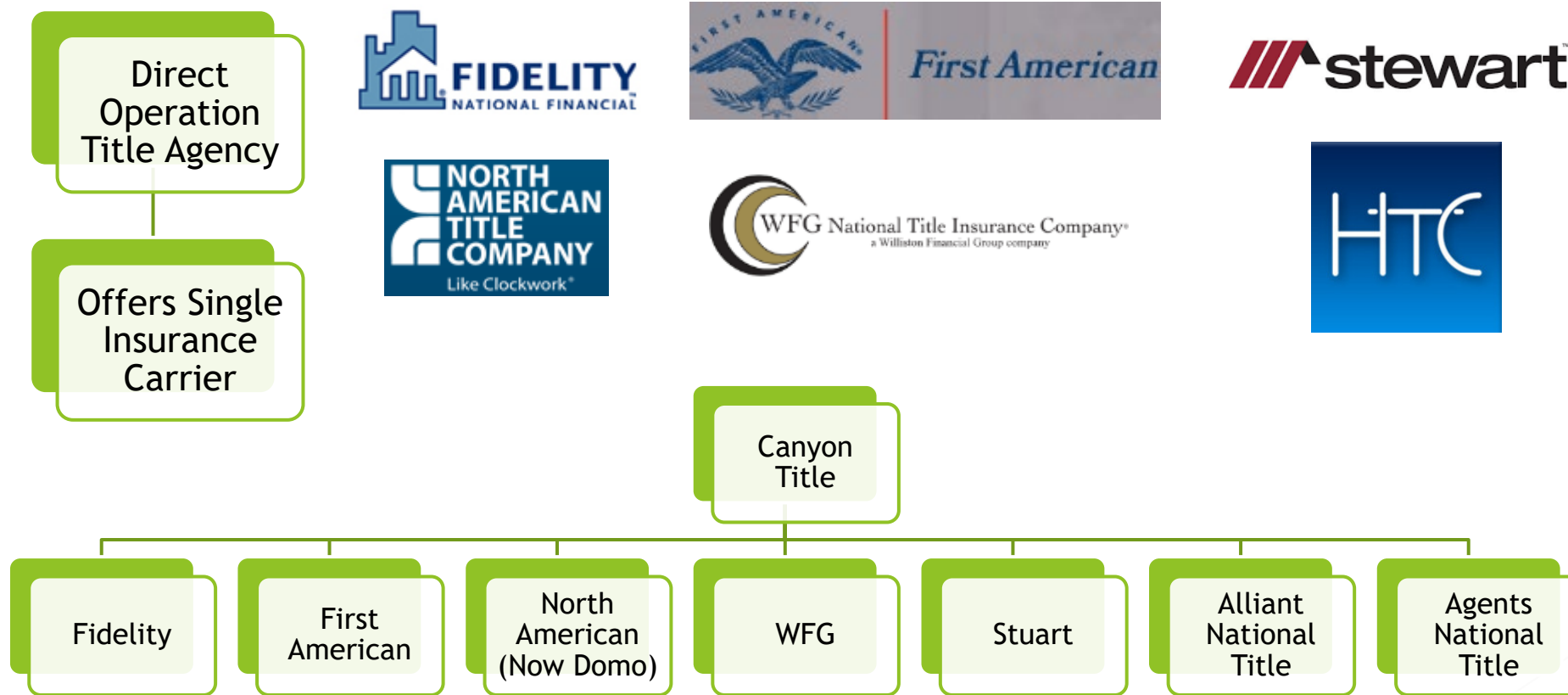
- ▶ Similar financial ratings
- ▶ Similar coverage
- ▶ **Allstate Agencies are ONLY permitted to sell Allstate Insurance policies and do not allow independent agencies to sell their policies**
- ▶ Direct Operation (Captive)
- ▶ When you call your agent to file a claim you are referred to the insurance company

## Flo (Progressive)

- ▶ Similar financial ratings
- ▶ Similar coverage
- ▶ **Independent Insurance Agencies sell their insurance policies and they sell direct to consumers**
- ▶ Agency operation
- ▶ When you call your agent to file a claim you are referred to the insurance company

Geico, State Farm, Allstate and Farmers are all “captive” agencies.

# How does this apply to the title insurance Industry?



What are the advantages of working with an Agency versus a Direct Operation?

Flexibility

Speed

Price(sometimes)

Requirements

# What makes Canyon different than the others?



**Agency**



**Culture**

Fun positive attitudes.  
Tenacious hard  
workers.



**Nimble**

(Multiple underwriter,  
local decisions)



**JV's**



**A team is not a group of people that work together.**

**A team is a group of people who trust each other.**

**-Simon Sinek**

Why does it seem like every title company has the same underwriting companies? What are the differences between them?



**FINANCIAL  
STABILITY**



**CLAIM HANDLING  
PROCESS**



**UNDERWRITING  
GUIDELINES**



Underwriter  
Financial Stability

# Claims Handling Process



Title  
Insurance  
Underwriter  
Guideline  
Differences

Liens/Judgements

Property Boundary Issues

Death and Divorce

Trusts

LLC's

Mining Claims

How does the claims process work  
when there is an issue after closing?  
How often does that happen?

# A great title partner stops bad things from happening...



- ▶ Research title records
- ▶ Look at satellite images of the property
- ▶ Ask for supporting documentation
- ▶ We are generally annoying to your process when there is special circumstances!

# Lets start with what is not covered?

- ▶ Things that don't involve real property.
- ▶ Taxes
- ▶ Payoff Fluctuations
- ▶ Water Sewer
- ▶ HOA
- ▶ Mechanics Liens when there is known construction unless special coverage is purchased.





## Another Property and casualty insurance analogy...

- ▶ The insured cannot be paid out on a claim until a loss has occurred.
- ▶ Title insurance only pays when a loss can be quantified
- ▶ The agency is a fiduciary, Which means we cannot represent any party.
- ▶ Title Insurance works the same way
- ▶ You should always advise consumers to get counsel.



# Most common valid title claims:

- ▶ Deed and Lien Issues
- ▶ Transfers of wrong or incomplete property
- ▶ Vesting Issues



# Deed and lien issues:

- ▶ Deeds of Trust.
  - ▶ Deeds of Trust can be missed if the search is not conducted properly.
  - ▶ Improper indexing on a Deed of Trust
  - ▶ Recording order of the Deed of Trust
- ▶ Other liens.
  - ▶ Judgments.
  - ▶ Tax liens (Federal)
- ▶ Mechanics Liens.
  - ▶ New construction.
  - ▶ Remodeling/Disaster Recovery
- ▶ Liens recorded in the GAP
  - ▶ Liens recorded after the closing and before the closing docs are recorded are problematic.

# Transfer of wrong or incomplete property:

- ▶ **Transfers of wrong/incomplete property.**
  - ▶ Errors in legal description.
  - ▶ Problems with the historical legal description.
  - ▶ Comprehensive examination should reveal defects in the description.
  - ▶ Generally correctable with survey of the property.
- ▶ **Changes in the description.**
  - ▶ Additions to the property.
  - ▶ Subtractions from the property.
  - ▶ New map or survey.
- ▶ **Boundary issues.**
  - ▶ Conflicts with boundaries that are not necessarily disclosed in the public records.
  - ▶ Actual description versus physical presentation.
  - ▶ Adverse possessory claims.

# Vesting issues:

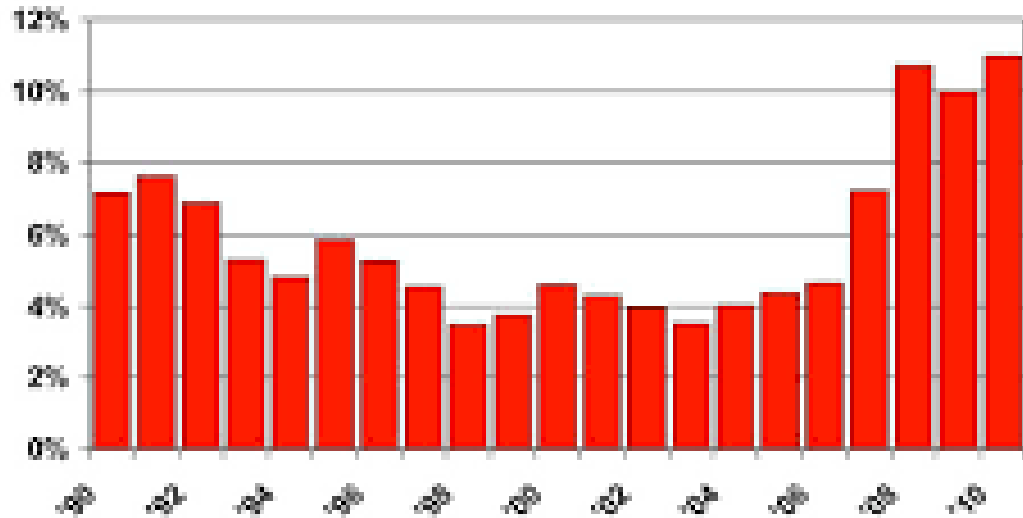
- ▶ **Vesting issues.**
  - ▶ Missing owner.
  - ▶ Chain of title is confusing in the ownership and owner is not picked up.
- ▶ Tenancy issues with deceased owner(s).
  - ▶ Tenants in common versus Joint Tenants.
  - ▶ Assumption that title is Joint Tenants when it's Tenants in Common.
  - ▶ Probate needs to be done and may be missed.
- ▶ Entities.
  - ▶ Does the name on title match with the governing documents provided.
  - ▶ Transfers into the wrong entity.
  - ▶ Names of entities are governed by the characters in the name and not the proper spelling or grammar within the name.
- ▶ Fraudulent transfers.
  - ▶ Seller acquires title through fraudulent deeds and then sells the property.

**NOTE: Problems arising due to issues with the seller(s) can be difficult to resolve.**

# How often are claims paid?

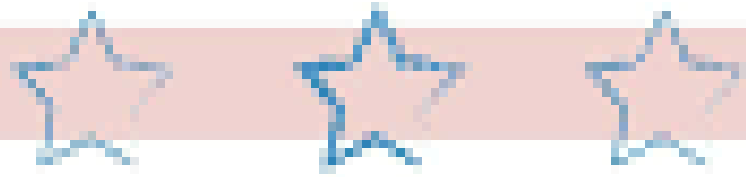
## U.S. Title Claims Rate

Percent

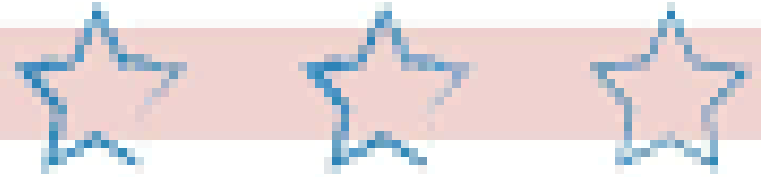


### ▶ DISCLAIMERS:

- ▶ Title agents pay 12-18% of the premium to the insurance.
- ▶ Agencies make no money in escrow, we make out money on the premium split.



THE



AMERICAN

DREAM

Thank You  
Kiitos  
Dank Je  
Terima Kasih  
Ua Tsang Hau Koj  
Merci  
Asante  
Salamat  
Multumesc  
Merci  
THANK YOU

Arigato  
Obri  
Matondo  
Sobri  
Dank  
Merci  
THANK YOU

