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## **Mike Pryor - What is the tradition of assurance in insurance industry**

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From the earliest history of our country, there have always been those who provided evidence of title to real estate. The vocation went by a variety of names, such as scrivener, conveyancer or abstracter, but every settlement, village or town had someone who searched the ownership records to produce some form of assurance regarding the true and complete ownership of any parcel of land. Generally, the assurance was styled as a written abstract or chain of title. Often, the assurance work was reviewed by an attorney who would issue an additional opinion of title for the comfort and security of the prospective buyer and lender.

In 1868, a new kind of insurance...title insurance... was created using the work of the evidencer and examiner in combination with the financial reserves of a larger company to provide both the assurance of title and the financial ability to stand behind the work.

And that's what title insurance was meant to be...insured assurance of ownership.

In the 143 years since the creation of the first title insurance company, the public understanding of what we do has become dim. And they are not alone. Many practitioners in the title field do not fully understand the difference between title insurance and title assurance...or the need for them to be constant companions.

During the crazy refinance periods of the last decade, interest in the owner's assurance of title (that is ever present in a purchase transaction) was subordinated to the loan policy coverage. The required lender coverage was limited to the protection of the financial portion (the loan) of the transaction. In many cases, the consumer received no education or coverage regarding the availability of title policies to protect their ownership interest. Many in the financial arena forgot about the consumer's interest in title assurance. What began as a vital property transfer process to assure ownership to buyers became a watered down perception that title insurance was only a risk assessment product for institutional protection against title claims on defaulted loans. The growing economy had fewer defaults, meaning fewer title claims. Critics decried the low claims ratio's and said disparaging things about title insurance. In turn, financial institutions pressed for faster turnaround and fewer policy requirements in order to capture larger refinance market shares, both resulting in less investigation of the chain of title and more title assumptions by the insurer. Less searching meant fewer discoveries of faulty or erroneous documents in the public records. Fewer discoveries meant less curative work to correct the errors. Conflicts and confusion in the public records increased. In the fall of 2008, an economy built on a housing bubble, exotic lending practices and always rising real estate values spiraled downward.

The silver lining ...even amid the current pain of this agonizingly slow economic recovery... is that many in our country, are calling for a return to sensible financial practices.

I am pleased to say that the title industry is one of the common sense values being re-discovered.

Life insurance cannot guarantee a long life, fire insurance cannot prevent a fire, auto insurance doesn't mean a life free of accidents, but a well-researched title policy can protect a title holder from disruptive claims that might otherwise result in the loss of ownership.

No other insurance product offers the true security of a well-researched title policy. That is the tradition of assurance.

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