

## Hard to make title insurance sexy

by *The-New-York-Times*

Of all the tasks in the mortgage industry, few are as difficult as the one faced by James Maher. His mission: Make title insurance sexy. Maher, the executive vice president of the American Land Title Association, an industry group representing title insurance companies, said that changes taking effect on many title insurance policies may not reach the sexy threshold but they might just make title insurance interesting enough for borrowers to consider it more carefully. "We've been trying to make the product a little more relevant," Maher said, explaining that basic policies will now include expanded coverage such as liability for illegal home improvements made by previous owners and insurance for disputes over property boundaries. "We're getting involved in the kinds of things you'd discuss around the watercooler." Title insurance that home buyers purchase for lenders has long been a mandatory part of the mortgage process as a way of guaranteeing to the lenders that the property will indeed belong to them if the borrowers default. But borrowers can, and often do, decline the same coverage for themselves. And sometimes, the lack of such insurance can have significant consequences. Consider the case of a homeowner who becomes involved in a boundary dispute -- for example, whether the property is part of American Indian territory. Such disputes have occurred in Connecticut and upstate New York in recent years. If both the lender and the borrower have title insurance, both parties will pay nothing to defend a court claim regarding ownership rights. Instead, the title insurance company will defend the policyholders. In the past, this aspect of title protection cost extra, Maher said, and a homeowner had to know enough to request it. Now, title insurance companies are starting to include it in a new basic policy approved in 2006 by the American Land Title Association. Written by: Bob Tedeschi

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