

Advantages of Using a Title Insurance Company

What is the difference between a Title Insurance Company and a Title Company?

Title Insurance Company

A Title **Insurance** Company self-insures and issues a policy in its name backed by its assets and reserves. It is easily identified by the word **INSURANCE** in its corporate name.

In order to transact business in California, a Title **Insurance** Company must have a minimum of paid-in-capital, represented by shares of stock, of five hundred thousand dollars (\$500,000).

A Title **Insurance** Company's assets and reserves also stand behind their own escrow and sub-escrow functions in all transactions.

Most Title **Insurance** Companies have a strong network of direct operations (wholly owned) in most of the more heavily populated counties throughout the country, which facilitates transactions involving properties in other counties and states.

Title Company

A Title Company must rely on a Title Insurance Company to underwrite and issue its policies and is responsible for losses up to its negotiated "deductible" per policy, at which dollar amount the underwriting insurance company becomes liable in a claim.

In order to do business in California, a Title Company must maintain a net worth (excess of assets over liabilities and reserves), including a declining value portion of its title plant, based upon a schedule involving the annual total of recorded documents in that respective county.

The underwritten Title Company may conduct escrow business.

A Title Company is also limited by its approval limit (liability) in a large transaction and is at the mercy of its underwriter when a transaction calls for creative or subjective underwriting.

