



— RESIDENTIAL & COMMERCIAL · GUIDE

Title insurance in plain English

What it covers, what it doesn't, and how it protects your ownership.

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Most people buying a home in Ontario end up with a title insurance policy, often without fully understanding what it is. It is worth knowing, because it is one of the few things you buy once at closing that can quietly protect you for as long as you own the property.

What "title" means

Title is your legal ownership of the property. Title insurance protects that ownership against certain problems, including some that nobody could have discovered at the time you bought, and some that turn out to have existed before you ever owned the place.

It is different from the other insurance you are arranging. Your fire or home insurance covers the building if something happens to it going forward: a fire, a flood, a tree through the roof. Title insurance covers your ownership and your right to the property, looking backward as much as forward.

What it typically covers

A standard residential owner's policy in Ontario usually responds to things like:

- Title defects and ownership disputes. Someone surfaces claiming an interest in your property, or a problem in the chain of past ownership turns out to affect you.
- Fraud and forgery. This is the part worth paying attention to, because title fraud is a real and growing problem. If someone fraudulently transfers or mortgages your property, your policy is designed to respond. For many buyers this has become the single most valuable part of the coverage.
- Survey and boundary issues. A structure encroaches over a boundary, or a neighbour's structure encroaches onto your land, or there is a problem that an up-to-date survey would have shown.
- Work done without permits by a previous owner. A past owner built or renovated without proper permits and the municipality comes after you to fix or remove it.
- Certain unpaid amounts from before you bought, like some realty tax or utility arrears or work orders that predate your ownership.
- Encroachments and zoning problems in defined circumstances.

One practical benefit: title insurance is part of why many Ontario purchases can close without a brand-new survey. The policy covers the survey-type risks instead, which saves time and money. One common exception to know about: fence encroachments are typically not covered, or are covered only in a limited way, even where a building or structural encroachment would be. What any given policy covers depends on its wording and the exceptions the insurer raises, so your lawyer will review that with you.

What it does not cover

This is the part people miss, and it is just as important as the coverage. Title insurance is not a warranty on the physical condition of the house, and it is not a substitute for doing your homework.

It generally does not cover:

- Problems you already knew about before closing and did not disclose.
- Physical or structural defects. A leaky basement, a bad furnace, or a cracked foundation is not a title issue. That is what a home inspection is for.
- Environmental contamination, in most cases.
- Issues that arise after you buy from your own actions, like work you do without a permit.
- Certain government rights and other matters, depending on the policy.
- Anything specifically excluded or excepted in your particular policy.

Every policy has its own terms, exclusions, and exceptions. The coverage described here is typical, not universal, and your policy is the document that actually controls.

How it works in practice

You usually pay a one-time premium at closing, based on the property value. There are no annual renewals on an owner's policy. The coverage lasts for as long as you own the property, and in some cases extends to your estate.

If a covered problem comes up years later, you make a claim with the title insurer. Depending on what happened and what your policy says, the insurer will generally either resolve the issue, defend you, or pay for the loss. That is the real value: you are not left fighting an expensive title problem alone.

Should you get it?

For most residential buyers in Ontario, yes, and lenders typically require a lender's policy anyway when you have a mortgage. The owner's policy that protects you, as opposed to the lender, is usually inexpensive relative to what it covers, and the fraud protection alone has become a strong reason to have it.

Your lawyer will arrange the policy as part of closing, explain what your specific policy covers, and answer questions about the exclusions. Ask. It is much better to understand your coverage on the day you buy than on the day you need to make a claim.

This is general information about title insurance in Ontario, not legal advice and not a description of any particular policy. Coverage depends on the policy you actually buy. Talk to us, and read your policy, before you rely on it.

Questions about your own situation? Book a free consultation at lucianolegal.com/contact.html, call 647-479-4585, or email info@lucianolegal.com.

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