

SELECTING TITLE INSURANCE COMPANIES IN OHIO FOR OHIO PUBLIC WORKS COMMISSION PROJECTS

I. What Is Title Insurance?

A title insurance policy is a contract of indemnity that relates to the legal state of a particularly described parcel of real property. It protects against both record and non-record matters and is backed by the assets and reserves of an insurance company. It insures the past history of the real estate up to the effective date of the policy. In Ohio, the allowed rates for title insurance policy premiums are established by and filed with the Ohio Department of Insurance and are the same for all companies.

II. Title Companies.

There are a number of large, national title insurers (and some smaller title companies) authorized to issue title insurance policies in the State of Ohio and they are regulated under the Ohio Insurance Department. Some of the major companies include Chicago Title Insurance Company, First American Title Insurance Company, Fidelity National Title Insurance Company, Lawyers Title Insurance Company, Commonwealth Land Title Insurance Company and Stewart Title Insurance Company. These major companies are rated by rating agencies, such as Bests, Moodys and Standard & Poors, and they generally are rated A+ to A-. Although the rating agencies have slightly different criteria, those classifications usually mean “superior” to “excellent”. The financial strength of a particular insurance company is an important criteria in selection, especially on larger projects that may have complex issues.

III. Service Criteria.

In addition to financial strength, the ability to deliver services should be considered. Some companies have more offices and service personnel available to do projects, particularly in complex or multi-site projects. Good title personnel will assist the customer and will ask questions about the transaction, suggest solutions and propose different coverages. The title company or agent must be prepared to perform its obligations under the escrow agreement with the Ohio Public Works Commission.

IV. Security of Escrowed Funds.

When a transaction is placed with a title insurance company, or one of its agents, the title insurance customer will want to be assured that any funds that are deposited with that company or agent are secure and that the title company or agent will follow its instructions on the particular project. There are two general ways to obtain assurance of the security of funds deposited and that instructions will be followed:

- (A) Funds are deposited at a direct branch office of a national title insurance company, and the national title insurance company, typically with significant financial reserves, backs the security of the escrowed funds.
- (B) If, however, the parties are using an agent of a national title insurance company, the best protection for escrowed funds and other safeguards in the transaction is what is commonly known as an “insured closing letter”. An insured closing letter, or closing protection letter, is a separate letter from the national title insurance company insuring and backing the actions of its agent in handling the transaction.