



FREE TITLE INSURANCE FOR HOME BUYERS

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TITLE INSURANCE

Title insurance indemnifies for existing (but unidentified) or specifically underwritten defects in a property's title.

Connecticut law defines "title insurance" as a contract insuring or indemnifying against loss or damage arising from existing (i.e., present on or before the policy effective date) (1) defects in, or liens or encumbrances on, the insured title; (2) an unmarketable title; or (3) invalid or unenforceable liens or encumbrances on the property ([CGS § 38a-402\(15\)](#)).

There are two types of title insurance policies: lender and owner. A mortgage lender usually requires a borrower to purchase a lender's policy, which protects the lender against loss resulting from claims against the mortgaged property. An owner's policy, which is optional, protects the purchaser if a problem arises with the title that was not discovered during the title search.

ISSUE

Does any state offer free title insurance for home buyers?

SUMMARY

Iowa appears to be the only state that offers free title insurance to certain home buyers through its Title Guaranty Program.

Under this program, if the home buyer's lender has requested that the buyer purchase title insurance (lenders coverage) on a home valued at \$500,000 or less and the buyer intends to occupy the home as his or her primary residence, then the buyer may obtain title insurance (owners coverage) for free. A buyer who does not qualify for free owners coverage may still purchase it, but at a nominal premium (e.g., \$110).

For more information about Iowa's program, see the Iowa Finance Authority's [website](#) and its [brochure](#) for consumers.

For more information about title insurance in Connecticut, see OLR Research Report [2010-R-0134](#).

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