

What happens if your title insurance underwriter stops writing policies?



Mike Haltman
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The transactional real estate market has recently been forced to face just such a situation when **New Jersey Title** was “asked” to cease writing policies insuring title for residential and commercial property purchases and refinances.

This is yet one more chapter (or casualty) in the financial crisis and real estate collapse that began a few years ago that has revealed cracks in the foundation of firms that might otherwise have remained hidden.

What this situation with **New Jersey Title** does point out is one of the basic tenets of business. This rule states that it is best not to have too high a percentage of business exposure coming from any one source.

This is true whether you are the provider of the product; in this case the underwriter, or the end-user of the product that in this case would be the agents and attorneys.

For New Jersey Title one or two bad actors appear to have had the capacity to bring the firm to its knees and to effectively put them out of business.

For the agents writing solely through New Jersey Title, they are now forced to scramble to find a new underwriter who will consider bringing them on in an environment where the standards for underwriters to accept new business has become much more strict.

So what is an agent or an attorney with business to place to do in a case such as this? The process for application to an underwriter takes time, and clients looking to close a transaction cannot wait. At the same time there are no guarantees that the application to the underwriter will be successful.

This is the time where quick and thoughtful action is required (a contradiction in terms) and relationships need to be forged with agents who are willing to work with you.

It is not easy and no firm wants to jump from the frying pan into the fire, so as much due diligence as can be done in a short period of time needs to get done and then those agents a company feels are viable alternatives for them need to be reached out to.

As with everything involved with the real estate crisis much of this is new territory, but with clear and focused thinking companies can make it through and live to fight another day!

For anyone who may be facing this situation, please feel free to give Hallmark a call.



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Have you ever been to a closing where the title wasn't cleared? We haven't!