



## **CLOSING PROTECTION COVERAGE**

Closing Protection Coverage is offered in all Ohio closings involving title insurance.

Closings consist of two components, 1. The Title to the property, and 2. The handling of funds and documents.

Closing Protection Coverage insures the handling of funds and documents. It covers losses caused by mishandling of money and/or documents and is an indemnity policy.

Why was it created? Title Agencies handle a lot of money. They have safeguards to protect the money, but they are not required to have reserves of any significance. Therefore, if their escrow account runs short for any reason, the agency could immediately become Uncollectible or Insolvent.

The Title Underwriters, who are the actual insurance companies backing the title policies, have reserves that often run into the BILLIONS of dollars. However, they have no duty to assist title agents having trouble with their money, and they are not paid to do so. Closing Protection Coverage was created to allow the Underwriter to offer the additional coverage with an added charge.

Now a client can take advantage of an Underwriter's reserves by purchasing Closing Protection Coverage, and therefore never worry about an agent's ability to deliver good funds.

What could lead to title agents having money problems? Issues include error, fraud, theft, misappropriation, or failure to follow written lender closing instructions as well as taking fraudulent checks, computer viruses and hackings.

Many people have their own opinions on the subject, but you should decide for yourself what kind of risk you are willing to take, and can certainly ask your Realtor for some guidance.

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