

Title Chat

Volume 20, July 2003



Why Title Insurance—continued

Claims and Claim-Related Expense

Several of our recent *Chats* have focused on the question of why title insurance is necessary to protect the consumer's investment in a home or other types of real estate and have looked at several different common factual situations that may give rise to a title claim.

In our *Chat* last December we discussed how much money the title industry paid out in title claims and related expenses in the years 2000 and 2001. To refresh your memory, \$350 million was paid out in the year 2000. \$465 million was paid out in the year 2001. There was a 23% increase from the year 2000.

Well, do you think that the figure was higher or lower for the year 2002?

Everything was up in 2002. Revenue, expenses and claims and claim related expenses all increased.

Revenue was up some 23% from \$9.75 billion to \$12.68 billion.

Income was up 17% from \$460 million to \$558 million.

Claims and claim related expenses were up some 20% from \$465 million to \$582 million.

It is interesting to note that in both 2001 and 2002 net industry income was less than claims and claim related expenses.

In 2001 income was \$460 million and claim payments were \$465 million.

In 2002 income was \$557 million and claim payments were \$582 million.

It would seem that with claims and claim related expenses on the increase, there is an increasing need for the protections that title insurance offers.

Next month we will update you on what is happening on the HUD packaging proposal.

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