Title Chat

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Title Insurance Industry Under a Microscope

On April 26, 2006, the Subcommittee on Housing and Community Opportunity of the House Committee on Financial Services conducted a hearing entitled "Title Insurance: Cost and Competition". The hearing followed a request by Committee Chairman Michael Oxley to the United States Government Accountability Office (GAO) for a study of the nation's title insurance marketplace and the regulation and competitive nature of the title insurance industry.

The study disclosed different types of alleged inducements to obtain business from and by title insurers and title agents to obtain business from those who control real estate and real estate closings. Testimony was taken from the representatives of American Land Title Association, title insurance regulators and title insurance customers.

Captive Reinsurance, Affiliated Business Arrangements, competition in the title insurance industry, pricing the title insurance policy and RESPA type issues relating to kickbacks seemed to be the focus of the hearing.

The Director of Insurance of the Consumers Federation of America testified that different studies have shown that the title insurance market is not competitive.

The President of the National Association of Realtors testified stating that his association believes that the title insurance industry is highly competitive and that this fact is not in serious dispute among real estate services providers.

Two completely different views on the same topic.

It would appear that the GAO study is continuing.

What next? Watch for activities from state regulators such as market conduct examinations, rate reviews, and/or new regulations or statutes. Congress may take a hard look at some of the issues and take action through federal legislation.

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North American Title Insurance Corporation 790 N.W. 107 Avenue, Suite 117, Miami, Florida 33172
305-559-5656 FAX 305-229-6540