

Business groups join fight for title insurance reform

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**Hotel & Lodging, Apartment Associations join the fight for competition in title insurance.**

Today, two prominent trade associations threw their weight behind the push for title insurance reform. The Texas Apartment Association (TAA) and the Texas Hotel & Lodging Association (THLA) announced support for bringing competition and transparency to the title insurance market, something both organizations believe will result in lower costs for Texas consumers.

"Texas is a state that prides itself in its core commitment to a free market system and a belief in competition. But there remain in our state pockets of anti-competitive behavior, which includes the state's archaic regulatory system for title insurance, where the state sets a single rate" said THLA President Scott Joslove in a letter sent to House Insurance Committee Chairman Larry Phillips in support of the reform bill. "This legislation provides much needed accountability and transparency regarding the statutorily mandated costs of purchasing a property be it a residential home or a commercial property."

*Read the full THLA letter to Chairman Phillips [HERE](#)*

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**TLTA Myth of the Week: "Title costs do not provide a barrier to home ownership"**

Texas, along with other states where the government sets title insurance



## Flexible rate bands and how they work.

[H.B. 4239](#) authored by Rep. Sergio Munoz Jr. and Rep. John Smithee would introduce a "flexible rate band" to allow rate competition among title insurers. Rather than a file and use system like in other lines of insurance such as home and auto, this proposed regulation would allow title companies to charge within a certain "band" of rates that are only a certain percentage below or above a rate set by the Texas Department of Insurance.

These bands would be implemented along with standards similar to other lines of insurance that rates be "reasonable and not excessive or unfairly discriminatory as to the public", not confiscatory as to title insurance companies or agents", and designed to "promote price competition among insurers to provide rates and premiums that are responsive to market conditions."

competition. On a per-policy basis, Texas' decision to set prices adds from \$292 to \$1,663 (in 2016 dollars) in costs for the average purchaser of title insurance policies of \$1 million dollars or less. This is significant.

## Bringing transparency to Texas title insurance.

Unlike other lines of insurance, Texas consumers are forbidden from contesting the rate they pay for title insurance, nor do they or the state have much information beyond what the title insurance industry is willing to provide. In fact, Texans have almost no ability to verify or influence title insurance rates.

[S.B. 2203](#) and H.B. 4239 seek to address these issues by directing that all rate filings and supporting documentation filed with the Department of Insurance is public information subject to the Open Records Act; requiring that all settlement and closing statements include an accurate statement of the insurance premium, the amount paid to third parties, and an itemization of fees and charges paid to the settlement agent; and require that all statistical reports of income and expenses filed with the Department of Insurance conform to accounting standards normally kept in the ordinary course of business.