



Why Texas Needs Competition in the Title Insurance Market

- Texas has the most heavily regulated title insurance market in the country. Unlike most states, the government sets a fixed rate for title insurance, preventing competition for consumers' business.
- By requiring the purchase of comprehensive, one-size-fits-all title insurance policies at a fixed rate, Texas increases costs for both consumers and businesses.
- The high prices and lack of competition shouldn't be a surprise as Title 11 of the Texas Insurance Codes states, "The purpose of this title is to completely regulate the business of title insurance on real property..."
- A report from the United States Government Accountability Office (GAO-2007) found that "multiple characteristics of current title insurance markets, as well as allegedly illegal activities by a number of those involved in the marketing of title insurance, suggest that normal competitive forces may not be working properly, raising questions about the prices consumers are paying."
- A study by the LBJ School of Public Affairs (2011) found "when a state promulgates rates [like Texas does], the cost of title insurance will on average be significantly higher than the title prices where states use other regulation styles."
- According to the LBJ study, Texas has the highest title insurance rates for a \$200,000 home among states that require comprehensive coverage.
- The New York Times reported that in states like Florida and Texas, "all providers must charge the same price for each different type of policy."
- Commercial title insurance rates in Texas are often significantly more expensive than in other states, which could negatively impact the relocation and expansion of businesses in Texas.
- The GAO found that price competition would benefit consumers, and recommended that the "Secretary of HUD should take action to (1) protect consumers from illegal title insurance marketing practices and (2) improve consumers' ability to comparison shop for title insurance."
- A recent poll found that 91 percent of Texans agree; because they can shop around for automobile and home insurance, they should also be able to shop around for the best deals on title insurance.
- Reforming title insurance regulation by moving to a file-and-use system in Texas would open up the title insurance business to competition, resulting in more choices for consumers as well as lower prices.
- Reducing the high price of commercial title insurance would lower the cost of doing business in Texas and result in a stronger economy and more jobs.

HOUSTON CHRONICLE

High Title Insurance Costs Spur Calls for Reform

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By Elena Mejia, Houston Chronicle

AUSTIN — Complaining that Texans now pay the highest title-insurance rates in the country, a powerful duo of business and conservative groups called Tuesday for sweeping reforms to lower the costs by dropping anti-competition rules.

According to a study commissioned by Hammonds group, 91 percent of Texans say that if they can shop around for automobile and home insurance, they should be able to shop around for the best deals on title insurance.

COMMENTARY

The Texas Title Insurance Market Should be Freed from Overregulation

By Brooke Rollins and Bill Hammond

This piece originally ran on TribTalk.com.



Liberty is the lifeblood of the great American experiment. The mechanism through which liberty is exercised in our free-enterprise system is competition. We see its benefits every day—and we also see the problems caused by its absence.

Unfortunately, we need to look no further than Texas' title insurance market to witness these problems. Competition

costs are high because consumers do not have the ability to shop on either price or quality. The price for policies is the same throughout the state and across sellers. Likewise, the options for coverage are severely limited so for most consumers it is a one-size-fits-all policy—whether or not you need that coverage.

Texans instinctively understand the problems with a command-and-control

like U.S. Sen. Ted Kennedy and President Jimmy Carter saw the harm caused by this and led the fight to eliminate price regulation in these markets.

But the best example of why competition and choice are good for everyone is the state of Texas itself. The Texas Model of low taxes and spending, less regulation, a sound civil justice system and less dependence on the federal government has