



American Land
Title Association
Protect your property rights

UNDERSTANDING THE COST OF TITLE INSURANCE

TITLE INSURANCE BENEFITS

- Unlike most insurance products, title insurance is a **one-time premium** that protects homebuyers as long as they own their home and lenders for the life of the mortgage.
- Much of the cost of title insurance goes into the **upfront, curative work** that is done before anyone reaches the closing table. Title professionals search the public records and often **cure** defects.
- The **unique protection** that title insurance offers is against any defects that were not found during the title search, such as fraud, forgery, unrecorded liens, etc. A significant proportion of claims are for items which could not be found in a public record search.
- Title insurance also includes a **duty to defend**, which covers all legal fees if a dispute over ownership arises. This means that title companies will fight to keep consumers in their home, at no additional cost to them.
- While other forms of insurance have seen rate increases in recent years, the **cost of title insurance coverage actually decreased** 7.8% nationally since 2004.

Source: Industry analysis of NAIC Form 9 Annual Statements

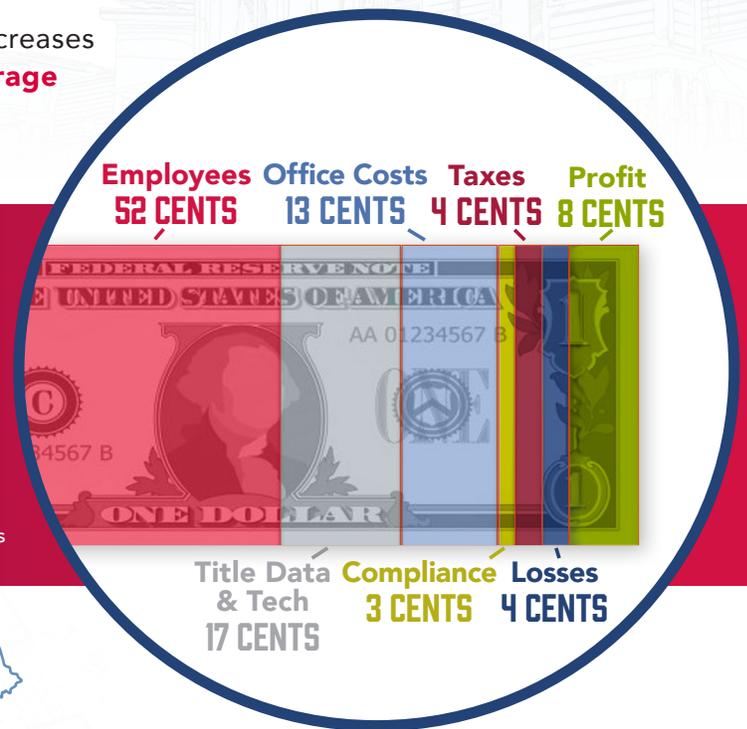
DOLLAR COST BREAKDOWN

The median cost of title insurance and settlement services is **0.67% of the purchase price**.

Source: Fannie Mae

COST OF PRODUCING A TITLE POLICY – EACH DOLLAR

Source: Industry analysis of NAIC Form 9 Annual Statements



EVERY STATE IS DIFFERENT

Title insurance is comprehensively regulated at the state level by departments of insurance.

Title insurance companies are required to file their policies and rates with state regulators to ensure they are **fair, non-discriminatory, and adequately protect consumers**.

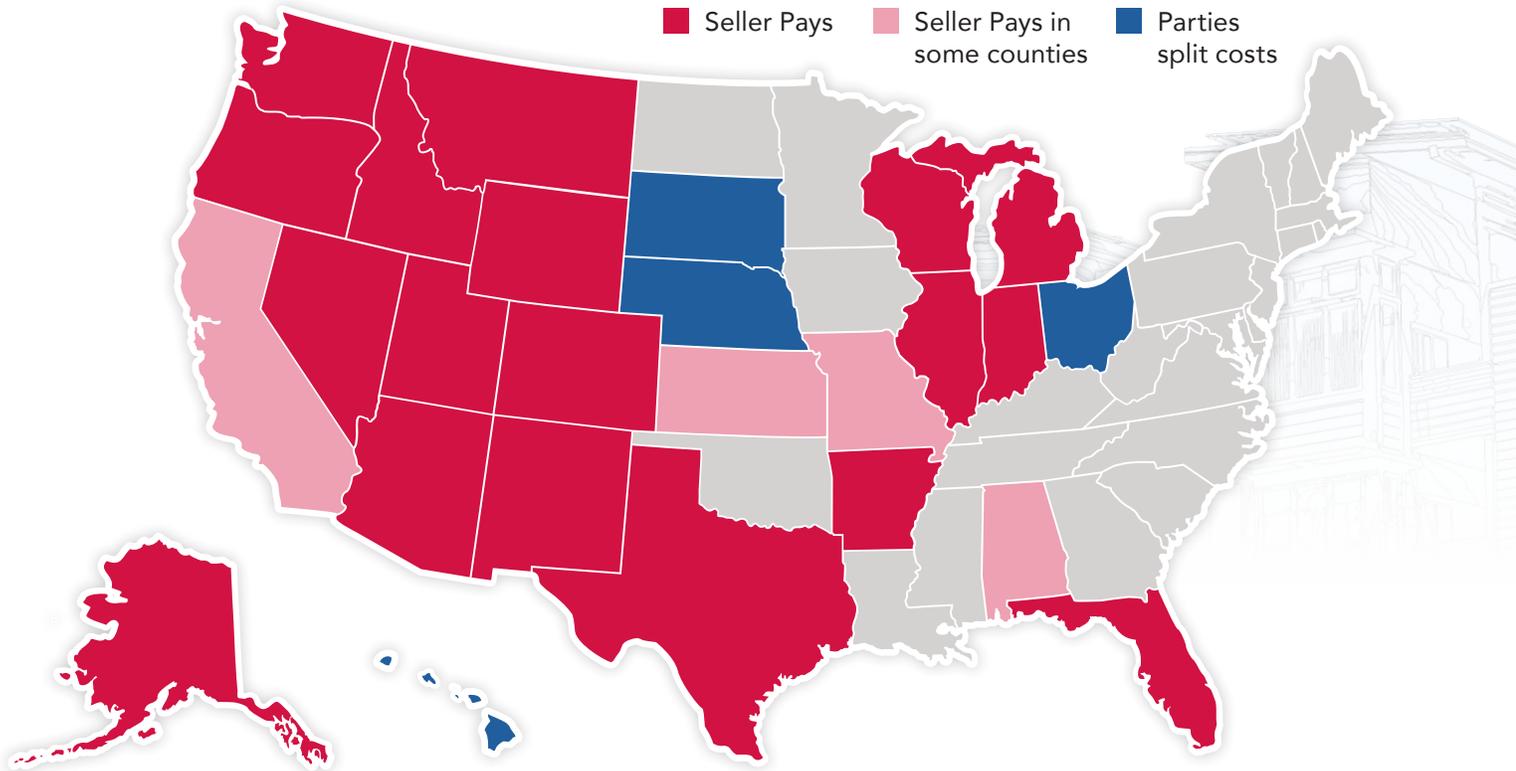


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SELLER PAY STATES

In some states, homebuyers do not have to pay for their owner's policy, just the lender policy. The seller in a transaction pays for the homebuyer's owner's policy, significantly reducing the cost of title insurance for consumers.

26 states are seller pay states in some form:



SIMULTANEOUS ISSUE DISCOUNTS AND REISSUE RATES

When an owner's policy and lender's policy are issued at closing in a purchase transaction, many companies offer a reduced price for these policies.

In seller pay states, these discounts can translate to significant savings for consumers.

In addition, in refinance transactions, where a new lender's policy is required to ensure clean title since the prior mortgage was issued, many companies offer "reissue" rates that provide for additional cost savings as well.

OTHER INDUSTRY INITIATIVES TO PROVIDE SAVINGS



**1ST TIME
HOMEBUYER
DISCOUNTS**



**SPECIAL PURPOSE
CREDIT PROGRAMS**



**COMMUNITY
REINVESTMENT
ACT PROGRAMS**