

Economic contribution of the U.S. land title insurance and settlement services industry in 2022

Prepared for the American Land
Title Association

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The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow diagonal line is positioned behind the 'Y', extending from the top right towards the bottom left.

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Executive summary

This report estimates the current economic activity at, and related to, land title insurance and settlement services companies (“title and settlement companies”) within the U.S. economy in 2022. Specifically, the jobs, wages and benefits, and gross domestic product (GDP) supported by title and settlement companies were estimated. The estimates are based on a widely used economic model for economic contribution analyses.¹

Title and settlement industry

Title and settlement companies research ownership of real property, issue insurance against title-related losses and disputes, and facilitate property settlement and mortgage closing. The services are available to all parties in a real estate transaction (i.e., buyers, sellers, and lenders). The industry includes title companies, title insurers, abstract companies, and real estate settlement companies.

Key results

The total economic contribution of U.S. title and settlement companies in 2022 was an estimated 560,000 workers earning \$43 billion in wages and benefits and generating \$82 billion of GDP in the United States. The total economic contribution, or economic footprint, of U.S. title and settlement companies consists of the operations of title and settlement companies in the United States, as well as the related supplier activity and consumer spending.

- ▶ **Title and settlement companies.** Title and settlement companies employed 155,000 workers earning \$13 billion in wages and benefits and generating \$30 billion of GDP in the United States. The average title and settlement industry worker earned approximately \$83,000 in wages and benefits in 2022. Wages and benefits is a component of GDP.
- ▶ **Related supplier activity.** Suppliers to title and settlement companies employed an additional 231,000 workers throughout the U.S. economy earning \$19 billion in wages and benefits and generating \$32 billion of GDP in the United States.

- ▶ **Related consumer spending.** The consumer spending of workers in the U.S. title and settlement industry and the industry’s suppliers supported an additional 174,000 workers throughout the U.S. economy earning \$11 billion in wages and benefits and generating \$20 billion of GDP in 2022.

Title and settlement companies also identify and collect \$3 billion in back federal income taxes, property taxes, and unpaid child support each year. Government agencies often impose liens on property owners that fail to pay taxes or child support. Other taxes (e.g., state income taxes) and spousal support are also identified and collected but are not quantified as part of this analysis.

- ▶ **Delinquent federal income taxes.** Title and settlement companies find and collect approximately \$2.4 billion in back federal income taxes each year. The average collection amount is approximately \$200 per title examined.
- ▶ **Delinquent property taxes.** Title and settlement companies find and collect approximately \$600 million in back property taxes each year. The average collection amount is approximately \$50 per title examined.
- ▶ **Unpaid child support.** Title and settlement companies find and collect approximately \$55 million of unpaid child support for state agencies. The average collection amount is approximately \$5 per title examined.

¹ See the body of the report for more information.

Figure 1. Delinquent federal income taxes, property taxes, and unpaid child support, 2022

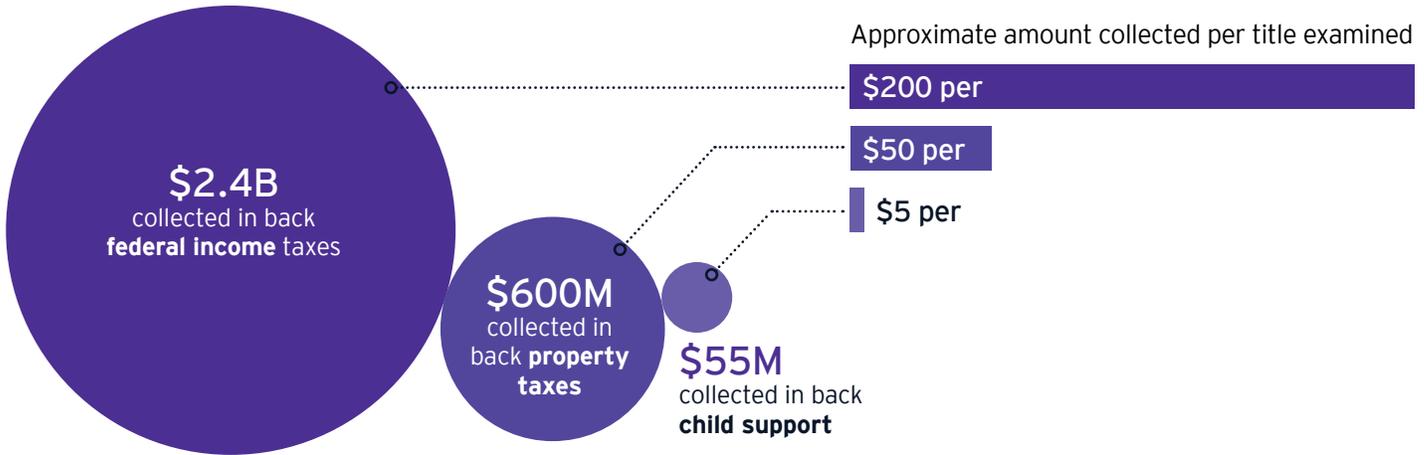
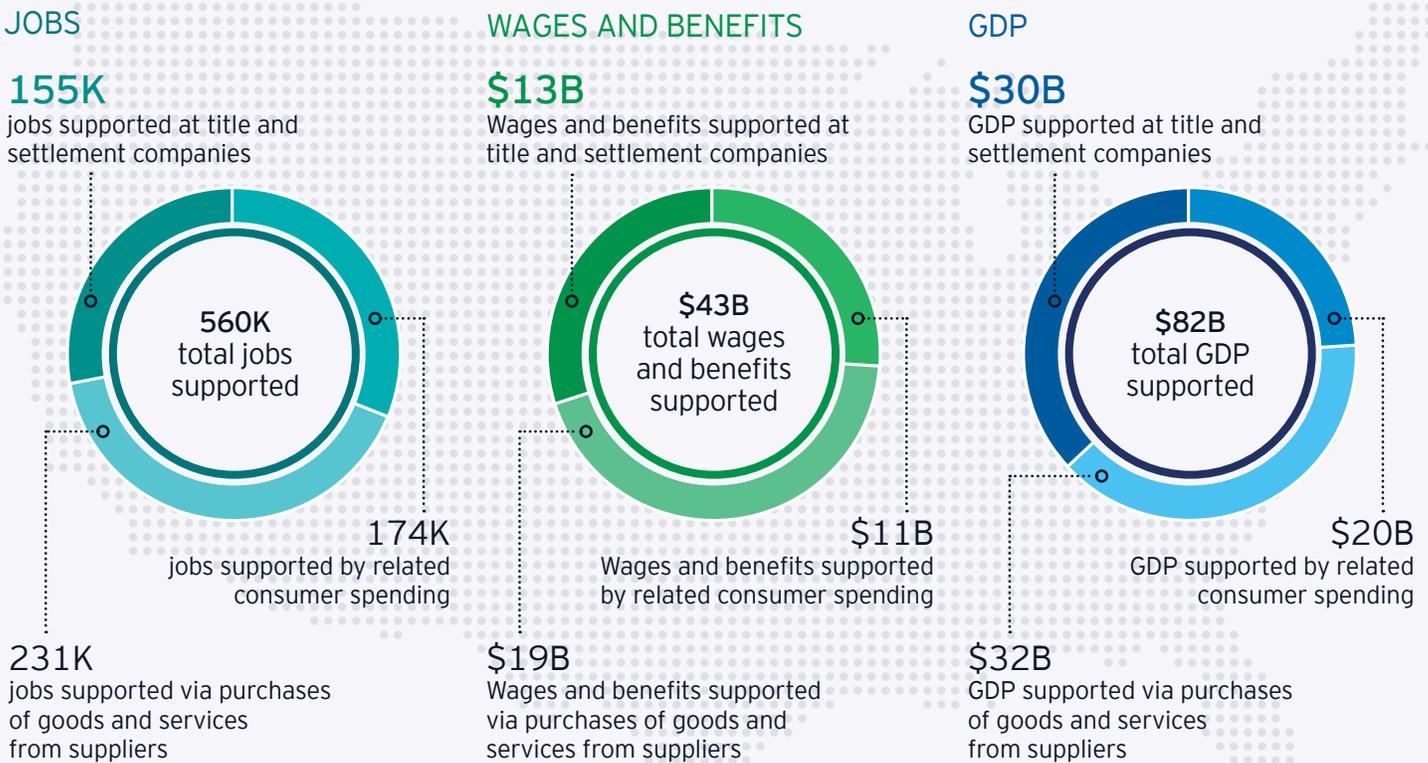


Figure 2. Total economic activity at, and related to, U.S. title and settlement companies, 2022



Note: Wages & benefits includes all labor income (i.e., employee cash compensation and benefits, as well as proprietors' income). Wages & benefits is a component of GDP. Figures are rounded.

Source: EY analysis.





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1 Introduction

This report estimates the current economic activity at, and related to, land title insurance and settlement services companies (“title and settlement companies”) within the U.S. economy in 2022. Specifically, the jobs, wages and benefits, and gross domestic product (GDP) supported by title and settlement companies, sometimes referred to as the economic footprint, were estimated. The estimates are based on a widely used economic model for economic contribution analyses.

The total economic contribution of title and settlement companies includes the operations of title and settlement companies, as well as the related supplier activity and consumer spending. Related supplier activity accounts for title and insurance companies purchasing goods and services from other businesses, which support jobs, wages and benefits, and GDP at these supplier businesses. Related consumer spending refers to consumer spending supported by workers at title and settlement companies and their suppliers. That is, when these workers spend their earnings at U.S. businesses (e.g., grocery stores, retailers, movie theaters), they support additional economic activity.

This report estimates the current economic activity at, and related to, title and settlement companies within the U.S. economy in 2022, a single point in time. As such, the estimates provide a snapshot of the economic footprint of the sector as measured by employment, wages and benefits, and GDP. By providing information on the overall scope of the industry, measured and defined in several different ways, this report attempts to shed light on the reach of the title and settlement industry within the U.S. economy.

Title and settlement companies research ownership of real property, issue insurance against title-related losses and disputes, and facilitate property settlement and mortgage closing.

Overview of the title and settlement industry

Title and settlement companies research ownership of real property, issue insurance against title-related losses and disputes, and facilitate property settlement and mortgage closing. The services are available to all parties in a real estate transaction (i.e., buyers, sellers, and lenders). The industry includes title companies, title insurers, abstract companies, and real estate settlement companies.¹

Prior to the widespread use of title insurance, conveyancers would search titles or obtain public records to determine if the real property is clear and marketable before finalizing a transaction.² However, a property dispute led to an 1868 Pennsylvania Supreme Court ruling that highlighted the risks associated with conveyancers at the time.³ Specifically, prior to this court case, conveyancers were generally not liable for unforeseen liens or liabilities on the property. After this court case, multiple conveyancers combined to establish the first title insurance company in Philadelphia in 1876.⁴

Over time, the title and settlement companies expanded their title examination, settlement, and insurance services. The federally backed home mortgage entities Fannie Mae and Freddie Mac, which purchased over 60% of the value of home mortgages in the second quarter of 2020, generally require the mortgage loans they purchase to have a title insurance policy.⁵ Title insurance is regulated at the state level. Since states regulate title insurance companies’ operations and policies, this can lead to different market conditions, requirements, and fees in each state.⁶

Even though states have different regulatory requirements, title insurance and settlement often follows a typical process. This process, which is discussed in greater detail below, broadly describes the types of economic activity at title and settlement companies quantified in this report.

Title search and insurance

Before issuing a title insurance policy, the title and settlement company conducts a title search. The title search is a key step in title and settlement services. The title search involves examining public records, deeds, mortgages, liens, and judgments. This process looks for breaks in the chain of ownership and should reveal any potential issues that might impinge the property's title.⁷ These examinations identify any ambiguities or complications, such as unresolved liens, conflicting claims, or potential fraud, before a property transaction is finalized.⁸ Title service companies also attempt to resolve issues that could prevent the transaction from closing.

These issues could include identifying delinquent taxes associated with the title. When individuals fail to pay taxes (e.g., federal income taxes, state income taxes, property taxes), governments can place liens on the property. The title search can reveal these tax liens and assist in collecting the tax revenue before the title is transferred. Additionally, title searches could detect delinquent liens related to child support and spousal support that have been levied on previous property owners. The title companies will often work with state and local agencies to recover the back child support and spousal payments.

After completing the title search process, title insurance policies will be issued by the title insurance companies. Title insurance protects homebuyers and lenders against financial losses and legal disputes that may emerge from title defects or unforeseen claims on a property, including unforeseen liens, or other encumbrances related to the property's title.⁹

Title insurance operates differently from common insurance policies such as automotive or homeowners insurance. In those types of insurance, the insurer covers future damages and liabilities to the automobile or house while the policy is active. In title insurance, the insurer covers the owner against claims or defects arising from the property's ownership up to the date of purchase to ensure clear ownership but not future incurred defects. For example, title insurance will not cover if a new owner fails to pay taxes and a government imposes a lien on the property. However, if it is determined that a past owner had an unsettled lien that was not discovered in the title search process, title insurance typically would cover it.¹⁰ Additionally, title insurance differs from other common types of insurance (e.g., automotive, homeowners) in that it is a one-time fee covering the owner for the duration of their property ownership whereas other common types of insurance are generally paid throughout the life of the policy.

Settlement (closing/escrow)

After the title insurer completes the title search and commits to issuing insurance, the settlement process begins. This is often known as closing or escrow. It involves coordinating various legal and financial documents until the property is officially transferred. These documents include ownership transfer agreements, mortgages, insurance, and taxes. As the property transfer finalizes, the title company often takes additional steps to ensure the transaction's completeness. This could include filing the new deed and mortgage information with the appropriate local recorder's office. The title company often compiles a comprehensive settlement statement for all parties involved that details the closing cost distribution and relevant documents.¹¹



2 Economic activity at U.S. title and settlement companies

Figure 1. Economic activity at U.S. title and settlement companies, 2022

Number of jobs; billions of dollars

155,000

Workers employed by title and settlement companies in the United States

\$13 billion

in wages and benefits

\$30 billion

of gross domestic product

Note: Wages & benefits includes all labor income (i.e., employee cash compensation and benefits, as well as proprietors' income). Wages & benefits is a component of GDP. Figures are rounded.

Source: EY analysis.

Title and settlement companies provide employment and income for thousands of workers and contribute to jobs in other sectors of the economy that are connected to title and settlement companies.

The economic activity described in this report includes the following measures:

- ▶ **Employment.** Employment is measured as the total headcount of workers. For example, a company with three full-time workers and a company with two full-time workers and one part-time worker would each be measured as having three workers.
- ▶ **Wages and benefits.** Wages and benefits includes employee cash compensation and benefits, as well as proprietor income.¹² Wages and benefits is a component of GDP.
- ▶ **GDP.** GDP measures an industry's contribution to the production of all final goods and services produced in the United States.

Estimates of economic contribution at U.S. title and settlement companies

In 2022, title and settlement companies employed 155,000 workers earning \$13 billion in wages and benefits and generating \$30 billion of GDP. Accordingly, the average wages and benefits of workers at title and settlement companies in 2022 was roughly \$83,000 per worker. The comparable average wages and benefits for workers throughout the U.S. economy was approximately \$77,000 in 2022.¹³



3 Economic activity related to U.S. title and settlement companies

In addition to the economic activity at title and settlement companies, this report also estimates the related economic activity of: (1) suppliers to title and settlement companies, and (2) related consumer spending (described below).

1 Suppliers to title and settlement companies

Title and settlement companies purchase goods and services from other businesses, which support jobs, wages and benefits, and GDP at these supplier businesses. For example, title and settlement companies' expenditures on utilities, telecommunications, office supplies, and security, among other goods and services, support sales at suppliers. Moreover, demand for these goods and services leads to additional rounds of economic activity as suppliers to title and settlement companies purchase operating inputs from their own suppliers. Goods and services imported from abroad are not included in this report's estimates of U.S. economic activity.

The magnitude of the economic activity related to title and settlement companies is estimated with the 2021 Impacts for Planning (IMPLAN) multi-region input-output model of the United States.¹⁴ Unlike other economic models, IMPLAN includes the interaction of more than 500 industries, thus identifying the interaction of specific industries that are related to title and settlement companies. It also reflects how the economic activity in one state supports economic activity in other states and how this economic activity further spills over into more states. See the Appendix for further details.

2 Related consumer spending

Related consumer spending refers to the consumer spending supported by workers in title and settlement companies and their suppliers. When these workers spend their earnings at U.S. businesses (e.g., grocery stores, retailers, movie theaters), they support economic activity in those sectors. The earnings that these workers spend on food at a restaurant, for example, create jobs at the restaurant and at farms, transportation companies, and other industries that are involved in the restaurant's supply chain.



Estimates of supplier-related economic contribution

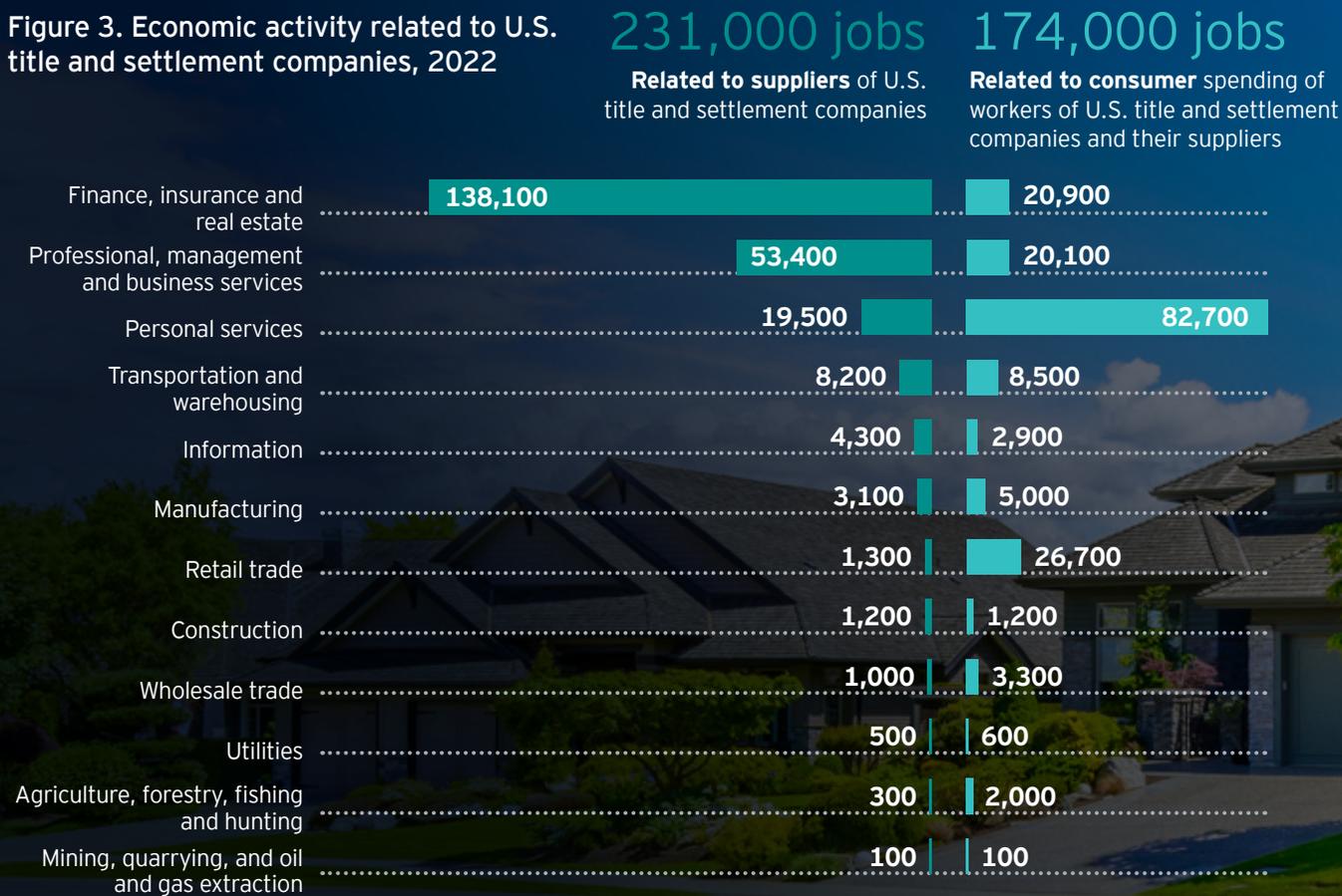
As displayed in Figure 3, suppliers to title and settlement companies were estimated to support 231,000 jobs throughout the U.S. economy in 2022. The largest segments of suppliers to title and settlement companies were estimated to be finance, insurance, and real estate (138,100 jobs; 60% of total), professional, management, and business services (53,400 jobs; 23% of total), and personal services (19,500 jobs; 8% of total). These three supplier industries comprise over 90% of the total employment related to suppliers to title and settlement companies. The remaining related supplier employment includes transportation and warehousing (8,200 jobs; 4% of total), information (4,300 jobs; 2% of total), manufacturing (3,100 jobs; 1% of total), retail trade (1,300 jobs; 1% of total), and construction (1,200 jobs; 1% of total).

Estimates of consumer-related economic contribution

Consumer spending of workers at title and settlement companies and those companies' suppliers was estimated to support 174,000 jobs throughout the U.S. economy in 2022. The largest segments of employment related to the consumer spending of workers at title and settlement companies and those companies' suppliers were estimated to be personal services (82,700 jobs; 48% of total), retail trade (26,700 jobs; 15% of total), and finance, insurance, and real estate (20,900 jobs; 12% of total). These three industries comprise roughly 75% of the related economic activity.

The remaining employment related to the consumer spending of workers at title and settlement companies and those companies' suppliers includes professional, management, and real estate (20,100 jobs; 12% of total), transportation and warehousing (8,500 jobs; 5% of total), manufacturing (5,000 jobs; 3% of total), wholesale trade (3,300 jobs; 2% of total), information (2,900 jobs; 2% of total), agriculture, forestry, fishing, and hunting (2,000 jobs; 1% of total), and construction (1,200 jobs; 1% of total).

Figure 3. Economic activity related to U.S. title and settlement companies, 2022



Note: Industry definitions are based on the North American Industry Classification System (NAICS). Figures are rounded.

Source: EY analysis.

Economic activity at, and related to, U.S. title and settlement companies

Table 1 displays the estimated economic activity at, and related to, title and settlement companies in the 2022 U.S. economy. Title and settlement companies employed a total of 155,000 workers throughout the U.S. economy who earned \$13 billion in wages and benefits and generated \$30 billion of GDP. Wages and benefits is a component of GDP. Suppliers to title and settlement companies employed an additional 231,000 workers throughout the U.S. economy who earned \$19 billion in wages and benefits and generated \$32 billion of GDP. In addition, the consumer spending of workers at U.S. title and settlement companies and their suppliers employed 174,000 workers throughout the U.S. economy who earned \$11 billion in wages and benefits and generated \$20 billion of GDP.

Table 1. Total economic activity at, and related to, U.S. title and settlement companies, 2022

Number of jobs; billions of dollars

	Jobs	Wages and benefits	GDP
U.S. title and settlement companies	155,000	\$13B	\$30B
Suppliers to U.S. title and settlement companies	231,000	\$19B	\$32B
Related consumer spending	174,000	\$11B	\$20B
Total	560,000	\$43B	\$82B

Note: Wages & benefits includes all labor income (i.e., employee cash compensation and benefits, as well as proprietors' income). Wages & benefits is a component of GDP. Figures are rounded.

Source: EY analysis.



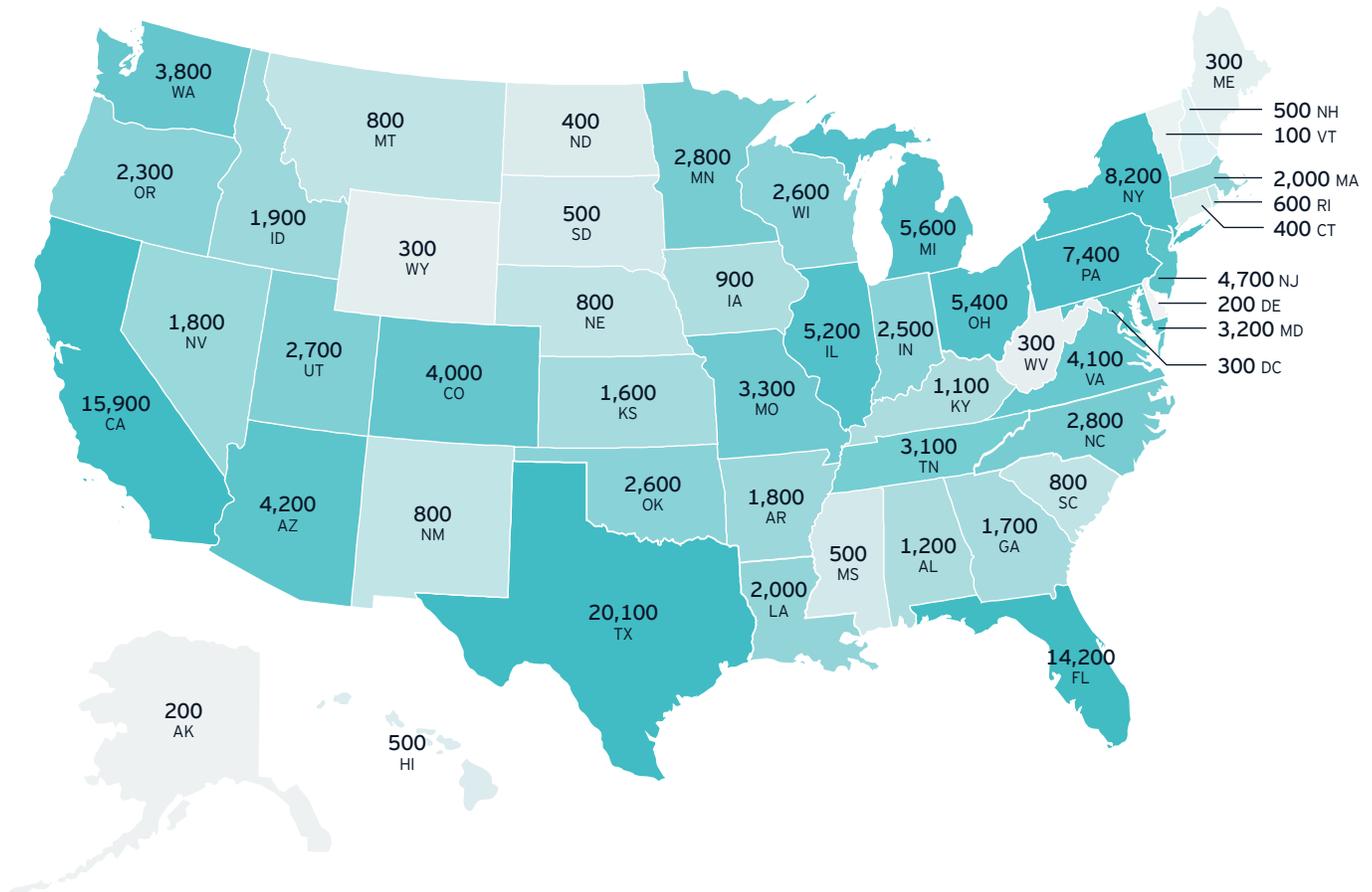
4 State distribution of economic activity

Estimates of direct economic contribution by state

The distribution of jobs, wages and benefits, and GDP by state (plus the District of Columbia) at title and settlement companies is displayed in Table 2 and Figure 4.

The states estimated to have the most title and settlement industry employment are: (1) Texas (20,100 jobs), (2) California (15,900 jobs), (3) Florida (14,200 jobs), (4) New York (8,200 jobs), and (5) Pennsylvania (7,400 jobs).

Figure 4. Employment at U.S. title and settlement companies by state, 2022
Number of jobs



Note: The figure only includes employment at title and settlement companies. Figures are rounded.
Source: EY analysis.

Table 2. Economic activity at U.S. title and settlement companies, 2022

Number of jobs; millions of dollars

State	Jobs	Wages and benefits (\$M)	GDP (\$M)
Alabama	1,200	77	171
Alaska	200	19	48
Arizona	4,200	356	783
Arkansas	1,800	96	200
California	15,900	1,629	3,380
Colorado	4,000	315	621
Connecticut	400	45	107
Delaware	200	15	97
District of Columbia	300	37	110
Florida	14,200	981	2,235
Georgia	1,700	125	290
Hawaii	500	41	90
Idaho	1,900	148	287
Illinois	5,200	530	1,671
Indiana	2,500	168	505
Iowa	900	43	87
Kansas	1,600	99	231
Kentucky	1,100	78	155
Louisiana	2,000	118	242
Maine	300	21	40
Maryland	3,200	284	752
Massachusetts	2,000	247	526
Michigan	5,600	415	903
Minnesota	2,800	256	563
Mississippi	500	26	54
Missouri	3,300	228	552
Montana	800	46	106
Nebraska	800	49	164
Nevada	1,800	175	499
New Hampshire	500	39	83
New Jersey	4,700	456	901
New Mexico	800	51	133
New York	8,200	788	2,549
North Carolina	2,800	244	523
North Dakota	400	20	33
Ohio	5,400	416	992
Oklahoma	2,600	142	230
Oregon	2,300	204	509
Pennsylvania	7,400	593	1,288
Rhode Island	600	45	88
South Carolina	800	44	99
South Dakota	500	26	72
Tennessee	3,100	231	548
Texas	20,100	1,714	3,716
Utah	2,700	208	487
Vermont	100	12	37
Virginia	4,100	326	789
Washington	3,800	387	1,137
West Virginia	300	21	44
Wisconsin	2,600	168	455
Wyoming	300	19	48
U.S. total	155,000	\$12,821	\$30,230

Note: Table includes economic activity at U.S. title and settlement companies as well as that of related supplier and consumer spending. Wages and benefits includes all labor income (i.e., employee compensation and proprietor income). Wages and benefits is a component of GDP. Figures are rounded.

Source: EY analysis.

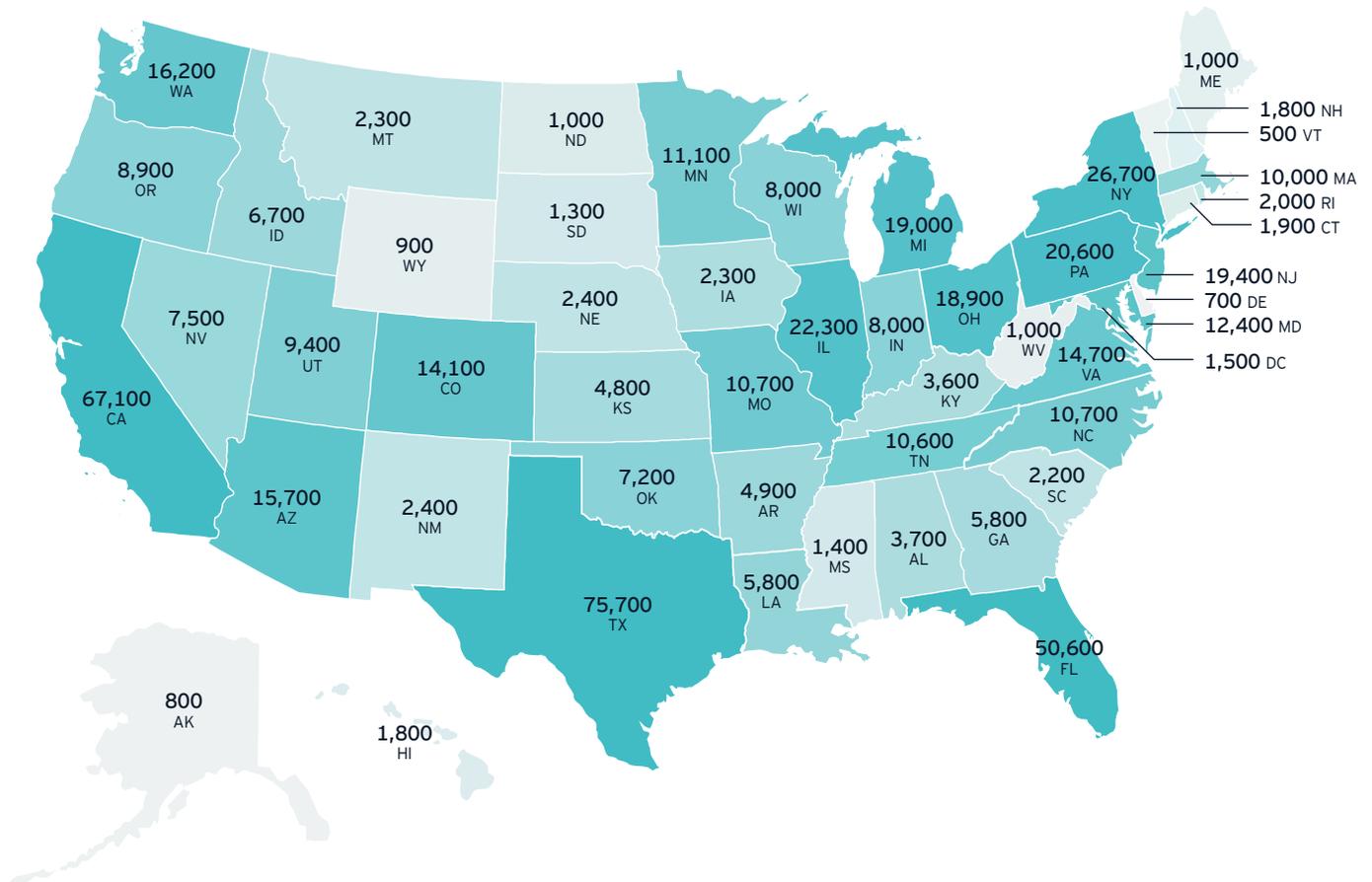


Estimates of supplier and consumer-related economic contribution by state

The distribution of jobs, wages and benefits, and GDP by state (plus the District of Columbia) at, and related to, title and settlement companies is displayed in Table 3 and Figure 5.¹⁵

The states estimated to have the most employment at, and related to, the title and settlement companies are: (1) Texas (75,700 jobs), (2) California (67,100 jobs), (3) Florida (50,600 jobs), (4) New York (26,700 jobs), and (5) Illinois (22,300 jobs).

Figure 5. Total economic activity at, and related to, U.S. title and settlement companies by state, 2022
Number of jobs



Note: Figure includes employment at U.S. title and settlement companies as well as the related supplier and consumer spending employment. Figures are rounded.
Source: EY analysis.

Table 3. Total economic activity at, and related to, U.S. title and settlement companies by state, 2022

Number of jobs; millions of dollars

State	Jobs	Wages and benefits (\$M)	GDP (\$M)
Alabama	3,700	259	486
Alaska	800	62	123
Arizona	15,700	1,193	2,228
Arkansas	4,900	322	592
California	67,100	6,216	10,615
Colorado	14,100	1,058	1,906
Connecticut	1,900	150	291
Delaware	700	50	158
District of Columbia	1,500	126	262
Florida	50,600	3,356	6,195
Georgia	5,800	421	803
Hawaii	1,800	139	259
Idaho	6,700	495	885
Illinois	22,300	1,784	3,842
Indiana	8,000	566	1,194
Iowa	2,300	146	266
Kansas	4,800	333	637
Kentucky	3,600	262	474
Louisiana	5,800	397	726
Maine	1,000	71	126
Maryland	12,400	953	1,910
Massachusetts	10,000	830	1,536
Michigan	19,000	1,395	2,600
Minnesota	11,100	859	1,609
Mississippi	1,400	86	159
Missouri	10,700	767	1,485
Montana	2,300	154	291
Nebraska	2,400	165	364
Nevada	7,500	585	1,208
New Hampshire	1,800	133	245
New Jersey	19,400	1,533	2,766
New Mexico	2,400	170	340
New York	26,700	2,746	6,331
North Carolina	10,700	819	1,518
North Dakota	1,000	66	114
Ohio	18,900	1,397	2,694
Oklahoma	7,200	475	809
Oregon	8,900	685	1,338
Pennsylvania	20,600	1,615	2,913
Rhode Island	2,000	151	272
South Carolina	2,200	150	281
South Dakota	1,300	89	180
Tennessee	10,600	777	1,494
Texas	75,700	5,633	10,073
Utah	9,400	696	1,328
Vermont	500	40	86
Virginia	14,700	1,096	2,122
Washington	16,200	1,295	2,703
West Virginia	1,000	71	131
Wisconsin	8,000	566	1,145
Wyoming	900	62	122
U.S. total	560,000	\$43,465	\$82,235

Note: Table includes economic activity at U.S. title and settlement companies as well as that of related supplier and consumer spending. Wages and benefits includes all labor income (i.e., employee compensation and proprietor income). Wages and benefits is a component of GDP. Figures are rounded.

Source: EY analysis.



5 Caveats and limitations

Any modeling effort is only an approximate depiction of the economic forces it seeks to represent, and the economic modeling developed for this analysis is no exception. The estimates of the economic contribution of U.S. land and title companies presented in this report are based on a multi-region input-output model of the U.S. economy and the data and assumptions described elsewhere in the report. Although various limitations and caveats might be listed, several are particularly noteworthy:

- ▶ **The estimates are for a snapshot of the economic contribution in 2022.** The input-output modeling approach used in this analysis shows the 2022 economic contribution of U.S. land and title companies based on their relationships with other industries and households in the U.S. economy. The analysis is at a single point in time (i.e., 2022). The results do not reflect or attempt to estimate an expansion, contraction, or any other changes, or related impacts, of the companies or industry.
- ▶ **Estimates do not reflect the economic impact of U.S. title and settlement companies.** This analysis does not attempt to estimate or indicate the effect or impact of title and settlement companies on the U.S. economy. Rather, the analysis presents estimates of the economic contribution or economic footprint of title and settlement companies. An economic impact analysis might instead analyze the impact on the U.S. economy of a change to or in an industry or sector, perhaps due to a policy change, natural disaster, or some other exogenous factor. An economic impact analysis might attempt to account for the economic dynamics that occur in response to such a change and show the impact net of shifts of economic activity across different parts of the economy (e.g., industries, sectors) as impacts ripple through the economy.¹⁶
- ▶ **Estimates are limited by available public information.** The analysis relies on information reported by federal government agencies (the U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics,¹⁷ and U.S. Census Bureau¹⁸), and other publicly available sources (i.e., IMPLAN model¹⁹). The analysis did not attempt to verify or validate this information using sources other than those described in the report.
- ▶ **Modeling the economic contribution of U.S. title and settlement companies relies on government industry classifications.** This report relates the activities of U.S. title and settlement companies to the operating profiles of various industries as defined by the North American Industry Classification System (NAICS) to most effectively estimate the economic contribution of U.S. title and settlement companies. Workers in title and settlement companies are assumed to receive the average wages and benefits of workers in their respective industries and to require the level of operating input purchases characteristic of the industries into which they have been categorized. This analysis relies on estimates of the domestically purchased inputs from the IMPLAN economic model, which are estimated using aggregate trade flow data and may vary by industry.
- ▶ **Modeling the average wage at U.S. title and settlement companies relies on industry averages.** This report relates the activities of U.S. title and settlement companies to the operating profiles of various industries as defined by the NAICS industry classification system to most effectively estimate the average wage at U.S. title and settlement companies. Workers at title and settlement companies are assumed to receive the average wages and benefits of workers in their respective industries and to require the level of operating input purchases characteristic of the industries into which they have been categorized.
- ▶ **Input-output modeling can include double counting.** Input-output modeling can include double counting in its supplier and consumer spending related estimates. For example, a title and settlement service company's suppliers or suppliers of suppliers could be a title and settlement service company and consumer re-spending of income supported by the title and settlement industry could be at title and settlement companies. This analysis attempts to remove double counting by assuming the title and settlement industry is included in the supplier and consumer spending related estimates, by industry, proportional to its direct employment share in each industry.

Appendix. Modeling approach

This analysis uses an input-output model to estimate the economic contribution of U.S. title and settlement companies in 2022. The economic multipliers in this report were estimated using the 2021 Impacts for Planning (IMPLAN) multi-region input-output model of the United States. IMPLAN is used by more than 500 universities and government agencies. Unlike other economic models, IMPLAN includes the interaction of more than 500 industries, thus identifying the interaction of specific industries that are related to the title and settlement industry.

The multipliers in the IMPLAN model are based on the Leontief production function, which estimates the total economic requirements for every unit of direct output in each industry based on detailed inter-industry relationships documented in the input-output model. The input-output framework connects commodity supply from one industry to commodity demand by another. The multipliers estimated using this approach capture all the upstream economic activity (or backward linkages) related to an industry's production by attaching technical coefficients to expenditures. These output coefficients (dollars of demand) are then translated into dollars of GDP and wages and benefits and number of employees based on industry averages. The multi-region input-output model additionally captures how the economic activity would disperse into other regions and how these effects in the surrounding region create additional local effects. It expands backward supply linkages beyond the boundaries of a single region by using interregion commodity trade and commuting flows to quantify the demand changes across many regions stemming from a change in production and/or income in another region.

The multipliers presented in this report include the U.S. title and settlement industry, suppliers to the U.S. title and settlement industry, and related consumer spending. Economic activity at suppliers to U.S. title and settlement companies is attributable to operating input purchases from U.S. suppliers. Economic activity related to consumer spending is attributable to spending by workers at title and settlement companies and their suppliers based on household spending patterns. The title and settlement industry is

estimated to have an employment multiplier of 3.6, a wages and benefits multiplier of 3.4, and a GDP multiplier of 2.7.

Estimates of delinquent federal income taxes collected, delinquent property taxes collected, and unpaid child support payments are based on information provided by title insurance companies representing more than one third of the title insurance industry by market share. Specifically, EY was provided information on total transactions closed as well as delinquent federal income taxes collected, delinquent property taxes collected, and unpaid child support payments collected from a subset of transactions closed. The amounts collected represent only transactions closed and do not include delinquent federal income taxes, delinquent property taxes, or unpaid child support that have been discovered but not collected. The analysis estimated the average delinquent federal income taxes collected (\$200), delinquent property taxes collected (\$50), and unpaid child support payments collected (\$5) per each transaction closed. EY estimated the total transactions closed nationally by grossing up company-provided data on total transactions closed by market share. Using the total national transactions closed estimate, the analysis estimated the total delinquent federal income taxes collected, delinquent property taxes collected, and unpaid child support payments collected during that year by multiplying the estimated total national transactions closed with the average amounts collected per each transaction closed. The resulting amounts are approximately \$2.4 billion in delinquent federal income taxes collected, \$600 million in delinquent property taxes collected, and \$55 million in unpaid child support payments collected. The analysis did not attempt to verify or validate this company-provided information. Figures are rounded.

Endnotes

- ¹ The title and settlement industry in this report is comprised of two North American Industry Classification System (NAICS) codes: (1) NAICS 524127 - direct title insurance carriers and (2) NAICS 541191 - title abstract and settlement offices. The direct insurance carriers sector includes companies primarily involved in the initial underwriting of insurance policies, aimed at protecting real estate owners or creditors against losses incurred due to any defects in the title of real property. Title abstract and settlement offices include companies mainly involved in (1) investigating public land records to collect data about real estate ownership; (2) creating the required paperwork for title transfer, financing, and concluding deals; (3) overseeing the ultimate real estate settlements and closures; and (4) submitting legal and other pertinent documents concerning real estate transactions. This category encompasses real estate settlement firms, title abstract companies, and title search enterprises. It excludes law offices and attorneys.
- ² A conveyancer is a licensed professional who helps buyers and sellers with the legal process of transferring property ownership. They advise on how to transfer ownership, prepare documentation, and conduct the settlement process. For more details see, *Watson v. Muirhead*, 57 Pa. 161; 1868 Pa. LEXIS 81, <https://www.plso.org/resources/documents/watson%20v%20muirhead.pdf>.
- ³ The case refers to the Pennsylvania Supreme Court ruling in 1868 in the case *Watson v. Muirhead*. In this case, Watson experienced a financial setback in his real estate investment due to a pre-existing lien on the property. Muirhead, who was responsible for transferring property titles, had identified the lien before the sale but reassured Watson that the title was clear, based on a mistaken assessment made by his attorney regarding the validity of the lien. The court ruled the conveyancer was not liable for errors based on professional judgments. For more details see *Watson v. Muirhead*, 57 Pa. 161; 1868 Pa. LEXIS 81, <https://www.plso.org/resources/documents/watson%20v%20muirhead.pdf>.
- ⁴ For more details see, Craig, Mark R. Lawyer and Banker and Central Law Journal, 1932 25: 134, "What Is Title Insurance."
- ⁵ For more details on the role of Fannie Mae and Freddie Mac see, "What Types of Mortgages Do Fannie Mae and Freddie Mac Acquire?", Federal Housing Administration, April 14, 2021. For more details on the title insurance requirements see: "B7-2-01, Provision of Title Insurance", Fannie Mae, April 6, 2022, <https://selling-guide.fanniemae.com/Selling-Guide/Origination-thru-Closing/Subpart-B7-Insurance/Chapter-B7-2-Title-Insurance/1032998341/B7-2-01-Provision-of-Title-Insurance-04-06-2022.htm>; and "4702.2 Title insurance policy requirements," Freddie Mac, November 2, 2022, <https://guide.freddie.com/app/guide/section/4702.2>.
- ⁶ For more details see, "Survey of State Insurance Laws Regarding Title Data and Title Matters", NAIC, March 2019, https://content.naic.org/sites/default/files/inline-files/cmte_c_title_tf_survey_state_insurance_laws_march_2018.pdf.
- ⁷ For more details see, the Department of Insurance, Securities, and Banking, "Title Insurance and the Settlement Process", <https://disb.dc.gov/page/title-insurance-and-settlement-process>. Exact details may vary by jurisdiction.
- ⁸ For more details see, Turano, Thomas J. and Kathryn Nazareno, "Title Insurance: Why It's Important and What to Look For," American Bar Association, GPSolo Magazine, May/June 2022: Real Estate, https://www.americanbar.org/groups/gpsolo/publications/gp_solo/2022/may-june/title-insurance-why-it-s-important-what-look-for/.
- ⁹ Specifically, the owner's title insurance (an Owner's Policy) protects buyers, and the lender's title insurance (a Loan Policy) protects the lender. The Owner's Policy, typically issued in the amount of the property purchase price, protects the owner if the owner retains an interest in the property. The policy would pay valid claims and defense against any title-related issues. The Loan Policy assures the lender's validity, priority, and enforceability of its lien. The Loan Policy is typically issued in the amount of the loan, and the liability decreases as the mortgage debt is reduced. For more details see, Thomas J. Turano and Kathryn Nazareno, "Title Insurance: Why It's Important and What to Look For," American Bar Association, GPSolo Magazine, May/June 2022: Real Estate, https://www.americanbar.org/groups/gpsolo/publications/gp_solo/2022/may-june/title-insurance-why-it-s-important-what-look-for/; also see, Department of Insurance, Securities, and Banking, "Title Insurance and the Settlement Process", <https://disb.dc.gov/page/title-insurance-and-settlement-process>.
- ¹⁰ The exact details of what a title insurance plan, or any insurance, would cover may vary from policy to policy.
- ¹¹ For more details on the settlement process see, the Department of Insurance, Securities, and Banking, "Title Insurance and the Settlement Process", <https://disb.dc.gov/page/title-insurance-and-settlement-process>. Exact details may vary by jurisdiction.
- ¹² Proprietor income includes the payments received by self-employed individuals and unincorporated business owners.

¹³ The comparable average wage is the average wage for the overall U.S. economy in the IMPLAN model, which was approximately \$73,000 in 2021. The \$73,000 salary in 2021 is equivalent to around \$77,000 in 2022 based on personal consumption expenditures price index.

The main IMPLAN economic data sources are Census of Employment and Wages (Bureau of Labor Statistics), Regional Economic Accounts (Bureau of Economic Analysis), County Business Patterns (Census Bureau), and National Income and Product Accounts (Bureau of Economic Analysis).

¹⁴ The 2021 dollars were grown to 2022 dollars with the personal consumption expenditures price index.

¹⁵ The economic contribution of the title and settlement industry is estimated using the average wages and average GDP per worker for each state (including the District of Columbia) for workers in the title and settlement industry from IMPLAN data. The economic contributions related to the title and settlement industry of the largest five states based on the title and settlement industry employment (Texas, Florida, California, New York, and Pennsylvania) is estimated through the IMPLAN multi-region input-output model. The economic contribution related to the rest 46 states (including the District of Columbia) are aggregated as one region in the IMPLAN multi-region input-output model and redistributed to each state based on the wage & benefits of the title and settlement industry of each state. The reason for this redistribution approach is due to the limited capacity of IMPLAN.

¹⁶ A key point is that an economic impact analysis typically attempts to estimate impacts that net out shifts in economic activity across industries and sectors as the economy moves from its initial equilibrium to its new equilibrium. In contrast, an economic contribution analysis shows the gross amount of economic activity tied to an industry or sector directly, and through its suppliers and related consumer spending. The EY Quantitative Economics and Statistics (QUEST) practice has other modeling frameworks it uses to account for the shifts in economic activity and estimate net impacts.

¹⁷ The quarterly Census of Employment and Wages (QCEW) is a dataset published by the U.S. Bureau of Labor Statistics (BLS), providing a quarterly and annual count of establishments, employment, and wages at the national (and more granular) level, by detailed industry. Its primary source is administrative data from state unemployment insurance programs, and these data are improved and expanded upon using data from two BLS surveys. These surveys provide the physical location (address) and economic activity (industry) details for all worksites involved in unemployment insurance coverage programs. BLS and state workforce agencies review the QCEW data to resolve

errors, impute for nonresponse, etc. The QCEW covers over 95% of U.S. jobs available. Exclusions include national security and active-duty military, proprietors, the unincorporated self-employed, unpaid family members, certain farm and domestic workers, and railroad workers. Employment is the count of only filled jobs, whether full or part-time, and temporary or permanent, by place of work. QCEW average wage per worker is not used directly because it includes tips, commissions, bonuses, vacation, and holiday pay, but does not include benefits.

¹⁸ The U.S. Bureau of Labor Statistics' Quarterly Census of Employment & Wages (QCEW) jobs data was supplemented with Census counts of non-employer establishments to adjust for QCEW's data exclusions of the unincorporated self-employed. Non-employers are defined by the U.S. Census Bureau as businesses that have no paid employees and are subject to federal income tax. Most non-employers are self-employed individuals operating unincorporated businesses (known as sole proprietorships). Each non-employer business is treated as one employee. These data were grown from 2019 (the most recent data available) to 2022 and were disaggregated by EY analysis. The adjustment accounting for self-employed workers increased the employment of title and the settlement industry from 137 thousand to 155 thousand (~13% increase).

¹⁹ IMPLAN code 444 (insurance carriers, except direct life), corresponding to NAICS 5241 (insurance carriers), is used to model NAICS 524127 (direct title insurance carriers). Based on QCEW, NAICS 5241's average wage per worker is approximately the same as NAICS 524127, suggesting IMPLAN code 455 is reasonably accurate to model NAICS 524127. IMPLAN code 455 (legal services), corresponding to NAICS 5411 (legal services), is used to model NAICS 541191 (title abstract and settlement offices). Based on QCEW, NAICS 5411's average wage per worker is significantly higher than NAICS 541191. The use of code 455 without adjustment will overstate the economic contribution for NAICS 541191. Thus, in this analysis, the ratio of the average wage of NAICS 541191 and NAICS 5411 for each state is used to scale down the IMPLAN 455 wages and benefits and GDP. For all the 51 states (including the District of Columbia), wages and benefits on average was adjusted down by around 20%, and GDP was adjusted down by around 10%.

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