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.