

TEXAS TITLE INSURANCE WORKS

FAQs



Q: HOW ARE RATES FOR TITLE INSURANCE SET?

A: The Texas Department of Insurance sets the rates in a public hearing and bases them on actual financial data. TDI actively monitors every title agent's profits and losses to ensure customers have access to the highest quality product at the best price. As a result, rates today are almost 20% less than they were 25+ years ago.

Q: DOES TEXAS HAVE THE HIGHEST TITLE INSURANCE RATES IN THE NATION?

A: No, "title insurance premiums" may *appear* higher or lower in other states, but simplistic comparisons don't work, because what is included in that price and who performs that service varies widely. It might appear that there are lower title insurance premium rates in other states, but in fact, attorney's fees, abstract fees and higher closing fees push up the total cost.

Q: HAS THE PRICE OF A TITLE POLICY IN TEXAS INCREASED?

A: No, they have decreased overall in the last 25+ years. In fact, title rates in Texas are almost 20% less today than they were in the 1990s.

Q: IS THERE COMPETITION IN THE TEXAS TITLE INSURANCE MARKET?

A: Yes. Texas' market is fiercely competitive with more choices of title agents than can be found in many other states. Every day, title insurance agents compete for customers' business based on the quality of their work and the service they provide.

Q: IS THE COST OF TITLE INSURANCE A BARRIER TO HOME OWNERSHIP IN TEXAS?

A: No. Texas currently has one of the most robust real estate economies in the country. It is in the transaction-based industry's best interest to promote and encourage homeownership in Texas.

Q: IF TEXAS HAS ADOPTED A "FILE-AND-USE" MODEL FOR AUTO AND HOMEOWNERS INSURANCE, WHY SHOULDN'T WE USE IT FOR TITLE INSURANCE TOO?

A: Title insurance is a risk elimination product with premiums paid only once at closing. It shouldn't be confused with homeowners and auto insurance policies that protect against future unknown hazards and must be purchased every year. Comparing title insurance to auto or homeowners insurance is a faulty comparison.

Q: HOW DOES TEXAS COMPARE TO OTHER STATES IN TERMS OF CLAIMS AND RISK?

A: According to the latest data, Texas has one of the lowest claims rates among large states, with claims at only 2.6% of premiums written, making it one of the safest in the nation. A comparison between Texas and other states shows that loss-to-premium ratios can run as much as seven times higher in other states than our low claims rate.

More risk would actually harm Texas' safe, reliable real estate process, which would have a negative impact on our strong real estate market. Title insurance and the costs associated with the settlement of the real estate transaction remain a very small portion of this important and complex transaction.

Texas Land Title Association

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