



Consumer Federation of America

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CONGRESS SHOULD ENACT H.R. 1799 TO END TITLE INSURANCE KICKBACKS

Consumers Will Save Hundreds of Dollars at Closing

Washington, D.C. – Consumer Federation of America today called upon Congress to enact H.R. 1799, the “Fair Prices in Title Insurance Act of 2015,” which ends kickbacks for referrals of business to title insurance companies. These kickbacks are a primary reason that title insurance is so expensive in most parts of the country and are proven unnecessary for title insurance by experiences in Iowa and in many other nations of the world.

“For far too long, studies by independent agencies have documented how kickbacks have driven up the price of title insurance for American homeowners,” said J. Robert Hunter, CFA’s Director of Insurance and former Texas Insurance Commissioner and Federal Insurance Administrator. “H. R. 1799 would, at long last, bring relief to many hard-pressed home buyers and make home ownership in America more affordable.”

CFA explained that the fundamental market problem with title insurance is “reverse competition.” Reverse competition refers to a market structure in which the seller of a product markets the product to an intermediary instead of to the ultimate purchaser of the product. In the case of title insurance, title insurers market their products to real estate professionals – real estate agents, mortgage lenders, mortgage brokers, homebuilders, attorneys – who, because of their position in the real estate transaction, are able to steer the consumer who is actually paying for the product to a particular title agent or title insurer. This “competition” – among title agents and title insurers for the business of the real estate professionals and not the consumers paying for the title insurance as their customers – causes title insurance premiums to increase as title agents and title insurers spend money and provide various considerations as kickbacks to the referrers of title insurance business. Competition is thus reversed and raises the price rather than lowers it as normal competition would.

An in-depth CFA discussion of title insurance and the problems consumers face from excessive prices for the product is available [here](#).

The Consumer Federation of America is an association of nearly 300 non-profit consumer groups that, since 1968, has sought to advance the consumer interest through research, education, and advocacy.