

Title Insurance Research Update

Title Insurance (C) Task Force Meeting

November 18, 2024

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GOALS OF THE RESEARCH

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- Examine the patterns and trends in Title Insurance Expenses prior to the issuance of policies.
- Examine the patterns both across companies and over time.
- Identify areas, if possible, where the industry might find ways to reduce costs (for example, by appropriate uses of new technologies) without reducing the quality of their service.

Two Phases

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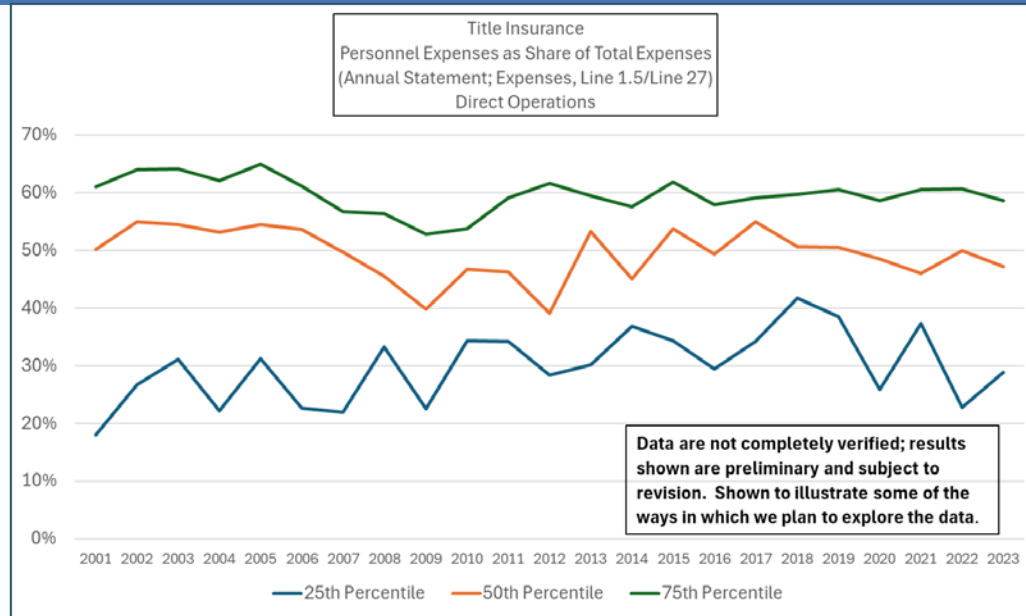
Phase 1: Relying on Annual Statement data for direct operations, and agents' data from three states, identify potential areas where reductions in expenses seem likely.

Phase 2: Relying on additional data and conversations with industry participants and stakeholders, examine potential reductions in more detail.

1. Examine variation in levels and composition of expenses in 2023 and over time:
 - a) Total expenses
 - b) Expenses per policy
 - c) Insured value per dollar of expense
 - d) Personnel as a share of total expenses
 - e) Surveys, examinations, and abstracts as a share of total expenses

An Example: Personnel Expenses as Share of Expenses over time

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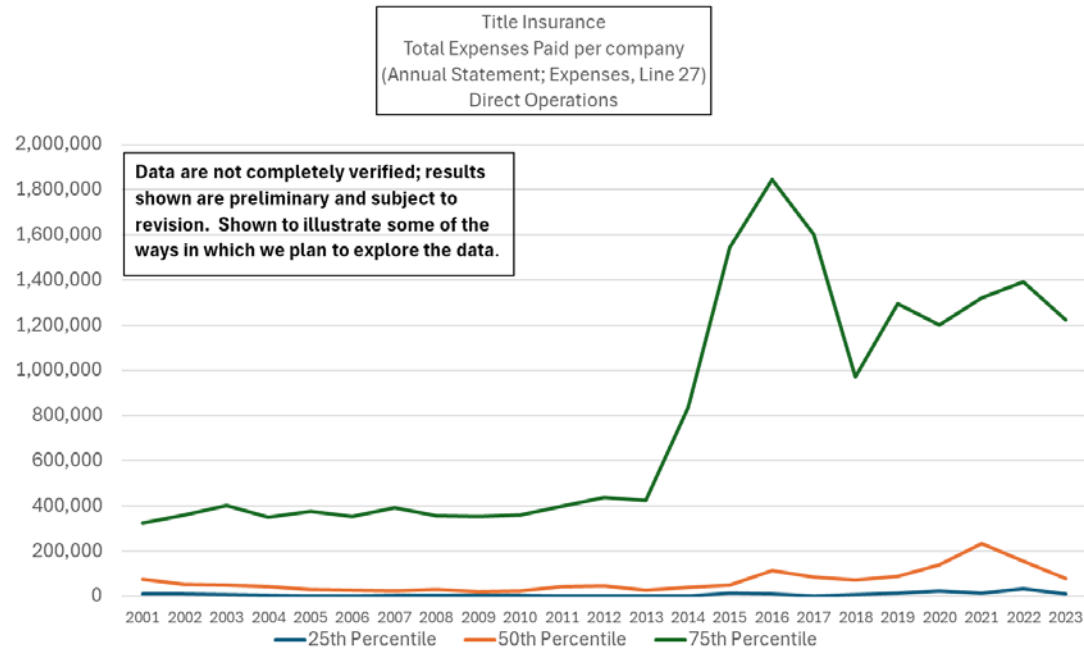


(2023) 75th
percentile: ~60%;
(2023) 25th
percentile: ~30%

2. Once differences observed, examine possible sources for differences.
 - a) Market conditions
 - b) Commercial v. residential policies
 - c) Original financings v. refinancings
 - d) Size of insured amounts
 - e) Geography, by state
 - f) Urban v. rural
3. Where unexplained differences exist, potential efficiency improvements and savings to consumers from best practices should be examined more closely.

An Example: Total Expenses over time

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Jump in 75th percentile (2013-2016) due to consolidation of two large companies into one and the disappearance of several smaller companies.

Annual Statements

- Operations And Investment Exhibit—Part 3: Expenses
 - 2001 - 2023
- Schedule T
 - 2010 - 2023
- Exhibit Of Premiums And Losses
 - 2010 - 2023
- Operations And Investment Exhibit—Part 1a:
Summary Premiums Written
 - 2010-2023

PHASE 1: DATA SOURCES for Direct, Affiliated and Non-Affiliated Agencies 10

State Agency Data Calls:

- Washington: Aggregate Summaries By Region
- Texas And New Mexico: Income And Expenses By Agency

NEXT STEPS

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1. Continue review of data
2. Begin systematic analysis of data
3. Expect initial results by Spring National Meeting
4. Anticipate completed Phase 1 results by Summer National Meeting

Other Resources

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Thank you

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Questions?

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