

# **TITLE INSURANCE PROVES ITSELF UNSAFE & UNSOUND**



## **LENDERS, REALTORS AND CONSUMERS DESERVE THE CHOICE OF AN ALTERNATIVE**

### ***Opinion Editorial***

By Theodore Sprink, December 22, 2023

For the second time in one month the title insurance industry has exposed customers' personal and confidential financial information to "Cyber Incidents" creating a public debacle in which loan applications, credit history, bank accounts, driver license numbers, social security numbers, financial data and escrow information were carelessly exposed to cyber thieves.

The unsafe and unsound business practices of the nation's two largest title insurance companies have resulted in operations being suspended and transactions delayed or canceled.

In November 2023 Fidelity National Financial, (FNF) reported to the SEC its Cyber Protection failure, adversely affecting Lenders, Realtors, Sellers, Buyers, Borrowers, Investors...and Stockholders. On December 22, 2023 First American Title, the nation's second largest title insurer, suffered a similar security failure.

Together, FNF and First American control nearly 65% of the real estate title insurance market, and many industry observers anticipate numerous multi-billion-dollar class action lawsuits against the title insurers as a result of their unsafe and unsound business practices.

*While the title industry conducts a campaign urging Congress to prohibit alternatives to title insurance, the industry has clearly demonstrated its inability to protect customers, and to close transactions on a timely basis. Lenders and Realtors should closely examine safe, reliable, and low-cost alternatives to title insurance, as authorized by FHFA, Fannie Mae and Freddie Mac.*

Lenders and Realtors deserve the benefit of innovation, competition, lower prices, and choice in selecting loan closing services, to better serve their customers and shareholders.



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