

Title Insurance Monopoly Fails to Crush Innovation, Competition, Lower Prices and Consumer Choice



By Theodore Sprink, iTitleTransfer, LLC; April 17, 2024

In an irrational and ill-advised effort to deny real estate market innovation, competition, lower prices, and consumer choice of mortgage loan closing services, title insurance beltway lobbyist American Land Title Association (ALTA) unleashed a campaign of disinformation, misrepresentations and falsehoods targeting Lenders, Loan Brokers, Realtors, Investors, Consumers, the Media, and most incredibly...to Congress. Informed stakeholders are embracing innovative and competition-driven low-cost Consumer Choice.

ALTA's dishonest and obtuse strategy asserts that alternatives to title insurance are uninsured and therefore unsafe. This is untrue; contemporary alternatives to title insurance are fully insured by multiple AM Best "A" Rated insurances policies covering fraud, forgery, lien priority, duty-to-defend, CPL and cyber security.

ALTA's multimillion dollar disinformation "strategy" of distributing and posting false information has demonstrated a startling lack of knowledge and understanding of the strength, value, and underlying insurance of alternative Loan Closing Platforms, authorized by FHA, Fannie Mae and Freddie Mac. Contemporary alternatives protect lenders, borrowers, and successors-of-interest.

In 2023 the title insurance monopoly of four conglomerates, which controls 85% of the title insurance market generated \$30 Billion in revenue, and according to ALTA's CEO and SEC filings. Incredibly, title insurers paid customer claims of only 2.7%; *clearly demonstrating that title insurance cost is not correlated to risk.*

ALTA's desperate attempt to criticize alternatives to costly and often unnecessary title insurance is documented in its disinformation campaign targeting:

1. The April 2022 "Lender Sellers Guide" in which Freddie Mac and Fannie Mae provide trillions of dollars in liquidity to lenders, by which lenders accept Attorney Opinion Letters are *authorized alternatives to title insurance.*
2. The July 2023 "Equitable Housing Finance Program", which *authorizes alternatives to title insurance.*
3. The December 2024 "Expansion of the Use and Acceptance of AOLs" which *authorizes alternatives to title insurance.*

Contemporary AOL-based Fully Insured Loan Closing Platforms one-third the cost of traditional title and escrow, include Search and Examination, Proprietary Risk Scoring, Curative Services, Insured Attorney Opinion Letter (issued from a firm in the same state as the property), Document Preparation, Escrow, Date Down, eNotary and eSign, eRecording, Loan Closing and Deed Monitoring.

Lenders, Loan Brokers, Borrowers...and particularly Realtors...can improve their services to customers by becoming familiar with safe, reliable, and low-cost closing alternatives currently available, and authorized by Fannie Mae and Freddie Mac. ALTA's self-serving disinformation and false rhetoric distributed by a beltway lobbyist should be seen for what is; a disingenuous money grab to protect the royalties earned by ALTA for every policy and endorsement produced by the title insurance monopoly.

Author Theodore Sprink served 20 years as a senior executive for Fortune 500 FNF, FirstAm and Chicago Title insurance conglomerates. He is the Founder of *iTitleTransfer, LLC*, a Scottsdale, Arizona-based PropTech firm providing a Fully Insured Loan Closing Platform, the future of loan closings, for a third of the cost of old school title insurance.

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