

Title Insurance (C) Working Group

June 9, 2026

Welcome and Roll Call

Chuck Myers, Chair
Connie Van Slyke, Vice Chair
Mark Fowler/Eric Wright
Alex Reno
Gio Espinosa
Angela King
Joe Hart/Michael Yaworsky
Scott Saiki
Dean L. Cameron
Holly W. Lambert
Vicki Schmidt
Maryam David
Grace Arnold
James E. Brown/
Troy Smith

Louisiana
Nebraska
Alabama
Alaska
Arizona
District of Columbia
Florida
Hawaii
Idaho
Indiana
Kansas
Maryland
Minnesota
Montana

Erin Summers
Laura Baca
Mike Causey
Blaine Bergstedt
Judith L. French/
Timothy Schirmer
Glen Mulready
Michael Humphreys
Elizabeth Kelleher Dwyer
Michael Wise
Larry D. Deiter
Kaj Samson
Angela Crooker/
Scott A . White

Nevada
New Mexico
North Carolina
North Dakota
Ohio

Oklahoma
Pennsylvania
Rhode Island
South Carolina
South Dakota
Vermont
Virginia

Draft date: 4/24/26

Virtual Meeting

TITLE INSURANCE (C) WORKING GROUP

Tuesday, June 9, 2026

12:00 – 1:00 p.m. ET / 11:00 a.m. – 12:00 p.m. CT / 10:00 – 11:00 a.m. MT / 9:00 – 10:00 a.m. PT

ROLL CALL

Chuck Myers, Chair	Louisiana	Erin Summers	Nevada
Connie Van Slyke, Vice Chair	Nebraska	Laura Baca	New Mexico
Mark Fowler/Eric Wright	Alabama	Mike Causey	North Carolina
Alex Reno	Alaska	Blaine Bergstedt	North Dakota
Gio Espinosa	Arizona	Judith L. French/	Ohio
Angela King	District of Columbia	Timothy Schirmer	
Joe Hart/Michael Yaworsky	Florida	Glen Mulready	Oklahoma
Scott Saiki	Hawaii	Michael Humphreys	Pennsylvania
Dean L. Cameron	Idaho	Elizabeth Kelleher Dwyer	Rhode Island
Holly W. Lambert	Indiana	Michael Wise	South Carolina
Vicki Schmidt	Kansas	Larry D. Deiter	South Dakota
Maryam David	Maryland	Kaj Samson	Vermont
Grace Arnold	Minnesota	Angela Crooker/	Virginia
James E. Brown/	Montana	Scott A . White	
Troy Smith			

AGENDA

1. Adopt Fall National Meeting Minutes—*Chuck Myers (LA)* Attachment 1
2. Discuss 2026 Work Plan —*Chuck Myers (LA)* Attachment 2
3. Hear a Presentation on the American Academy of Actuaries’ (Academy) Finalized Title-Related Research —*Steve Jackson (Academy)* Attachment 3
4. Any Other Matters —*Chuck Myers (LA)* Attachment 3

#1

Adopt Fall National Meeting Minutes

Chuck Myers (LA)

Draft: 12/16/25

Title Insurance (C) Working Group
Hollywood, Florida
December 11, 2025

The Title Insurance (C) Working Group of the Property and Casualty Insurance (C) Committee met Dec. 11, 2025. The following Working Group members participated: Chuck Myers, Chair (LA); Connie Van Slyke, Vice Chair (NE); Lori Dreaver Munn and Molly Nollette (AZ); Angela King and Pratima Lele (DC); Joe Hart and Anoush Brangaccio (FL); Grant Shintaku (HI); Travis Grassel (IA); Matt LeLong (ID); Jim Easton (IN); Craig VanAalst (KS); Maryam David (MD); Robert Croom (NC); John Arnold (ND); Laura Baca (NM); Tom Botsko (OH); Erin Wainner (OK); Richard L. Hendrickson and Michael McKenney (PA); Beth Vollucci (RI); Thomas Baldwin (SC); Tony Dorschner (SD); Angela Crooker and Scott A. White (VA); and Mary Block and Rosemary Raszka (VT). Also participating were: Sandra Darby (ME); Emily Marsh and Will Kirby (TN); and Marianne Baker (TX).

1. Adopted its Nov. 12 Minutes

The Working Group met Nov. 12 and took the following action: 1) adopted its Sept. 11 minutes; and 2) exposed the proposed revisions to the *Title Insurance Shopping Tool Template* (Shopping Tool) for a 14-day public comment period ending Nov. 26.

Botsko made a motion, seconded by VanAalst, to adopt the Working Group's Nov. 12 minutes (Attachment Four-A). The motion passed unanimously.

2. Received a Summary of the Changes Made in Response to Exposure Comments on the Shopping Tool

VanSlyke stated the drafting group finished implementing revisions to Shopping Tool based on exposure feedback. She thanked Brenda J. Cude (University of Georgia), as well as Michigan, Maryland, and the American Land Title Association (ALTA), for their valuable revision suggestions. Most recommendations were incorporated unless they added too much detail for consumers or impacted neutrality. She advised that a few last-minute edits were made to correct typos and improve readability, to change the terminology in the section discussing attorney opinion letters (AOLs) from "if the AOL claims" to "if the AOL states," and to include a note advising states to reference applicable title alternative bulletins.

Key revisions to the exposure draft were redlined and provided in the materials. Revisions include that most titles are now phrased as questions, and the term "home" has been replaced with "property." The homeowners policy drafting note was moved from the introduction to the owner's policies section. An endorsement example was removed from the discussion on title insurance types, and an additional example was added to clarify what title insurance does not cover. The drafting note to use "producer" instead of "agent" was deleted since "producer" is now included in the text. The section discussing AOLs was rewritten to differentiate the instrument from emerging products with insurance wrappers and to include a drafting note for states to add bulletin details. References to AOLs as "insured" or "standard" were removed, and "CPL fees" was updated to "CPL premiums/fees" to reflect terminology differences across jurisdictions. The section on the closing process now states that title policies protect heirs with a legal interest and that lenders may require a closing protection letter (CPL). Revisions compare title and homeowners insurance, noting that premiums are paid at renewal and highlighting the importance of policy review. Company names were omitted from fraud prevention steps. The cost comparison chart is now fillable, and the glossary has been revised for clarity to include additional terms and to eliminate duplicates.

Hart asked why the definition of title insurance had been removed from the glossary, noting that as discussions about the topic increase, understanding how an AOL differs from title insurance would be valuable. He suggested the term remain in the glossary. Anne Obersteadt (NAIC) explained the drafting group removed it because “insurance” is already defined. Hart stated that a specific definition for title insurance, as a type of insurance, is necessary.

Myers shared that the drafting group had debated whether to include both definitions and proposed restoring the title insurance definition that had been previously deleted from the redlined Shopping Tool. Lele commented that including the term in the glossary seemed redundant since title insurance is already defined and explained within the Shopping Tool itself. Hart stated that consumers could benefit from a simple glossary entry clarifying that title insurance protects against legal ownership problems—even those undetectable by an attorney reviewing property records.

VanSlyke stated that the definition of title insurance is in the opening paragraph on the fourth page of the Shopping Tool and states that title insurance covers prior defects arising after buying or refinancing a property, except matters excluded by the policy terms. Myers asked if this broad definition was preferable to the more technical glossary definition that had been removed. Hart said he had no preference.

Easton reiterated that the drafting group deemed a title insurance definition in the glossary unnecessary since title insurance appears early and is discussed at length in the Shopping Tool. Hart said that if the definitions of insurance and title insurance were combined, it would not make sense, which shows that a separate definition for title insurance is necessary. The glossary definition could reference the definition on the fourth page. Easton said this was a good idea. Lele said she recommends defining title insurance as “a contract that provides financial protection for *past* title problems that come up *after* you buy or refinance a property.” This definition maintains readability by combining more general terms with the technical definition originally in the glossary.

Cude suggested defining title insurance in the glossary and removing “insurance” from the glossary. Myers stated he would like to retain the insurance definition. He asked if there were any objections to this and using Lele’s definition. There were no objections.

Steve Gottheim (ALTA) stated that ALTA believes there should be a suggestion in the section discussing AOLs that explains if a consumer purchases an AOL, they might not be eligible for available discounts typically included in the title insurance contract, whether it is a simultaneous issue, a discount on a purchase, or a discounted reissue rate. For readability, detailed explanations are unnecessary, but consumers should be made aware that if they choose this path, they may not qualify for other discounts available to them. ALTA also requests that the section on the attorney’s opinion letter be revised to state that both its price *and content* are determined by the drafting attorney. Consumers should be aware that coverage or protection is not guaranteed by any regulatory process.

Lele noted that the section on AOLs mentions they are not regulated by insurance departments. Gottheim stated that consumers view AOLs more broadly than just price, but the current sentence structure implies price is the main focus, mainly because it discusses pricing before mentioning that attorneys set their own fees. Lele suggested moving the sentence in question upward to include it in the previous paragraph. Then, add a supplementary statement to clarify that the review covers forms and filings, as well as prices. Cude recommended using the wording, “The <state> Department of Insurance does not review the content of AOLs or regulate them in any other way.” Lele, incorporating Cude’s and ALTA’s suggestions, recommended revising the third and fourth paragraphs to:

“The letters do not typically cover fraud, forgery, or liens that aren’t in public records. If there is a problem with the title, the attorney who drafted the letter does not pay your legal costs and expenses to fix the

problem. You will pay the costs to research and resolve the issue. The attorney who drafts the letter determines the price of the AOL.

State insurance departments do not regulate the contents, form, or pricing of attorney opinion letters. Title insurance is primarily regulated at the state level, and state insurance agencies may license title insurance companies, review and approve forms and rates.”

There were no objections.

Additionally, Gottheim stated that ALTA appreciates that the Shopping Tool notes an AOL does not cover fraud or forgery. ALTA would like to present data and research conducted by Milliman at a future meeting. Milliman’s research focused on the prevalence of fraud and forgery claims, finding that they are among the most common claims paid out by the industry each year. In refinance transactions, 40% of claims in the refinance book are related to fraud and forgery. These claims are also the most expensive claims the title industry encounters. They are approximately seven times more costly than typical title claims, often exceeding six figures in a refinance transaction, with an average well over \$200,000 nationwide.

Crooker said the drafting group discussed the simultaneous issue discount in an earlier section covering the cost of policies and that it would be redundant. She suggested adding a call-out box that says, “If you’re considering an AOL, check the ‘What Does a Title Ins Policy Cost?’ section for costs and discounts, and use the cost chart to compare options.” This would remind the consumer that the discount is available without directly steering them and maintaining a neutral approach. There were no objections.

3. Adopted the Revised Shopping Tool

Easton made a motion, seconded by Munn, to adopt the revised Shopping Tool with the following revisions implemented:

- Add title insurance to the glossary and define it as “a contract that provides financial protection for past title problems that come up *after* you buy or refinance a property.”
- In the ‘What is an AOL’ section,’ move “The attorney who drafts the letter determines the price of the AOL.” from the first sentence in the fourth paragraph to the last sentence in the third paragraph. Also, revise the fourth paragraph to “State insurance departments do not regulate the contents, form, or pricing of attorney opinion letters. Title insurance is primarily regulated at the state level, and state insurance agencies may license title insurance companies, review and approve forms and rates.”
- In the ‘What are Alternatives to Title Insurance’ section, add a call-out box that says, “If you're considering an AOL, check the ‘What Does a Title Insurance Policy Cost?’ section for costs and discounts, and use the cost chart to compare options.”

The motion passed unanimously.

4. Heard About Bulletins for Title Alternative Products

Crooker stated that the Virginia Bureau of Insurance released a bulletin on Sept. 9 about alternatives to title insurance. The bulletin informs consumers that AOLs are being offered as substitutes for title insurance. However, these letters do not—and legally cannot—provide the same protection as title insurance. The main goal of the

bulletin was to raise awareness and educate consumers. The Bureau was concerned about the new AOL products and how they might affect consumers, especially if they are unaware of what they are buying. The bulletin was written with consumers in mind, serving as a warning or guidance to the industry about emerging and evolving products that may not be properly licensed.

The drafting group for the bulletin reviewed publicly available materials on alternative products, including online advertisements, and based its position on the Code of Virginia and laws regulating the insurance business. They took a back-to-basics approach, concentrating on the legal framework, specific definitions, and advertisements relevant to Virginia. The reception of their position has been positive, with good feedback from the industry and associations, though consumer feedback was limited. AOLs traditionally avoid being subject to the insurance regulatory framework because they do not transfer the risk of loss related to property titles. However, the Bureau has become aware that some entities were offering these products, which prompted a comparison of protections between AOLs and title insurance.

The Code of Virginia clearly defines title insurance as any product that protects against losses caused by liens, encumbrances, defects in the title, or other issues affecting the title or the right to use and enjoy the property. Title insurance also covers the condition of the title and the status of any existing liens. These key definitions were used when comparing product advertisements to shape their stance. The Code explicitly prohibits a company from writing a class of insurance unless it has a license from the Virginia Bureau of Insurance to do so. Furthermore, if an insurer is licensed to write title insurance, it cannot be licensed to write any other class of insurance, making it a monoline insurer. Therefore, unlicensed products could potentially violate these code sections.

Myers asked what steps the Bureau is taking to raise awareness of the bulletin. Crooker stated the letter was recently distributed by e-mail to all licensed insurance companies, licensed producers, and licensed settlement agents. Therefore, if a consumer were to ask a licensed agent, the information would be available. However, since many consumers may not be aware of the bulletin, the Bureau is likely to increase consumer outreach in 2026 by distributing it at fairs and making it more prominent on its website.

Marsh and Kirby stated that this is not a new issue or something novel to Tennessee. It has been discussed in the Title Insurance (C) Working Group and the subject of litigation in various states. The intent of the presentation is not to give the final word on the topic, but rather to simply show the result of Tennessee's research and to provide its take on AOLs solely from the perspective of answering the question: "Do attorney opinion letters constitute insurance in Tennessee?" The bulletin was issued for consumer protection, especially since many consumers do not understand the differences between AOLs and title policies. The bulletin does not seek to ban AOLs or alternative title products generally in Tennessee. Tennessee law does allow AOLs, but only when they stay within statutorily defined boundaries.

The bulletin begins with an explanation of how AOLs fit into the context of Tennessee title insurance law. It states, "some AOLs may be permissible and not subject to regulation as insurance." Whether an AOL constitutes insurance in Tennessee depends on the terms of the AOL and the services or coverage provided to the beneficiary.

The bulletin then outlines the legal framework used to answer the question and assist in making that fact-specific determination. It references the definition of a "contract of insurance" and highlights the exception for "title-related activities" in TCA 56-35-102. These include creating title abstracts, conducting title searches, and verifying the accuracy of those abstracts and searches. However, there is a clear statement that these activities are exempted only so long as they do not take the form of, and are not, in fact, an insurance of the title to, or encumbrances on, real estate. This provides clear boundaries for this exemption, which becomes important later on. Finally, it highlights the service-indemnity test from the H&R Block case, as decided by the Tennessee Court of Appeals. The key phrase from that test is whether the "core essence" of the contract is service or indemnity. This

is important case law to consider any time the question in Tennessee arises of whether a product constitutes insurance.

After laying out this framework, the bulletin provides a nonexhaustive list of factors that would make an AOL more likely to be considered insurance. This includes coverage for losses caused by events outside the issuing attorney's control. Said alternatively, it provides indemnification for a loss caused by a fortuitous event, which is a core tenet of insurance. The bulletin concludes by restating that it is a fact-specific analysis that should be done on a case-by-case basis in the context of Tennessee title insurance law. This reflects that the bulletin is not banning or limiting AOLs. It is just clarifying their role within existing law to ensure they stay within prescribed statutory boundaries.

Issues not in the bulletin, but identified during research, were that some products reviewed provided gap coverage or indemnification for losses incurred between the loan closing and the recordation of the documents. These products also provided more traditional AOL services that fell within our exemption for title-related activities. This led to the question of why these AOLs went beyond those services and risked running into state insurance laws. The answer was found in the selling guidance for the Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac), which specifies that coverage must be provided for the "gap" period between closing the mortgage and recording the loan documents.

5. Heard a Presentation on the Findings from the Academy's Title-Related Research

Steve Jackson (American Academy of Actuaries—Academy) stated that the Academy has updated its title-related research to include 2024 data, which has expanded the analysis beyond the 2023 data previously used. The focus of its recent work centered on developing a labor cost index and conducting a multivariate analysis to identify and measure the main drivers of expenses per policy and per insured amount for title insurance companies.

The labor cost index was designed to account for variations in labor expenses across different states. Using Bureau of Labor Statistics data, the team calculated the average annual wages of title examiners, abstractors, and searchers for each state and year, comparing them to the national average (where a value of 1 signified parity with the national average; values above or below 1 indicated higher or lower costs, respectively). Each company's labor cost index was then calculated as a weighted average based on where the company issued policies, reflecting the cost environment unique to each company's operations on an annual basis. For the 17 companies analyzed, both the mean and median labor cost indexes exceeded 1, indicating that these companies were issuing policies in higher-than-average cost states overall.

The research shifted from analyzing simple medians and trends to applying a comprehensive multivariate regression analysis, which enabled the team to isolate the effect of each factor while controlling for others. Statistically significant results showed that the percentage of commercial business a company conducts has a notable impact on expenses per policy: A higher share of commercial business leads to increased expenses. This was quantified by comparing companies at the 25th and 75th percentiles of commercial business share and then expressing the expense difference as a proportion of the maximum observed value—demonstrating that commercial business share accounts for about 5% of the maximum policy expense.

Labor costs also consistently contributed to higher expenses, while the analysis revealed an important dynamic between personnel expenses and external search, examination, and abstract costs. Companies with higher internal personnel expenses tended to have lower outside (contracted) expenses and vice versa. The data showed that higher personnel expenses increased total costs. However, a greater reliance on contracted services actually reduced overall expenses. This finding highlighted differences in company business models.

Although these results appeared strong, they are not yet definitive, and further investigation and consultation with industry participants are necessary. Similar patterns were observed when analyzing expenses per thousand dollars of insured amount. Moving forward, the Academy plans to produce detailed papers—including technical appendices and a peer-reviewed journal submission—to analyze additional data from three states and explore new data sources, thereby refining its understanding. They also noted the particularly significant role of the commercial-versus-residential business mix, which was not fully captured in current expense data.

Having no further business, the Title Insurance (C) Working Group adjourned.

SharePoint/NAIC Support Staff Hub/Committees/C CMTE/2025 Fall/Title/National Meetings

#2

Discuss 2026 Work Plan

Chuck Myers (LA)

NAIC Title Insurance Working Group Charges and Proposed Work Plan 2026

1. The Title Insurance (C) Working Group will:

- A. Discuss and/or monitor issues and developments affecting the title insurance industry, and provide support and expertise to other NAIC committees, task forces and/or working groups, or outside entities, as appropriate.**
1. Hear updates and provide feedback, as requested, on the American Academy of Actuaries' (Academy) title-related research. *(Planned for June 9th meeting)*
 2. Hear presentations on the title and housing market outlook from AM Best and First American. *(Planned)*
 3. Hear an update from the Coalition Against Insurance Fraud *(Proposed by Michelle Rafeld)*
 4. Hear a presentation on Milliman's fraud and forgery in claims and refinance transactions study. Fraud and forgery claims make up 40% of refinance costs and are seven times more expensive than typical title claims. *(Proposed by ALTA)*
- B. Review and assist various regulatory bodies in combating fraudulent and/or unfair real estate settlement activities. Such efforts could include working with the Antifraud (D) Task Force and other NAIC committees, task forces, and/or working groups to combat mortgage fraud and mitigating title agent defalcations through the promotion of closing protection letters (CPLs) and other remedies.**
1. Hear a presentation from CertifID and American Land Title Association (ALTA) on recent fraud trends and a framework to lower risk at scale. *(Planned for June 18th meeting)*
 2. Deliverable: Create a one-page consumer handout/alert guidance document on "How to avoid deed theft & seller impersonation during a closing" that states can post on their website and share with housing partners. *(Proposed)*
- C. Consult with the Consumer Financial Protection Bureau (CFPB) and other agencies responsible for information, education, and disclosure for mortgage lending, closing, and settlement services about the role of title insurance in the real estate transaction process.**
1. Real Estate Commissioner of Arizona and the Missouri Department of Insurance to discuss recent notary, seller impersonation, and deed fraud cases in their states. *(Proposed)*
 2. Hear a presentation from the Conference of State Bank Supervisors (CSBS) on updates, trends, and regulatory changes impacting mortgage lenders and mortgage loan originators? *(Proposed by Pat Smock (RI))*
 3. Obtain an update on the FHFA Title Acceptance Project, including program operation, number of mortgages involved, and program performance. *(Proposed by Birny Birnbaum)*
 4. Educational, fact-finding field trip (60-90 minutes) to a title agency near the NAIC National Meeting venue for a visit. *(Proposed for Fall NM in Dallas by Ron Blithenthal, Old Republic)*

- ALTA would provide a bus to transport. Representatives from the agency would provide a tour of the title plant, a description of what they do from intake to policy issuance, and beyond to illustrate exactly what a title agency must do to issue a policy.
- A similar trip was made about 15 years ago in Dallas, around 8 pm, to avoid conflict with the National Meeting. The trip was in addition to the regularly scheduled (then) Task Force meeting.

D. Update the *Survey of State Laws Regarding Title Data and Title Matters report* and the *Title Insurance Consumer Shopping Tool Template* as needed.

1. Continue Shopping Tool delivery modernization efforts by:
 - a. Deliverable: Creating a state posting package for the Shopping Tool that offers options on how states can embed the newly updated *Shopping Tool* content into their websites by repackaging the content into copy-and-paste formats for DOI websites. Potential items could include:
 - Web page modules (plain-language headings + short sections)
 - FAQ version (Q&A format using the same approved text)
 - 1-page printable consumer handout (quick guide)
 - Consumer-services call script (intake prompts + standard answers)
 - Short-form snippets (social posts/newsletter blurbs)
 - State customized insert (complaint contacts, license lookup, state-specific terminology placeholders) (*Proposed*)
 - b. Deliverable: Creating a podcast from the newly updated *Shopping Tool* (and possibly including it in the state posting package) (*Proposed*)
2. Discuss state law amendments or adoptions impacting the business of title insurance. (*Proposed by Pat Smock, RI*)

E. Stay abreast of consumer issues and complaints submitted to states regarding title insurance. Consider regulatory best practices or standards related to consumer protection.

1. Roundtable of Working Group members sharing recent title insurance-related issues in their states. (*Proposed*)
2. Compile a list of federal RESPA and similar state enforcement actions and lawsuits involving title insurance from 2021 to present. (*Proposed by Birny Birnbaum*)
3. Compile a list of title-related affiliated business arrangements by type of non-title entity involved (i.e., law firm, home builder, lender, real estate agent, etc.) by year from 2021 to present. (*Proposed by Birny Birnbaum*)

F. Evaluate alternative title products and provide guidance to state insurance regulators as needed.

1. Question: If alternative title products include attorney title opinion letters, how is the evaluation to be completed? Guidance? Update of model 230? (*Question posed by Pat Smock (RI)*)

#3

**Hear a Presentation on
the American Academy
of Actuaries'
(Academy) Finalized
Title-Related Research**

Steve Jackson (Academy)

Title Insurance Research Update

NAIC Title Insurance (C) Working Group
June 9, 2026

About the Academy



Mission:

To serve the public and the U.S. actuarial profession



Community:

Serving over 20K MAAs & public stakeholders for 60 years



Standards:

Setting qualification, practice, and professionalism standards



Impact:

Delivering over 300 insight-driven publications & resources annually

Visit www.actuary.org to learn more.



Our Research Approach and Goals

3

- Examine the patterns and trends in Title Insurance Expenses prior to the issuance of policies, 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—Current Focus on Phase 1

4

Origin:

- **Source:** Annual Statement data (direct operations)
- **Goal:** Identify drivers of expenses for direct operations



Focus analysis on:

- **Efficiency**
Expenses per policy
Expenses per \$1,000 insured
- **Business Model Composition**
Personnel, Outside production services; as % of total expenses
- **Commercial vs Residential**

Data Sources and Analysis

5

- Four largest groups and nine medium-sized companies from 2012 – 2024.
- Expenses examined: Total Expenses Paid, found in Schedule T, line 27.
- Not including losses and loss adjustment expenses.
- **Only Direct Operations** data—not operations through affiliated nor non-affiliated agents.
- Objective: Examine the market—not individual companies.

Introduction to the Current Analysis

6

All dollar values have been inflation-adjusted to January 1, 2024, using the CPI-U housing in US city average.

Our analysis focuses on:

- Eight companies which are parts of the four largest groups (Fidelity, First American, Old Republic and Stewart), and
- Nine midsize companies.

All 17 companies have reported relevant data for at least 10 of the 13 study years.

What Have We Seen So Far

7

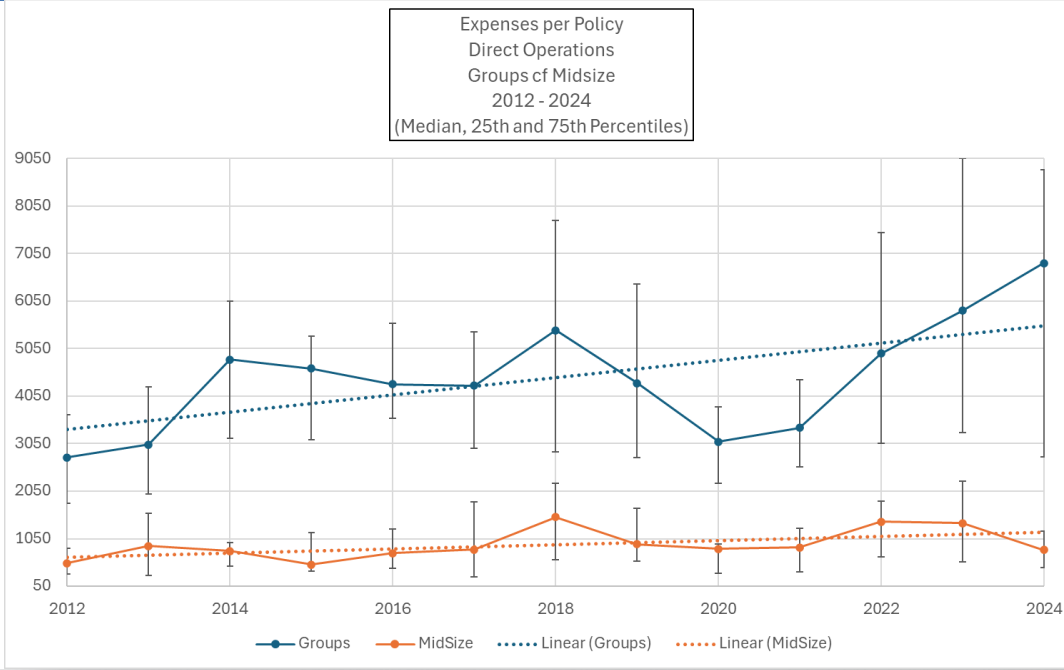
- Expenses per policy are increasing for both the largest groups and medium-sized companies.
- Increasing percentages of **commercial policies and commercial insured amounts** may account for increased expenses per policy.

What's New?

8

- Added 2024 data.
- Creation of a Labor Cost Index (LCI) to describe relative cost of personnel by company given the states in which they issue policies.
- Examining relationships at the company-year level rather than annual levels across all companies (greater granularity).
- Based on our analyses of the distributions, using statistical techniques to identify multivariate relationships.

Expenses per Policy, Direct Operations, Groups or Midsize, 2012-2024

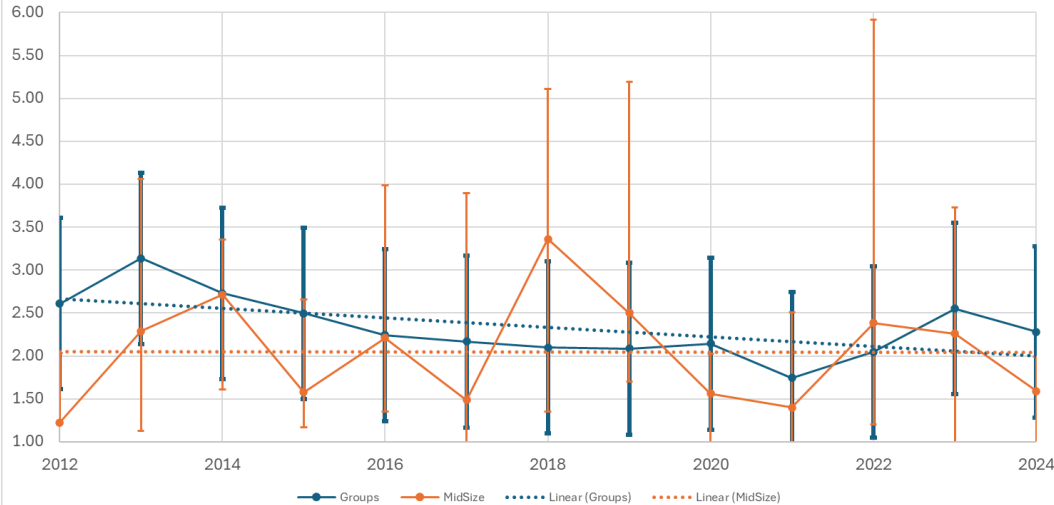


Median expenses per policy are increasing rapidly for the 4 largest groups and slowly for midsize companies during the period, 2012 – 2024.

There is substantial variation in both categories each year.

Expenses per \$1,000 of Insured Amount, Direct Operations, Groups or Midsize, 2012-2024

Expenses per \$1,000 of Insured Amount
 Direct Operations
 Groups of Midsize
 2012 - 2024
 (Median, 25th and 75th Percentiles)



Expenses per \$1,000 of Insured Amount have declined rapidly for the largest groups and barely at all for midsize companies.

There is substantial variation in both categories, more in the midsize companies.

Developing a Labor Cost Index (LCI)

11

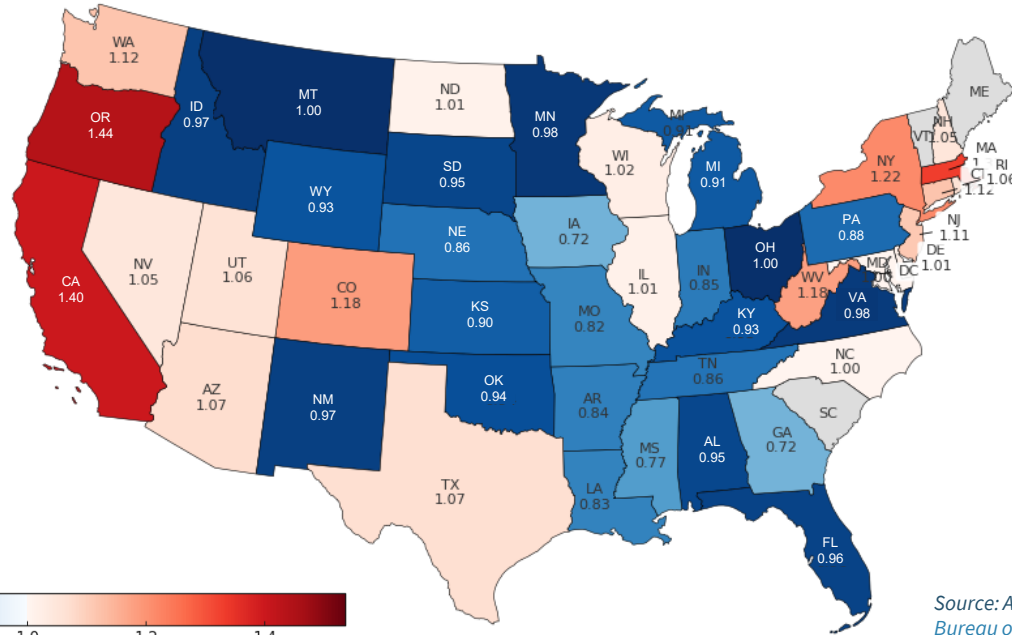
For the companies in our dataset, we have created a relative LCI for each company, which adjusts for the relative labor costs associated with title insurance in each state.

- Labor costs: Average annual wage of Title Examiner, Abstractors and Searchers (from BLS)
- LCI is the sum of the labor costs in each state weighted by the proportion of policies issued by a company in that state.
 - LCI > 1 → Company tends to operate in more expensive states.
 - LCI < 1 → Company operates in less expensive states.
 - LCI = 1 → Company aligns with the national average.

Developing a Labor Cost Index: Step 1

The Cost of Labor by State (2024)

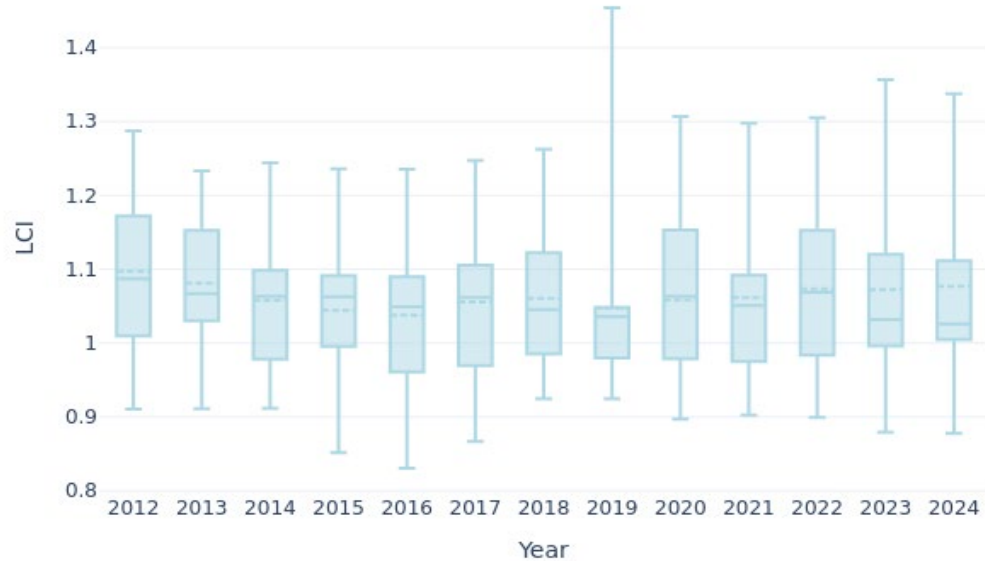
12



Source: Academy Calculations, based on [Bureau of Labor Statistics](#) data.

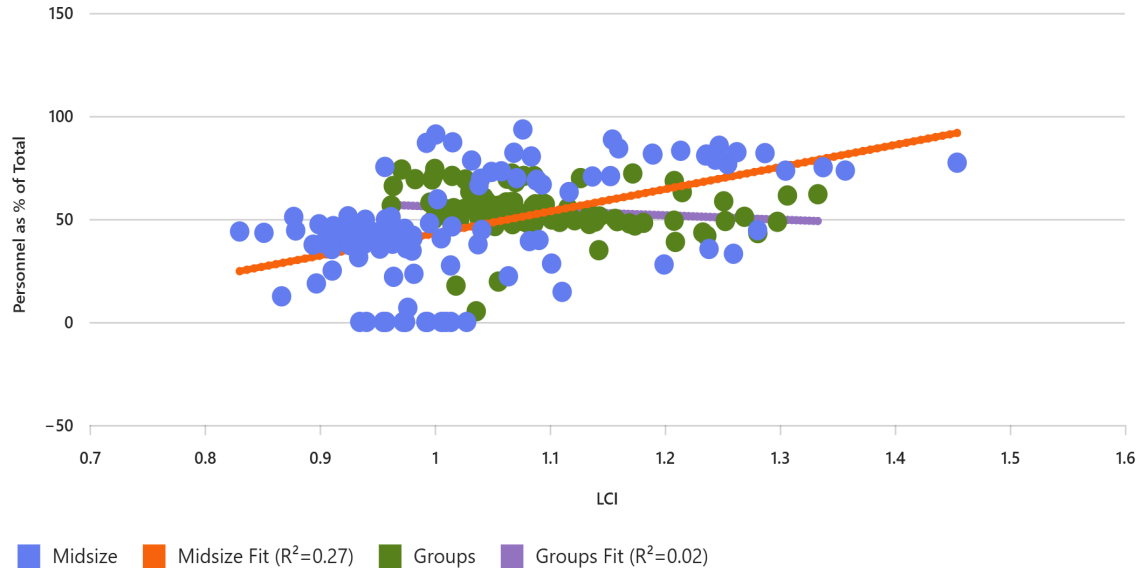
Developing a Labor Cost Index (LCI): 2024 Results

13



Mapping the LCI Against Personnel Expenses (as percentage of total expenses)

14



For groups, there is very little apparent relationship between LCI and personnel expenses as a % of total.

For midsize companies, there is some apparent relationship, due mostly to the one company with virtually \$0 in personnel expenses.

Accounting for the Lack of an Apparent Relationship: LCI and Personnel Expenses

15

What else would we need to account for:

1. Mix of Residential/Commercial Business
 2. Average size of policies
 3. Cost of Contracted out services
- Suggests need for multivariate analysis.
 - Same is true for drivers of efficiency.

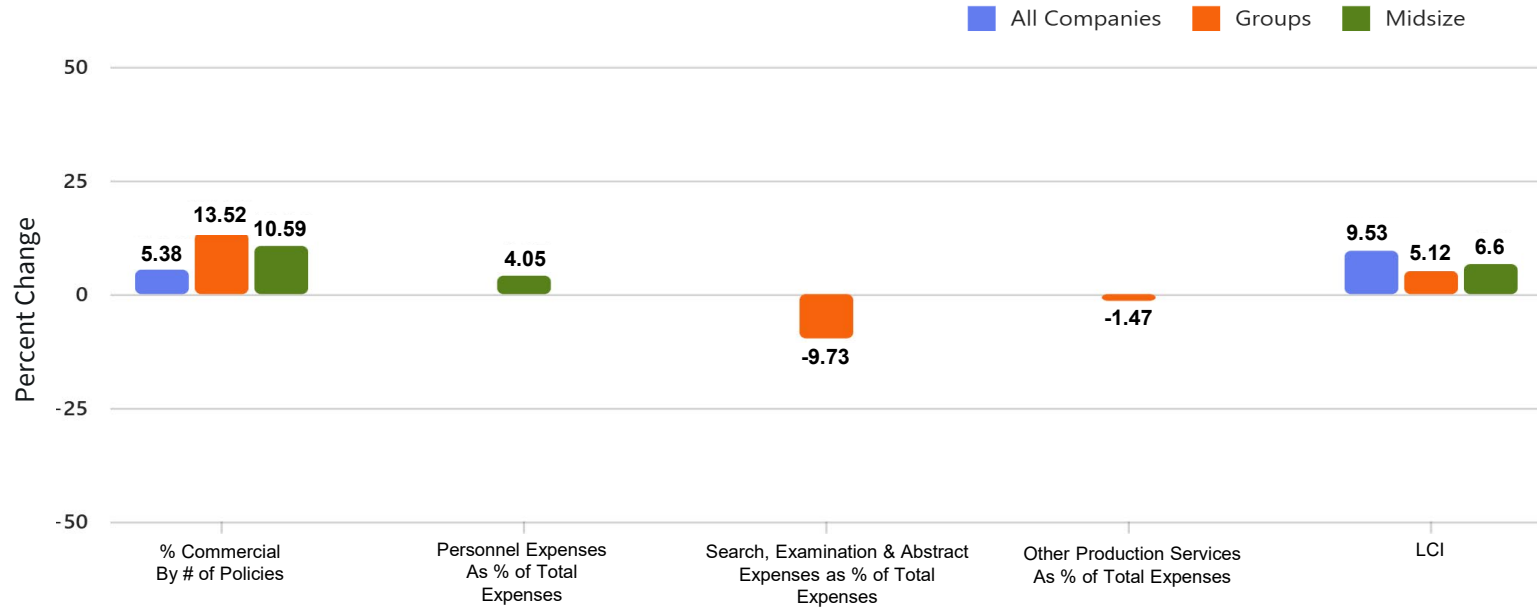
Moving From a Bivariate to Multivariate Analysis

16

- Univariate trends → A multivariate linear regression model
- Parameters we analyzed:
 - Commercial insured amount as a percentage of all
 - Commercial policies as a percentage of all policies
 - Personnel expenses as a percentage of total expenses
 - Search, Examination and Abstract expenses (contracted outside) as a percentage of total expenses
 - Other Production Services (contracted outside) as a percentage of total expenses
 - Labor Cost Index (LCI)

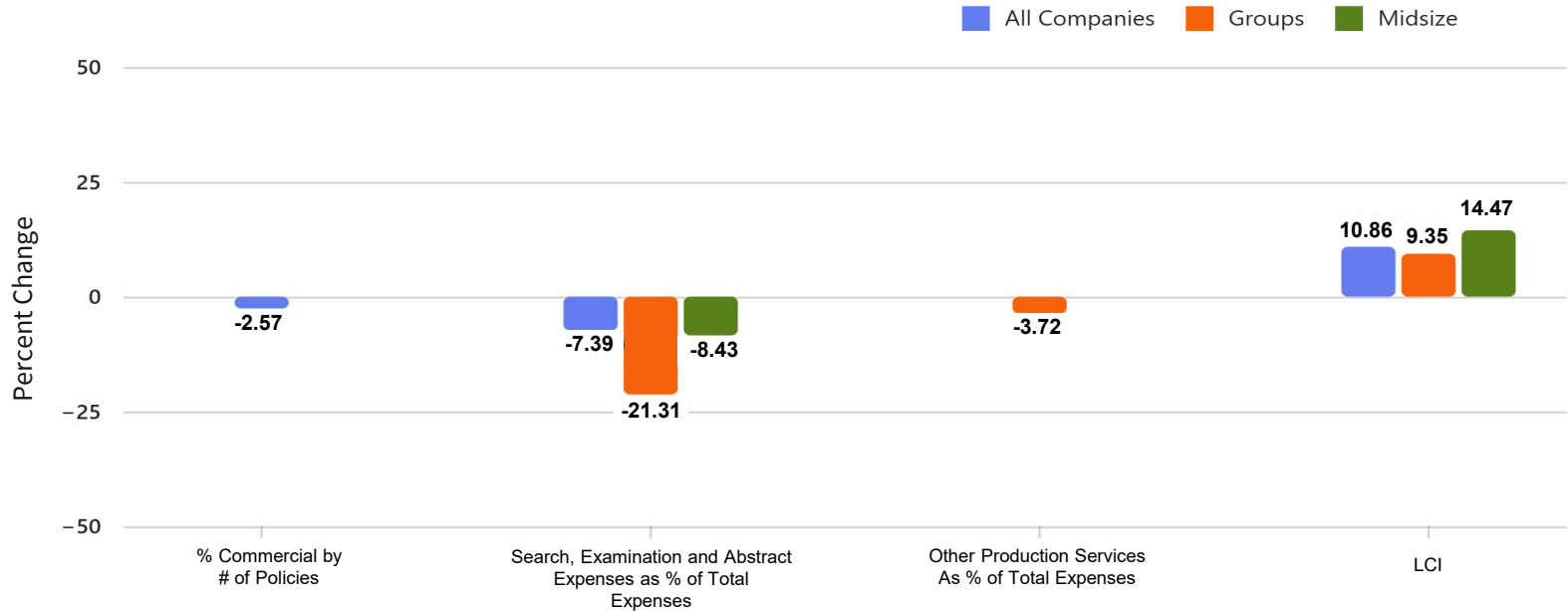
Impact of Moving from 25th to 75th Percentile as a % of the Maximum Expense Per Policy

17



Impact of Moving from 25th to 75th Percentile as a % of the Maximum Expense Per \$1,000 of Amount Insured

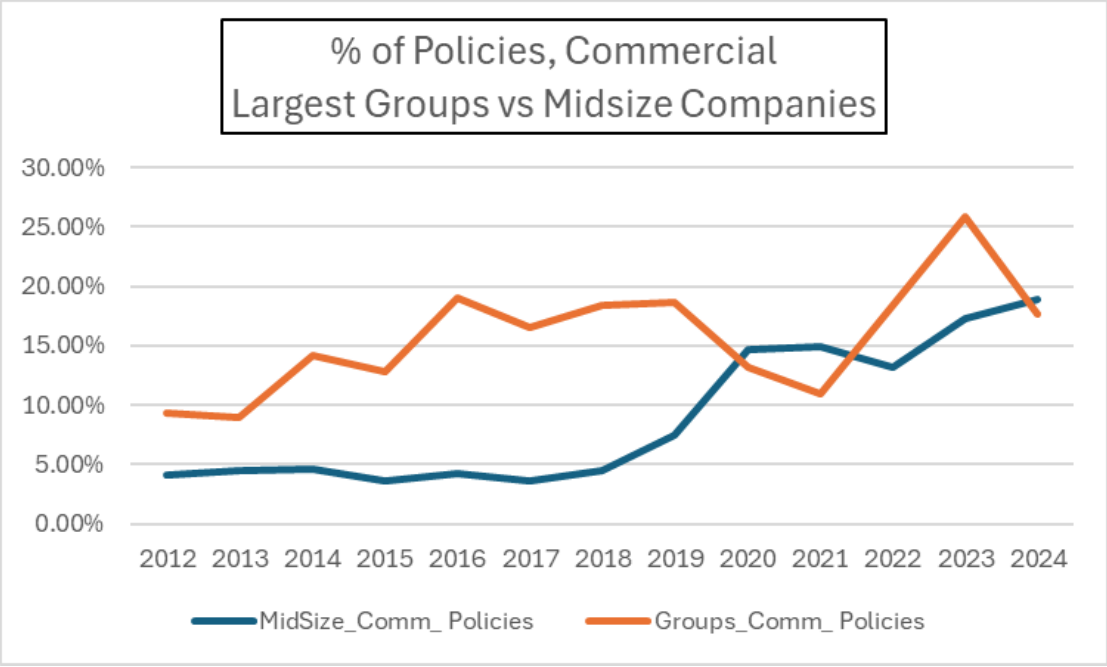
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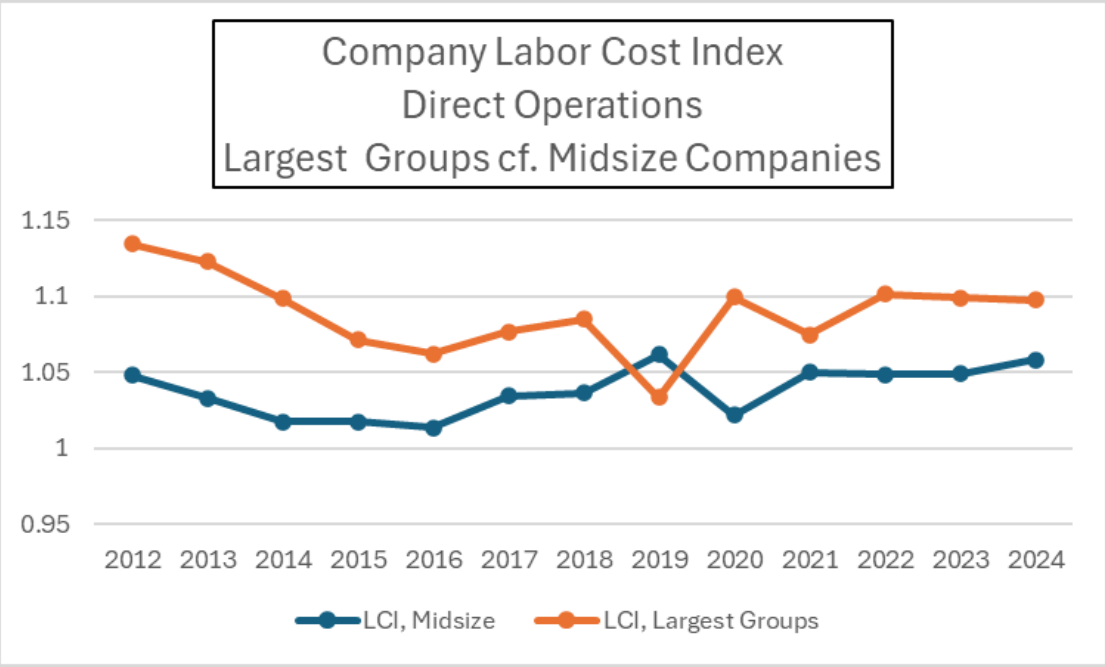
While results may still be refined, these takeaways seem secure:

- Companies increasing the proportion of their commercial work are increasing their expenses per policy while slightly decreasing their expenses per \$1,000 of insured amount.
- Companies issuing more policies in more expensive states (as measured by the LCI) experience higher expenses per policy and higher expenses per \$1,000 of insured amount.
- The more services are contracted out (vs providing services in-house), the more a company saves on expenses per policy and per \$1,000 of insured amount.

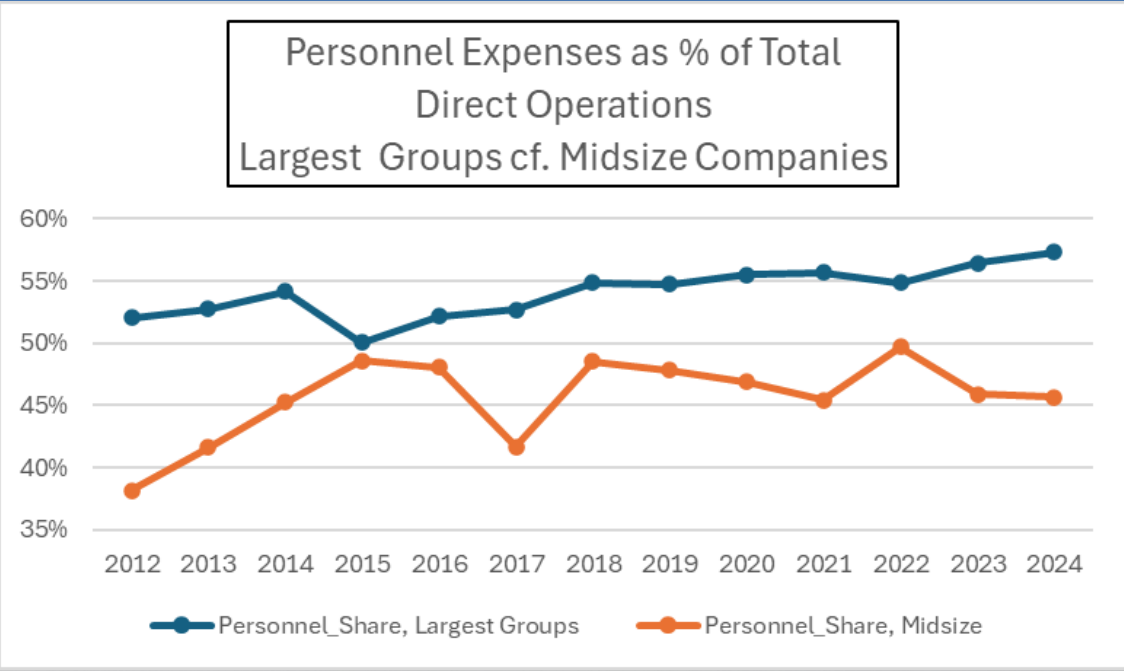
Trends in % Commercial Business



Trends in Labor Costs



Trends in Personnel Expenses as % of Total



Drivers of Trends in Expenses

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Combining results on the impact of different factors on expenses with trends in those factors, suggests that:

- With commercial business increasing as a percentage of total, for both the largest groups and midsize companies, pressure towards increased expenses exists.
- With labor costs neither consistently increasing nor decreasing, and stable in the most recent years, no pressure towards increased expenses exists.
- With personnel expenses (rather than contracting out) increasing as a percentage of total (especially for the largest groups), pressure towards increased expenses exists.

Implications for Regulators

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1. For companies that are not increasing commercial business, not increasing business in more expensive states, and not increasing their in-house work, all factors that likely account for some increase in expenses, close scrutiny of any increase in expenses might be appropriate.
2. Encouraging work to be contracted out (where appropriate) might help to relieve pressure on increasing expenses.
3. Data that is not available limits analysis of key factors. Exploring the possibility of collecting additional data might be worthwhile.

Specifically, data that would be very useful, given these results:

1. Direct collection of data from agencies—affiliated and non-affiliated—would allow a similar examination of drivers of expenses for the 2/3rds of business that originates in agencies.
2. Distinguishing expenses—direct or agency—by commercial, residential or shared, would allow much more direct examination of the role of commercial activity as a driver.
3. While contracted out expenses are broken out in categories, there is no directly comparable data for those services provided in-house. Explore ways in which to allocate personnel expenses to comparable categories.

1. Prepare an issue brief and a technical paper summarizing the results presented here.
2. Examine data from three states that make data calls for title insurance agencies available.
3. Work with others to define data that would be most helpful.

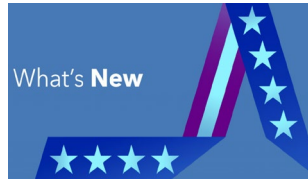
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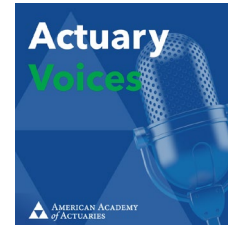


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Thank you

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Questions?

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Any Other Matters

Chuck Myers (LA)

Thank you