

Jobs Lost in the Title Industry

1. According to DFS figures, the number of Florida title insurance agencies with active appointments fell from a peak of 3,012 in June, 2007 to 1,545 in May, 2011. Almost half of the title insurance agencies have gone out of business since the market peak.
2. Each agency may employ multiple licensed agents. We went from a highpoint of 4,364 Florida title insurance agents with active appointments in August, 2007 to 2,636 in May, 2011. Only 46.8% of all agents with licenses are currently operating as title agents.¹
3. At least 1,187 agents have given up their licenses completely.
4. Each agency employees multiple people. In an attempt to quantify the number of jobs lost in the title industry, FLTA commissioned a non-scientific survey. 150 Agencies responded, including 20 which have gone out of business completely. Those agencies (which represent less than 10% of the total still in business) reported July 2006 employment of 2,632. In July 2011, these same agencies had been forced to lay off 1,972 people, leaving them with a net of 660 still employed (A 75% Unemployment Rate!). The same agencies reported a significant number of employees working less than full time, and a number who have endured across the board pay cuts in order to avoid even more draconian layoffs.

While not statistically valid, because of self-selection and other factors, we believe that this sample set is highly representative of the trends in the title insurance industry.

5. 7 law firm real estate departments reported and their results are similar. Employment in the real estate departments at those 7 firms dropped by 45% from 75 to 41 people.
6. Three major underwriter families² and one small underwriter reported their information in this survey. In total, their Florida employment fell 41% from 1,589 to 934.
7. Employment figures from title agencies no longer in business are not generally available. We asked our survey respondents to identify title offices which are no longer in business and had several hundred names and locations listed.

¹ 2636 FL agents w/appointments + 212 non-resident w/appointments ÷ 6081 Total licensed agents

² Old Republic National Title Insurance Company provided information showing an increase in employment from 182 to 189 in the measuring period, but this does not include the former employees of Attorneys' Title Insurance Fund

8. Title Insurers who generated \$833 million of gross premium, representing 33.75% of Florida's 2006 market share have since failed, been forced into mergers or otherwise ceased doing business as insurers. Here is the breakdown:

	Gross Premium 2006	Mkt Share
Attorneys' Title Ins. Fund ³	460,764,165	18.65%
Commonwealth Land Title Ins. Co. ⁴	220,699,511	8.93%
Lawyers Title Ins. Corp. ³	145,357,690	5.88%
Transnation Title Ins. Co. ³	25,496	0.00%
Commonwealth Land Title Ins. Co. of NJ ³	-	0.00%
Southern Title Ins Corp. ⁵	4,153,524	0.17%
National Title Ins. Co. ⁶	2,681,567	0.11%
Total	\$833,681,953	33.75%

9. At current promulgated rates, title insurance premium on an average \$200,000 home, including a simultaneously closed first mortgage and the 4 most common endorsements would range between 0.54% and 0.77% (approximately ½ to ¾ of 1%) of the purchase price.⁷ The agent share of this premium ranges from 0.38% to 0.54%. Decreasing the closing costs by less than 1% is not going to increase the number of real estate transactions.

Employment in the title industry has already been decimated. Decreasing real estate prices and increased closing fee competition among the surviving title agents has already amounted to a closing cost reduction. Further reducing the premium rate applicable to these transactions will only result in further jobs lost.

³ Attorneys' Title Insurance Fund was given the regulatory latitude to stop issuing new policies and enter into a joint venture with Old Republic, which thus far has avoided any policyholder losses.

⁴ The LandAmerica family of companies was acquired out of bankruptcy by another insurer, who recapitalized and restructured them to avoid policyholder losses.

⁵ Southern Title announced on September 15 that it was ceasing issuing new policies following higher than expected claims and defalcation losses.

⁶ National Title is currently in the final stages of rehabilitation/liquidation by the Department of Financial Services.

⁷ This is actually slightly overstated, as this assumes a simultaneous issue premium of \$250 rather than the \$25 minimum. This does not include closing services fees or search fees, both of which are unregulated and fully negotiable in Florida.

	Full Rate	Reissue
Promulgated	1075	660
Simultaneous	250	250
Form 9	132.5	91
3 other endorsements	75	75
Total Premium	1532.5	1076
% of \$200k purchase price	0.77%	0.54%
Agent's share	0.54%	0.38%

Data Updated through 11-20-11