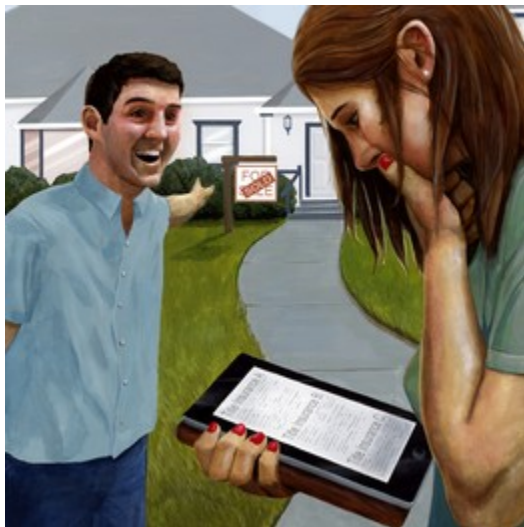


Title Insurance for Less? A new breed of insurance company is promising discounts for home buyers ~ W.S.J.

A new breed of insurance company is promising discounts on a type of policy many home buyers don't even realize they need: title insurance.

Almost everyone who buys a house also purchases title insurance. Mortgage lenders generally require that borrowers buy a so-called lender's policy. Owners can buy a separate policy for themselves. The insurers determine if there is clear ownership of the property and offer protection if someone later claims an ownership interest in it.



Brian DeYoung

Title insurance can cost hundreds of dollars for modest houses and thousands for multimillion-dollar properties. Yet many home buyers don't focus on the product, or the price, until they sit down at the closing. There often is little incentive to shop around, as established insurers typically charge similar premiums and some states set or cap prices. Consumers tend to rely on a mortgage broker, real-estate agent or lawyer to connect them with a title insurer.

Now upstart insurers and agencies are challenging the status quo.

Insurance agencies also are being more aggressive in competing for title-insurance business.

Redfin, a real-estate agency based in Seattle that has pioneered the use of technology in real-estate sales, started a title-insurance agency, Title Forward, in early 2013. It is based in Philadelphia and sells policies in Maryland, Virginia, Pennsylvania, Georgia and the District of Columbia.

Title Forward is telling customers it can save them money by helping them figure out which type of title-insurance policy they need—and whether they can do without the more-expensive "enhanced" policies many agents sell. These policies can cover home buyers if the seller doesn't pay a contractor who did work on the house just before the sale and later claims he is owed money, according to Adam Wiener, a Redfin executive.

Enhanced policies cost as much as 17% more in the states where Title Forward works, he says. Title Forward's policies are issued by industry giant First American Financial.

Sue-Ann Greenfield, an entertainment-industry business manager from Manhattan, was buying a second home in exclusive Sag Harbor, N.Y., last fall when she went onto the Internet to research closing costs.

"I decided I was going to be proactive," she says. "Why am I spending all this money on title insurance, and I don't even know what it is?"

Still, greater competition will benefit consumers, says Birny Birnbaum, executive director of the Center for Economic Justice, a nonprofit consumer-advocacy organization based in Texas.

Mr. Birnbaum notes that state insurance departments have "requirements in place to make sure a company can pay its claims."

In 2007, the U.S. Government Accountability Office, Congress's investigative arm, concluded that the title-insurance industry's reliance on agents who sell to real-estate and mortgage professionals and lawyers, rather than to consumers, presents potential conflicts of interest and raises questions about the "reasonableness of prices" paid by consumers. [[The Wall Street Journal](#)]

Read the entire Wall Street Journal article by Leslie Scism (email at leslie.scism@wsj.com) and Alan Zibel (email at alan.zibel@wsj.com) on their [web site here](#)