



# What Makes an “Independent” Title Agent Better for You?

## **Our Business is Based Upon the Quality of Service, Not Upon The Quality of Kickbacks and Referral Payments.**

In most real estate transactions, the title insurance agent is referred to the consumer by another settlement service provider (i.e., real estate agent, mortgage broker, homebuilder or a bank). Often times, those referring parties receive a financial incentive or kickback for referring your real estate settlement business to the title insurance agent or agency. In some title agencies, referrals are driven by the type and amount of financial incentive or kickback the referring party obtains. There are even those real estate firms, mortgage brokers, homebuilders and banks that actually own portions of the title insurance agency and receive dividends directly linked to the amount of title insurance business they refer to the title insurance agency.

An independent title agent is different.

An independent title agent obtains business by remaining a neutral third party. Independent title agents do not receive referrals based upon kickbacks or referral schemes with other real estate settlement service providers. Independent title agents actually earn your business through the quality of service they provide, not the amount of kickback other non-independent title agents are willing to pay to receive your referral. Independent title agents do not share financial interests with real estate firms, mortgage brokers, homebuilders and/or banks. Instead, independent title agents are truly independent!

With an independent title agent, you only pay for actual title insurance services, not for the referral or kickback you might see in a non-independent title agency. An independent title agent is a title professional that refrains from engaging in affiliated business arrangements, “one-stop shops” and other joint ventures between real estate settlement service providers.

## **Our Underwriting Decisions are Not Based Upon Pressure From Referral Sources.**

By remaining a neutral third party and not paying kickbacks to obtain a referral of your business, you can be certain that our title insurance underwriting determinations are made on the basis of sound underwriting principles, not on the basis of compensating the referral source (i.e., the real estate agent, mortgage broker, homebuilder or bank). If there’s a problem with your title insurance policy, whether from a defect or encumbrance, follow the important claim notification steps on your policy and make a claim.

## *Why is all of this important?*

Often times, affiliated business arrangements, “one stop shops” and other joint ventures between real estate settlement service provider and title agents are composed of business relationships that depend upon paid referrals for their business. It is common for real estate agents to receive higher commission splits with their real estate broker by referring your real estate transaction to their “in-house” title company. The same is true for mortgage brokers and loan officers at some of the mortgage companies and banks who are in the real estate industry.

Who supervises those companies? The referral source, not the title agent! You get what the referral source wants, whether that’s good for you or not.

Real estate firms, mortgage companies, homebuilders and banks make money by referring your real estate transactions to their choice of title insurance agent. However, by making the referral, whether passively or actively, they rarely have any of the attendant risk with the transaction. Instead, title insurance agents are the ones who bear that burden. Thus, who would you want handling your next real estate closing, the title agent who plays by the referral source’s rules or the title agent who plays by the title industry’s rules?

## **Kickbacks and Referral Payments are Unethical.**

The act of giving money or other compensation to alter the behavior of the recipient is known as bribery. Kickbacks and referral payments are really no different. In the context of real estate and title insurance, giving money or other compensation to steer real estate settlement business to a particular title agent in order to compensate the referring party is plainly unethical behavior -- it’s bribery without the sanction.

You have a choice. You can either reward unethical conduct by allowing your real estate service provider (i.e. real estate firm, mortgage company, homebuilder and/or bank) to choose your title agent for you or you can exercise your right to insist upon an independent title insurance agent -- one without an affiliated business arrangement, “one-stop shop” or other joint venture relationship.

The difference between the two may be the most expensive decision you ever make!