

ALBUQUERQUE JOURNAL



T.M. PEPPERDAY, Publisher 1926-1956
C. THOMPSON LANG, Publisher 1956-1971

T.H. LANG, Publisher
Kent Walz, Editor
An Independent Newspaper

Published at Journal Center, 7777 Jefferson NE
Albuquerque, NM 87109-4343, by the Journal Publishing Co.
This newspaper is copyrighted, reprint of this masthead prohibited.

B2

Sunday, September 9, 2007

EDITORIALS

Restore Competition In Title Insurance

The upcoming even-year legislative session is traditionally devoted to fiscal matters. But it would be a nice election-year tip of the hat to consumers to provide some relief to families trying to buy or refinance a home.

New Mexico is one of three states in which there is no price competition on the title insurance policies lenders require property buyers to take out. The rate is set by the state superintendent of insurance.

It's almost like setting a tax rate, since most property buyers have no choice but to buy insurance. And what does the buyer get, especially on a refinance of an already insured home? Not much. The lender, at no cost, gets some peace of mind, but not as much as the insurer. The total of claims paid out plus administrative overhead amounts to 4.6 percent of premiums. The equivalent average loss ratio is 80.4 percent for property and casualty insurance — and those policies are offered by insurers who have to compete for customers with lower premiums.

Competition, going by the example of neighboring states, saves money for the buyer. A title policy on a \$300,000 home that costs \$1,748 in New Mexico, runs \$1,200 in Phoenix or \$1,069 in Colorado Springs, according to Victor Marshall. Marshall can cite those figures because he represented former Rep. Max Coll and his wife in a restraint of trade lawsuit.

The courts are one avenue to take, but a straighter road leads back through the Roundhouse. In a session in which lawmakers will likely consider raising some taxes, they should lift the de facto title insurance tax imposed by their predecessors in 1985.