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AG: Title Insurance Rates Too High in New Mexico

Asking Insurance Division to Help

(SANTA FE) Attorney General Gary King's office today filed a motion before the Public Regulation Commission's Insurance Division to extend for three months the beginning of annual state hearings on title insurance rates. The AG says extra time is needed to obtain meaningful data from title insurance companies and title agents that would justify the high rates charged to New Mexico consumers.

The Attorney General also asked Insurance Superintendent Morris Chavez to collect the new data from the industry. AG King says data currently reported by the title industry during yearly hearings is inadequate and does not explain excessively costly premiums.

"New Mexico consumers pay too much for title insurance because of marketing expenses from title companies to real estate agents, mortgage brokers, lenders and developers to steer consumers to their particular company," says AG King. "Each year the Insurance Division holds a hearing where nearly all these huge marketing expenditures are loaded into the rates; that must stop and title insurance rates should come down to a reasonable level."

Recently the Insurance Division attempted to lower rates for title Insurance, but that action has been stayed pending an appeal by the New Mexico Land Title Association and other members of the title insurance industry in New Mexico.

The Attorney General says, "This appeal of the 2006 decision lowering rates is unfortunate, as it blocks needed relief to New Mexicans who are required to purchase title insurance to own a home."

---MORE---

Page 2

This year's title insurance rate hearing is scheduled for mid-November in Santa Fe.

AG King cites a report from a national expert on title insurance, Birney Birnbaum, the author of several studies on title insurance marketing and rates. Birnbaum's report shows that title companies market their products and services to entities that can steer the consumer to their businesses by using a variety of payments and services to those entities that act as middlemen for the title industry. The report indicates the title companies make money; the real estate agents and developers make money; the mortgage and finance companies make money; and the consumer ultimately pays for it all through high cost premiums for title insurance.

