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Fidelity National Settles FTC Charges After CEO Touts Industry 'Oligopoly'

By Inyoung Hwang - Jul 16, 2010

[Fidelity National Financial Inc.](#), the title insurer that called the industry an "oligopoly," agreed to sell assets in Oregon and Michigan to settle a regulatory review into anticompetitive practices.

The insurer's 2008 purchase of bankrupt rival [LandAmerica Financial Group Inc.](#) reduced competition in five Oregon regions, including the Portland area, and in Detroit, the Federal Trade Commission said in a [statement](#) today. The settlement will require the Jacksonville, Florida-based insurer to sell assets including data used for underwriting in those regions.

"Fidelity's acquisition of the LandAmerica assets was anticompetitive in several local markets for the provision of title insurance information services," the regulator said in the statement.

Chief Executive Officer [Alan Stinson](#) said in September 2009 that the declining number of companies selling title insurance has created an oligopoly, allowing insurers to raise prices to more profitable levels. The company posted its fourth straight [quarterly profit](#) increase in the period ended March 31, recovering from three straight losses.

The insurer [declined](#) 58 cents, or 4.2 percent, to \$13.27, at 4:15 p.m. in New York Stock Exchange intraday trading. The stock had declined 1.4 percent this year.

The title insurance industry is dominated by No. 1 Fidelity, [First American Financial Corp.](#), [Stewart Information Services Corp.](#) and [Old Republic International Corp.](#) The four have a combined 89 percent market share, according to first-quarter [data](#) compiled by the [Washington-based American Land Title Association](#), an industry group.

'Best Rate Environment'

"We are probably in the best rate environment and best regulatory environment that we've been in for a long time," Stinson said Sept. 16 at a Barclays Plc conference. "We are seeing some rationality in pricing. I think you'd expect that

as the industry consolidates,” he said “The industry has become more or less an oligopoly.”

The settlement requires the company to notify the FTC before acquisitions of databases in California, Colorado, Nevada, New Mexico, Oregon and Texas.

Title insurers use their records and public documents to verify a seller is the home’s true owner and that the property is free from liens. They collect a one-time premium at the closing of the purchase and pay costs that may arise if someone disputes the new owner’s right to the property -- claiming, for instance, that the boundaries weren’t properly recorded.

Fidelity spokeswoman [Marcia Danzeisen](#) didn’t immediately return a call seeking comment.

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