

Survey: Consumers prefer third-party closing agents

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The Ohio Association of Independent Title Agents (OAITA) created a survey to assess the preferences of consumers at the closing table. According to the results of this survey, when consumers become aware of affiliated business arrangements, they become uncomfortable and prefer the title agent to be a third party to the transaction.

The Settlement Preference Survey was conceived in 2009 “with the assistance of title insurance agents, real estate attorneys, regional title insurance underwriters and other interested stakeholders,” according to OAITA.

“It is the shared experience of those who helped to formulate the survey that consumers lack important information concerning the objectives and agendas of the settlement service providers who often times do not disclose that they receive financial incentives for their referral of business,” OAITA said in a statement.

Results of the study revealed the following:

- Only 23 percent of respondents independently selected their title insurance agent or escrow agent for their real estate transaction.
- Seventy-seven percent of respondents did not independently select their title insurance agent or escrow agent for their real estate transaction.
- Forty-seven percent of those who independently selected their own title insurance agent or escrow agent used “word-of-mouth” or reputation to learn about their selection, not media advertising methods; 27 percent were return customers; 3 percent of those responding learned of their title insurance agent/escrow agent through the use of Internet or print advertising.
- Forty percent of respondents cited real estate agents and brokers as the most influential in selecting a title insurance agent; 34 percent of respondents cited mortgage companies and brokers as influencing their selection of a title insurance agent.
- Nine percent of respondents said they were more comfortable with the title insurance offered by a title insurance agency owned by the referral source that referred them there.
- Fifty percent of respondents said they prefer a title insurance agent that does not share ownership with a referral source; 44 percent of respondents expressed no preference; 6 percent prefer a title insurance agent that shares ownership with a referral source.

- Fifty-seven percent responded that they believe it is a conflict of interest to receive a share of profits; 58 percent of respondents believe it is a conflict of interest for a referral source to give compensation to its employees for referring settlement work if it receives a financial benefit from the referral.

OAITA said these results show that Ohio title insurance agents play passive roles in determining who uses their services and that real estate agent opinions play the largest role in determining the business a settlement services agent receives. Also, the organization believes the results show that consumers are mostly unaware of the relationship between the different settlement service providers.

“The survey data supports the hypothesis that independent title insurance agents can utilize their independence from referral sources to their economic advantage,” OAITA stated.

The Settlement Preference Survey consists of eight questions on a one page survey. The survey does not identify what organization or entity is requesting the survey. The survey is given, in written form, at the time of closing and was conducted from Sept. 1, 2009 to Dec. 31, 2009 and Sept. 1, 2010, to Dec. 31, 2010. There were 471 respondents.