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**Forbes Magazine  
60 5<sup>th</sup> Avenue  
New York, NY 10011**

To The Editor:

The directors and officers of The National Association of Land Title Examiners and Abstractors (NALTEA) find much to disagree with in our reading of reporter Scott Wooley's dim view of the title insurance industry [Inside America's Richest Insurance Racket" November 13, 2006].

With a broad stroke of his brush, intent on convincing his readers that title insurance is "outdated" and "largely unneeded," Mr. Wooley demonstrates his failure to achieve a fundamental understanding of the industry and its purpose. Ignorance of the value of title insurance is forgivable, as the subject does not emerge very often in most people's routines. It is harder to ignore when a reporter shares his ridiculous indictment of the entire industry in such a highly respected publication as Forbes.

Title insurance reaches far beyond the validity of a deed. There are a number of events that can affect the condition of title, even in a short period of time. When a homeowner purchases title insurance in connection with the refinancing of a mortgage loan, it is for the lender's protection. Although there may be an "utter absence of any new risk in the deed" since the last refinance, there may well be new liens – be they voluntary or involuntary -- which will affect a lender's ability to recoup losses, should the homeowner fail to repay the loan.

Twice in the article, the claim is made that 'online automation has...reduced errors'. Technology has certainly added convenience and efficiency, but we have seen no evidence that errors are reduced by technology. In fact, the opposite is probably true. Records indexed with computer technology may be permanently misplaced with a single typographical error. Automated programs are only as good as the information entered. As they say, "garbage in, garbage out".

Whether the records are indexed with pencil-in-hand or placed on line for the world to access, there is no substitute for a thorough search of the public record by an experienced, local professional who is familiar with the local standards and practices. It is the effort expended prior to the issuance of a title policy -- the identification of title defects and resulting curative action -- that keeps the claims rates low. It is NALTEA's position that more attention should be given to this important part of the process.

Placing records online, automating the process and conducting business from foreign countries will all serve to add efficiency for the title insurers. This will occur at the expense of the industry's integrity, and that of the public records. The emphasis appears to be shifting from a proactive, curative approach, to a more risk-tolerant approach, which prefers insuring over minor risks to repairing the defect.

The increasing incidence of real estate-related fraud is another issue that makes title insurance all the more important in today's world. It is not unreasonable to argue that a thief can get far more accomplished with all of the information he needs, including your signature, at his fingertips, than he would if he had to travel to your local courthouse for the same information.

NALTEA was founded in June 2004 when several title examiners and abstractors recognized the need for unifying the industry's members into their own national organization. NALTEA members are working to improve the standards of this important aspect of the title industry, and of the industry as a whole. To learn more about NALTEA, visit the organization's Web site at [www.naltea.org](http://www.naltea.org).

Officers and Board of Directors  
The National Association of Land Title Examiners and Abstractors