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## Title TRACK

### News from the 2017 New York State Land Title Association Convention

On Aug. 20-22, the New York State Land Title Association (NYSLTA) held its annual convention in Syracuse at the recently remodeled Syracuse Downtown Marriott. Every year hundreds of title agent and title underwriter representatives get together for business and networking events. This year was a particularly well-attended convention given that there are new title regulations in process by the New York State Department of Financial Services (DFS), which is the regulatory body for our industry.

The DFS has proposed new regulations, identified as Sections 206 and 208 of Title 11 of the Official Compilation of Codes, Rules and Regulations of New York State. The new regulations attempt to protect consumers from practices in the title industry, which were perceived to add to the costs of providing title insurance. These include marketing, affiliated business relationships and ancillary charges, among other items.

Sections 206 and 208 were proposed after an extensive investigation of the title insurance industry and what the governor described as a “crack down on unscrupulous practices in the title insurance industry.” The DFS based their findings on studies conducted four years ago within the title industry.

During the convention the NYSLTA explained the actions taken by the association as a response to these regulations. Earlier this year the NYSLTA pro-



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vided their members with talking points to present to the various state legislators, which the association felt would clear up some common misconceptions of the services provided by our membership. The talking points also addressed concerns that many title agents would be put in financial jeopardy and be forced out of business.

The majority of the issues defined in the DFS investigation were abuses of practices and not commonplace in the industry. The NYSLTA has pointed out that while the governor used strong language in describing the industry, the state did not bring any actions against any parties as a result of this investigation. Additionally we have seen no examples of these abuses since the institution of the title insurance licensing regulations put in place two years ago. The association strongly believes that the licensing of title agents in New York was intended to provide the ground rules for the industry and has eliminated the need for these new regulations.

The association did meet with members of the DFS to discuss the new regulations and those who participated felt encouraged by the discussions

and think the DFS is indeed interested in working with the industry. The DFS is in the process of making changes to the regulations to address some ambiguous areas and provide more clarity. However, these “changes” may not be published for open comments because state law only requires the “changes” to be deemed as “significant changes” in order to require an additional comment period. So the industry is in a wait-and-see period until the changes are complete.

While the new regulations were a big part of the convention discussions, they were overshadowed by the cybersecurity requirements now in place for the industry. The association created a Technology Committee two years ago, commenting that the most important actions taken by the association going forward will be directed by this committee. The industry is on the cusp of a new technological age and anyone who does not embrace technology will be left out.

The issues of wire fraud and identity theft are becoming commonplace in the industry. There were three members in attendance that were hit with a ransomware attack and four others that had been victims of wire fraud scams. The costs to protect your company from these cyberattacks are not inconsequential, but the costs of trying to recover from one of these could be fatal

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to your business.

One of the most overlooked areas in prevention is in training employees; more than 75% of cyberattacks are caused by employee error. These include opening attachments from co-workers, clients, friends or family who have been “spoofed” by hackers; providing company email addresses and other information over the phone to people purporting to be representing UPS, FedEx and other known vendor companies; or giving out a password to supposed IT support companies like Microsoft or HP. These hackers will continue to get creative, so continually training and testing your employees will be paramount to protecting your business.

The convention also had information about the future of the real estate industry and how important it will be to adapt your business to these emerging technologies. Electronic recordings have increased, and even though New York is behind many other states in this regard there have been some significant increases in this area. As lenders and realtors continue to increase their use of social media and cell phone apps, the pressure will build for title companies to follow suit. A large part of this will be to attract new and younger employees to our industry. Creating a work environment that uses these new technologies will be a critical component in recruiting the next generation of title professionals.

Title insurance may not be the most

well-known product to the general public, but after attending this convention I can say that the dedication of these title professionals to provide a service that is much maligned and very misunderstood has never been higher.

If you want to learn more about the new regulations you can find them at <http://www.dfs.ny.gov/insurance/rproindx.htm>.

If you would like to learn more about the New York State Land Title Association, visit [www.nyslta.org](http://www.nyslta.org).

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