



**Department of  
Financial Services**

**ANDREW M. CUOMO**  
Governor

**LINDA A. LACEWELL**  
Acting Superintendent

June 20, 2019

The Honorable Andrew M. Cuomo  
Governor of New York State  
NYS Capitol Building  
Albany, New York 12224

Re: Oversight of the Title Insurance Industry Report 2017-S-10

Dear Governor Cuomo:

As required by Section 170 of the Executive Law, the Department of Financial Services (the "Department") hereby submits its response to the Office of the State Comptroller ("OSC") audit report entitled "Oversight of the Title Insurance Industry, 2017-S-10" (the "Audit Report"). In accordance with the provisions of Section 170, this report is also being submitted to the State Comptroller, leaders of the State Senate and State Assembly, and the Senate Finance Committee and the Assembly Ways and Means Committee.

If you have any questions concerning our response to this audit, please contact me at 212-709-3501.

Sincerely,

Linda A. Lacewell, Acting Superintendent  
NYS Department of Financial Services

**Department of Financial Services**  
**Comments on OSC's Final Audit Report 2017-S-10 entitled,**  
**"Oversight of the Title Insurance Industry"**

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The following are the Department's comments in response to the four recommendations contained in the Audit Report.

Recommendation 1:

"Formally assess enforcement actions and monitoring activities to determine if DFS' Industry oversight is effective."

Response: The Department continues to review and prioritize enforcement and monitoring activities over the title insurance industry, particularly in light of the conclusion of the regulatory process and appellate court decision, which is described in further detail in the Department's February 11, 2019 response to OSC's draft audit report. For example, the Department is currently investigating allegations of inappropriate expenses incurred by title agents, which was brought to the Department's attention through an anonymous letter. The Department closely reviews all such letters and complaints submitted against title agents and, where necessary, commences an investigation.

Recommendations 2 and 3:

"Develop and implement procedures for the utilization and quality assurance of information that DFS uses to make decisions related to the Industry."

"Follow up to ensure recommendations resulting from examinations are monitored and implemented."

Response: The second and third recommendations relate to the Department's reliance on, and examination of, the Title Insurance Rate Service Association ("TIRSA"). As the Audit Report acknowledges, the Department had identified concerns in its last two examinations regarding the reliability of data supplied by TIRSA. The Department continues to scrutinize data submitted by this rate service organization, with the Department's ongoing analysis of TIRSA exceeding standards established by the National Association of Insurance Commissioners. In addition, the Department's actuaries make professional assessments of the reliability of TIRSA's data. In its ongoing reviews and examinations of title insurance companies and TIRSA, the Department has established detailed examination procedures that call for close tracking and monitoring of any issued recommendations, as well as for the documentation of results.

Recommendation 4:

"Allow unfettered access to people and documents relevant to audits and create a plan of action to fully comply with all future audit requests."

Response: As the Department noted in its February 11, 2019 response to OSC's draft audit report, the Department supplied OSC with all title insurer examination reports, including

corresponding workpapers, which OSC found to be “sufficient.” OSC also reviewed entire title-related complaint files for every complaint filed during the audit period, which was noted by OSC as “complete and accurate.” The Department recognizes the importance of the audit function and will continue to prioritize all future audit requests.