

## Memorandum in Support

NYSBA Memorandum #10

May 16, 2011

S. 4920

By: Senator DeFrancisco  
Senate Committee: Insurance  
Effective Date: 90 Days after enactment

**AN ACT** to amend the Insurance Law, to require disclosure of title service charges by a title insurance provider upon receipt of an application for a title insurance policy for a one to four family residential dwelling.

**LAW AND SECTION REFERRED TO:** Adds a new Section 6412 to the Insurance Law.

### **THE NEW YORK STATE BAR ASSOCIATION SUPPORTS THIS LEGISLATION**

The New York State Bar Association **SUPPORTS** this legislation, which was developed by the Association's Real Property Law Section.

Title insurance providers frequently provide title services in connection with real estate transactions the charges for which are in addition to the title insurance premium and the cost, in parts of the State, of a title examination. For example, title insurance providers frequently perform additional searches in certain governmental offices such as building departments, record instruments, order surveys, perform survey inspections and perform numerous other services requested by buyers and lenders in connection with refinance and purchase transactions. While title insurance premiums are regulated by the Insurance Department these additional title services are not. Consumers are often unfamiliar with the nature of these services and the appropriate charges therefore, and they may first learn of the charges for these additional title services at the closing table when they are itemized on a title insurance provider's invoice. Absent advance disclosure, the consumer may not be able to select, in a timely manner, a title insurance provider with acceptable service charges.

This bill would require title insurance providers to provide an estimate of their service charges to the applicant upon receipt of the application for title insurance. This bill would also require title insurance providers to clearly and separately itemize service charges on their title insurance invoices so that consumers will be able to differentiate between those items which are service charges and those items which are actual disbursements to third parties.

As a result, consumers will be better informed of anticipated service charges at the time they order title insurance. In addition, at the time of closing, consumers will be able to confirm that the service charges actually imposed are in line with the estimate issued at the time of application.

Based on the foregoing, the New York State Bar Association **SUPPORTS** this legislation, which was developed by its Real Property Law Section.