

Identifying & Combatting Seller Impersonation Fraud in the Title Insurance Industry

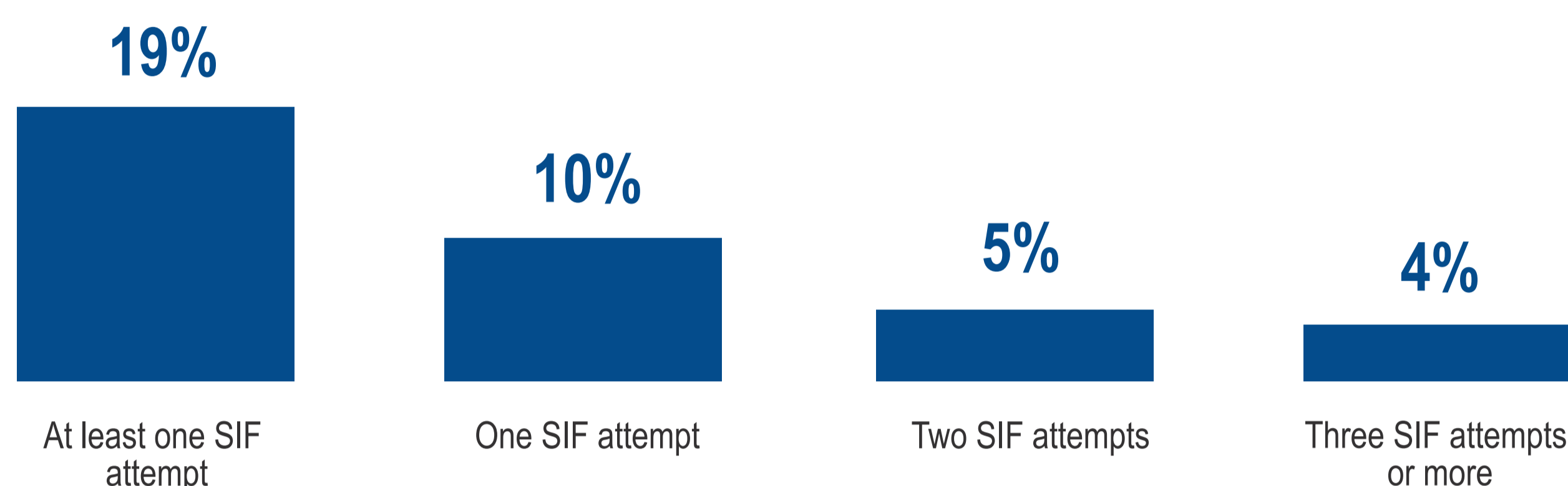
SELLER IMPERSONATION FRAUD SHOWS NO SIGNS OF SLOWING DOWN

Seller impersonation fraud (SIF) affects title insurance companies and consumers. This illegal activity can be difficult to detect and, if successful, may take months or even years to discover. In 2023, nearly 3 in 10 companies experienced at least one SIF attempt, whether successful or not. In May 2024, nearly 2 in 10 companies reported at least one attempt in the past month.

Companies with successful or unsuccessful SIF attempts in 2023



Companies with successful or unsuccessful SIF attempts in the past month



COMMON CHARACTERISTICS OF SIF HELP COMPANIES DETECT FRAUD

Fraudsters tend to favor properties that are not owner-occupied, like vacant properties, as well as all cash transactions and mail away-signings with use of their own notary. They also fake notarizations or use real credentials without permission.

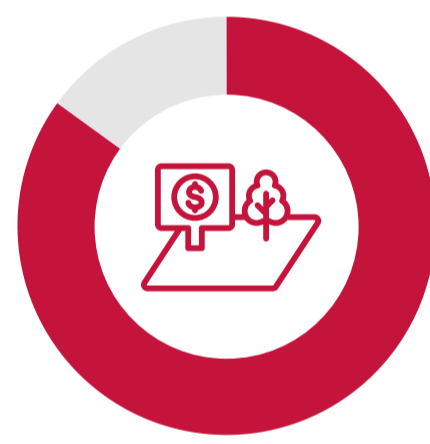
Common SIF characteristics and red flags that signal heightened risk of SIF in 2023 (Share of companies indicating the action was at least somewhat common)*



Red Flag:
Request for All Cash
Transaction
88%



Red Flag:
Request for Mail-Away
Signing & Unknown Notary
86%



Property Type
Targeted:
Vacant Land
85%



Notarization Issue:
Use of Fake
Credentials
43%

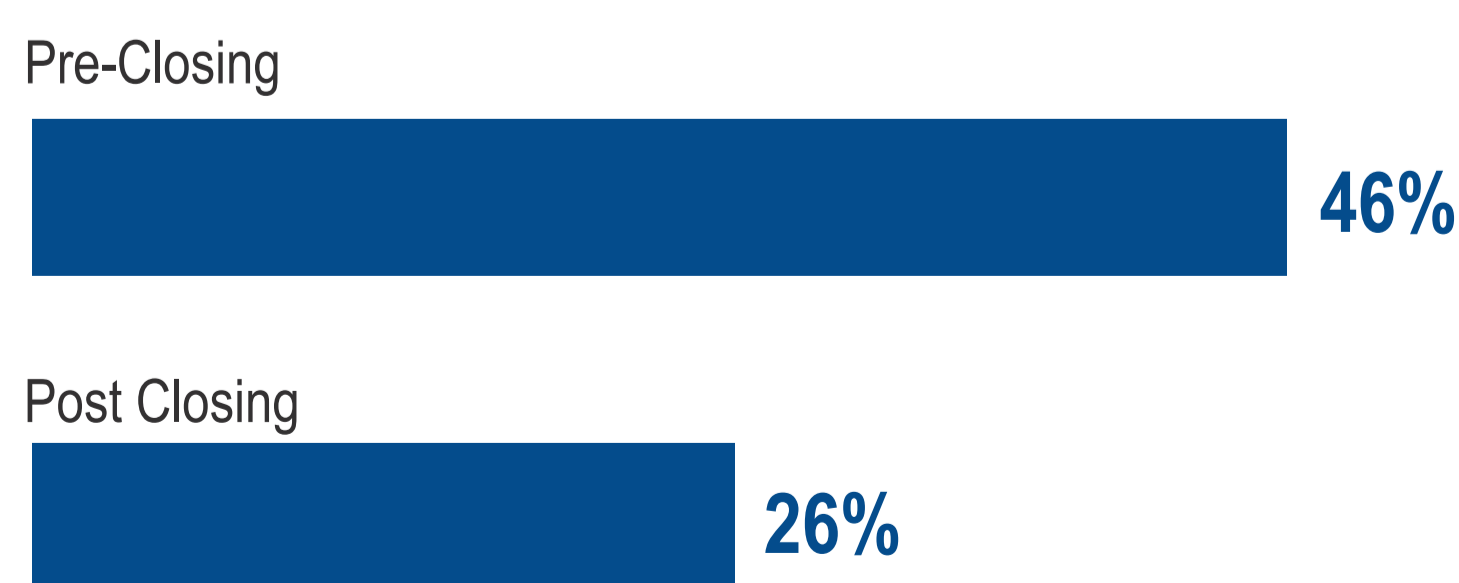


Notarization Issue:
Illegal Use of Real
Credentials
31%

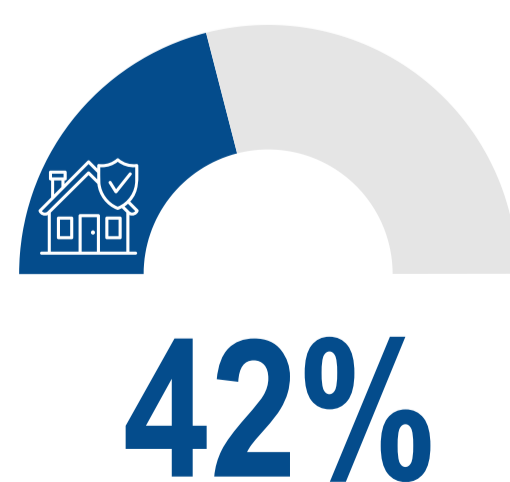
INDUSTRY EFFORTS PROTECT CONSUMERS AND COMBAT FRAUD

Title insurance companies invest resources to identify SIF during the transaction process. As a result, it is more common to catch it before closing. Enhanced homeowners insurance policies protect buyers post-closing in states where it is an option. Still, companies train staff on identifying and reporting fraud to reduce instances in future transactions.

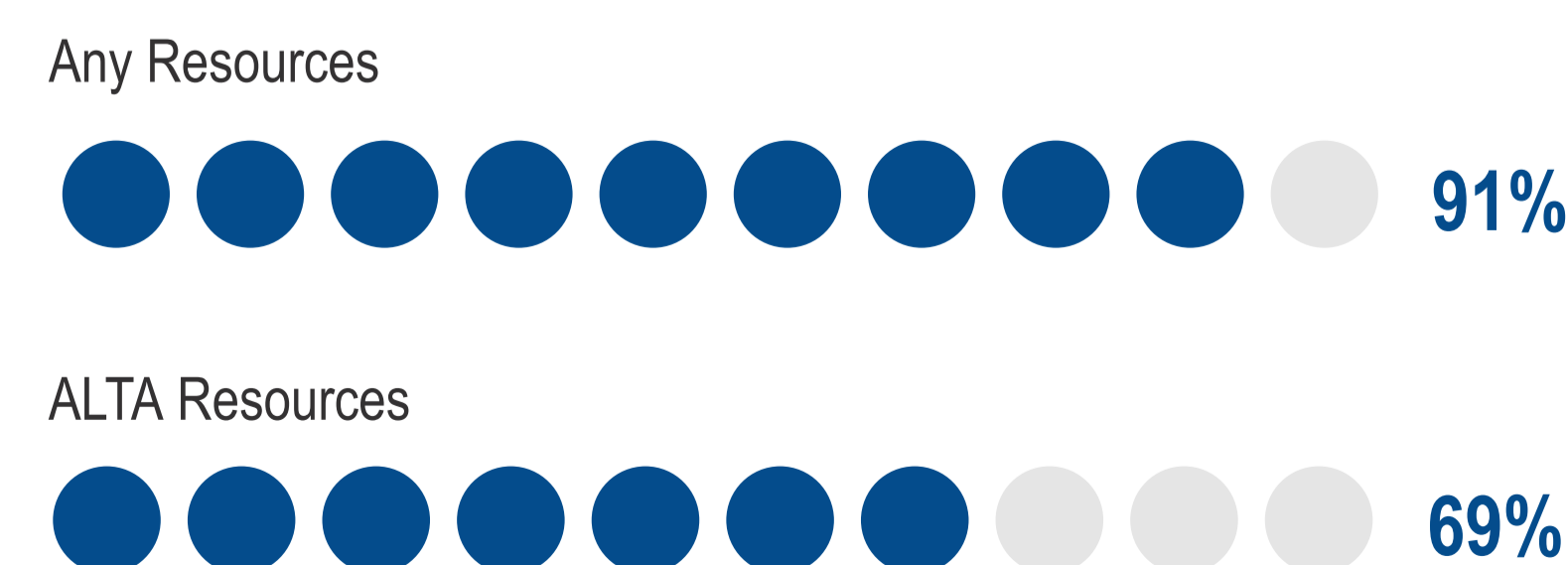
Companies who considered it at least somewhat common to catch SIF before and after transactions closed in 2023



Avg. Share of Customers with Enhanced Homeowners Policies**



Companies that currently or plan to use educational resources to combat SIF



*These actions can be part of a legitimate transaction but may indicate a higher risk of fraud.

**Only for the 46 states whose regulators have approved enhanced policies (excl. FL, NM, OR, and TX).

Source: ndp | analytics, 2024. ALTA Critical Issues Study. Seller Impersonation Fraud. July.