

Dear Stewart Partners,

As we head into the month of March, there seems to be a small reprieve from the frenzied real estate purchase market. We suspect that this is due in large part to the limited inventory available. However, mortgage rates dropped again last week, so even if purchase inventory is tight, refinances may see an uptick again in the coming weeks.

In this week's update, we are providing you with the March security awareness newsletter published by SANS, called OUCH! Feel free to share with your friends and family. The newsletter focuses on how to spot a "deep fake" which is a scary and real security threat that we all should know about. We were surprised to learn that "deep fake" technology is being used in a new twist involving Business Email Compromise (BEC). The FBI Internet Crime Complaint Center issued an alert regarding the use of virtual meeting platforms that implement "deep fake" audio to impersonate a co-worker or superior to scam the meeting attendee to initiate a wire transfer for a seemingly legitimate reason. More details are below, along with a link to the alert. And, while we are on the topic of wire fraud, we've included a short write-up of a case summary out of Florida, where cybercrime coverage for wire fraud was denied, in part because internal protocols concerning confirmation of wire instructions weren't followed. Lastly, if you didn't get a chance to sign up for the March 14th webinar featuring Stewart's Chief Economist, Ted C. Jones, we've provided the link below to reserve your spot.

OUCH!

The March edition of OUCH! is available. This newsletter, published by SANS Institute, provides timely information about security issues that affect everyone. One of the best ways to avoid becoming a victim is knowledge. In the March edition, the focus is on how to spot a "deepfake." Deepfakes are falsified pictures, videos, and/or audio recordings. Seeing isn't believing when it comes to deepfakes! To read this month's newsletter follow this link:

<https://www.sans.org/newsletters/ouch/learn-a-new-survival-skill-spotting-deepfakes/>

FBI Alert – Use of Deepfakes and Business Email Compromise (BEC)

The FBI, through its Internet Crime Complaint Center (IC3), issued a public service announcement highlighting a new trend in Business Email Compromise that uses deepfakes in virtual meeting platforms to successfully manipulate a sender to wire funds based on an instruction that appears to be legitimate, but in fact, is fraudulent. The FBI reports that criminals are using virtual meeting platforms to conduct BEC scams in multiple ways. There are several ways you can protect yourself from becoming a victim, including using secondary channels or two-factor authentication to verify

requests for changes in the account information or wiring instructions; confirming that a different virtual meeting platform than the one normally used by your company is legitimate; and ensuring the URL in emails is associated with the person it purports to come from. For more recommendations, read the full public service announcement here: <https://www.ic3.gov/Media/Y2022/PSA220216>

Insurance Coverage (or lack thereof) for wire misdirection fraud

We recently learned about a case involving a coverage dispute between a title agent and its liability insurer under its cyber insurance policy's cybercrime endorsement after the agency became a victim of wire fraud. The insurance company denied the claim, and the policy owner filed suit. The case was heard in the U.S. District Court for the Middle District of Florida and is captioned Star Title Partners of Palm Harbor LLC v. Illinois Union Insurance Co.

The court found in favor of the insurance company and cited two reasons. The first was that the coverage would be provided if the perpetrator of the fraud purported to be an employee, customer, client, or vendor. In this case the wire instructions which were fraudulently changed were payoff instructions. The court held that the bank providing the payoff was not an employer, customer, client or vendor. The second basis for finding in favor of the insurance company was due to the fact that the business had represented to the insurer in its application that it verbally authenticated all wire instructions. The court found that because the title agent didn't follow the procedure it represented in its application, the policy didn't afford coverage for the losses.

As this is a lower court case, there is no reported decision; however, you can find a copy of the court's order by following this link:

<https://www.carltonfields.com/Libraries/CarltonFields/Documents/Real-Property/Star-Title-Partners-of-Palm-Harbor-v-Illinois-Union-Insurance.pdf>

The case is an important reminder to understand the coverage provisions of any cyber policy you may have in place and to regularly review your office procedures to confirm they align with representations made on any applications for insurance.

Upcoming Agency Webinar

- **DATE: March 14, 2022**
- **TIME: 12:00 PM**
- **TOPIC: ECON 101: It's All About Supply & Demand – An Outlook for Real Estate & the Economy**

Ever-changing market cycles, mortgage rates, building materials, and household incomes – the ebbs and flows of supply and demand and their effect on the housing market are determined by various

factors. As one of the most basic economic principles, understanding supply and demand and their impact on your business is key.

Join Dr. Ted C. Jones, Stewart's Chief Economist, during this one-hour presentation as he dives into the balance between real estate and economic principles and discusses what's to come in the industry and how it can impact your business.

[Click here to register](#) for this webinar. You will immediately receive a SAVE THIS STEWART EMAIL meeting confirmation from WebEx which will include your individual webinar login access link and the audio dialing number option of our choice.

For questions about the webinar, please contact Gloria Prinz, Agency Training Manager at 703-927-1406 or at gprinz@stewart.com



200 5th Avenue, Suite 301, Waltham, MA 02451

Phone: 800-628-2988 **Fax:** 781-697-3336

Monarch Place - 1414 Main Street, Suite 1835, Springfield, MA 01144

Phone: 413-930-8090 **Fax:** 978-964-0565

Tiziano Doto, MA & RI Agency Services Manager - tiziano.doto@stewart.com

Jutta R. Deeney, VP, New England Regional Underwriting Counsel - jutta.deeney@stewart.com

Shannon Coleman, MA & RI Underwriting Counsel - scoleman@stewart.com

Christine Provost, MA Associate Senior Underwriting Counsel - christine.provost@stewart.com

Tracie Kester, MA Underwriting Counsel - tracie.kester@stewart.com

Paula M. Cuculo, RI Underwriting Counsel - paula.cucoulo@stewart.com

General MA Underwriting Mailbox - massuwing@stewart.com

Tracy Hawkins, MA Agency Sales Representative Sr. - tracy.hawkins@stewart.com

Rita Kelly-Parsley, MA Agency Sales Representative Sr. - rita.kelly-parsley@stewart.com

Tom Potito, MA Agency Sales Representative Sr. - tom.potito@stewart.com

Mary Blomerth, MA Agency Sales Representative Sr. - mary.blomerth@stewart.com

Lyslie A. DeMeo, RI Agency Sales Representative Sr. - ldemeo@stewart.com