



## **NATIONAL COMPLIANCE BULLETIN**

**FROM: WFG Compliance & Audit Department**

**DATE: October 2, 2013**

**TO: All Policy Issuing Agents of WFG Title Insurance Company and  
WFG National Title Insurance Company**

**BULLETIN No.: NATIONAL – 09092013.1**

**SUBJECT: Marketing Practices**

The Supreme Court of the State of Washington issued a ruling on August 1, 2013 in the case of *Chicago Title Insurance Company v. Washington State Office of the Insurance Commissioner, Case No. 87215-5*, reversing a court of appeals decision and holding the underwriter (Chicago Title Insurance Company) liable for the allegedly-illegal marketing activities of an agent.

The case alleges that the agent violated the anti-inducement statutes of the State of Washington by:

“...’winning and dining’ of real estate agents, builders, and mortgage lenders with meals, golf tournaments, advertising for one real estate agent; purchases at a Board of Realtors auction; and professional football championship game tickets, in amounts over the \$25.00 limit allowed by [former] WAC 284-30-800.”

The Supreme Court disregarded the restrictions contained in the agency agreement, which expressly limited the agent’s authority and placed restrictions on the agent using the underwriter’s name in marketing materials. The court found that the agent had authority under the statutory definition of an agent as “...any person appointed by an insurer to **solicit** (emphasis added) insurance for its appointing insurer,” citing former RCW 48.17.010, and the common law concept of implied authority.

Washington is one of the more restrictive states regarding marketing activities; however, other states with greater or lesser restrictions may adopt the same position as Washington. In light of the far-reaching implications of this decision, WFG urges each agent to perform a full review of its current marketing strategies in each state it conducts business to determine whether they are in full compliance with each state’s anti-inducement laws, including restrictions on marketing activities. WFG does not authorize any agent to conduct marketing activities on behalf of WFG and does not condone or in any way authorize any agent to violate state or federal anti-inducement laws, rules or regulations.

**NOTE: This Bulletin is intended for use by title issuing offices, title insurance agents and approved attorneys of WFG National Title Insurance Company and any reliance by any other person or entity is unauthorized. This bulletin is intended solely for the purpose of underwriting policies of WFG National Title Insurance Company.**