



COMPLIANCE BULLETIN

FROM: WFG Compliance & Audit Department

DATE: February 5, 2015

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

BULLETIN No.: Maryland CB20150203

SUBJECT: New Annual Audit Report Requirements (COMAR 31.04.22.01 et seq)

Effective 12/1/2014, Maryland has adopted new requirements for the annual underwriter audit which include a requirement for a written report to be filed by each examining underwriter. Several key provisions will change the nature of the audit conducted to meet the new requirements.

- Title Insurers must conduct an on-site review during each calendar year of the Underwriting, Claims and Escrow Practices (Not required in initial year of appointment if initially appointed after 6/30) and file an annual written report.
- Minimum Requirements
 - Determination:
 - Agent complies with underwriting standards
 - Escrow accounts properly reconciled and contain sufficient funds for disbursal
 - Proper notice under Insurance Article 22-106 (regarding simultaneous issuance of owners and loan policies):
 - Name of each proposed insured
 - Delivered to buyer/agent/attorney with name of each insured, face amount of policy, buyer right to simultaneous coverage, additional premium for simultaneous coverage
 - Buyer's written statement of receipt of notice & request or denial of coverage
 - Review of policy inventory
 - Review Claims handling for any claims delegated to agent
 - Verification
 - Annual MAHT Report filed
 - Only licensed title producers control trust funds
 - Premium monies segregated

- Funds of agent properly accounted for
 - Verification of insurer's funds on deposit with agent
- Title insurer can engage a third party to perform the review
- Agent's failure to cooperate is reason to believe the agent has engaged in prohibited activity
- Title Insurer must file a report with the Commission within 45 days after completion of the on-site review. Report format similar to reports used in other states – particularly the Virginia RESA report:
 - Important! The report must contain bank account information for the agent and the report must be certified by the agent as being full, complete and truthful.
 - If the agent commingles underwriter premium remittances with the agent's funds, the report must include a copy of the written consent to commingle from the Title Insurer.

The WFG Audit Department has incorporated these changes into its audit program. Maryland licensed agents will notice the changes on their next review. If you have any questions, please contact your Maryland representative or the WFG Compliance Department. Thank you.

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.