



To: All Policy Issuing Agents of WFG National Title Insurance Company and WFG Staff  
From: WFG Underwriting Department  
Date: December 2, 2022  
Bulletin No: NB 2022-14  
Subject: Lessons Learned From Claims (and other avoidable reasons we and our agents have had to write checks)

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We hate claims, not because we hate to write checks – that’s the business we’re in as an insurer. We hate claims because a claim means we’ve let down one of our customers. They didn’t get the property interest they thought they were acquiring. While our customers are glad to have the financial resources of WFG covering their loss, they would much rather have had “perfect” title and no claim. And we really hate it when we or one of our agents has to pay a claim arising from an avoidable closing or escrow error.

We hate it so much, we’ve decided to suffer the embarrassment of sharing some of our mistakes, in hopes that we can all learn from them. The names have been changed to protect the guilty.

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### **You have to Pay Off the Right Mortgage.**

We are in a business in which attention to detail is critical. When we go too quickly, when we let our attention to detail slip, we can make very costly mistakes.

One closer recently triggered a \$167,000 loss payment, for a momentary lapse of attention. She received a mortgage payoff statement. It named the right borrower, the expected lender, but had the address of the borrower’s vacation home. She very dutifully paid off the vacation home, and no one noticed until a foreclosure began on the home she had insured. There may be some recoupment possible, so that it may not be a total loss to that closing office, but nonetheless an avoidable and embarrassing mistake.

After the 2008 crash, we dealt with a similar claim. An investor had purchased multiple units in a troubled condominium project. Each building was numbered 100, 200, 300, etc. and had 4 units A, B, C, & D. The investor was selling 100A. The mortgage payoff letter came in showing only 100 as the address and sometime after the investor filed bankruptcy, it was discovered that the closer had paid off the mortgage for 100B. That wound up being a nearly policy limits claim because of accrued interest and advances made to pay taxes and condo fees.

### **The Lessons Learned:**

- We have pay attention to the details and cross-check everything: the address, the loan number, the borrowers name and any other identifiers shown in the payoff statement. Make sure that they all match, and if not seek more information.
- Know whether your seller or borrower owns multiple properties in the same community. As that greatly increases the potential for confusion and error on your part and on the part of lenders.

Both of these were costly errors for those involved! Both could have been avoided with just a little more attention to detail.

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**The Agent may be held responsible for any loss sustained as a result of the failure to follow the standards set forth above.**