

WFG Underwriting Bulletin



To: All Virginia Policy Issuing Agents of WFG National Title Insurance Company
From: Underwriting Department
Date: September 7, 2016
Bulletin No. VA2016-04
Subject: Virginia Mutual Indemnity Treaty

WFG National Title Insurance Company (WFG) joined a host of other Virginia licensed underwriters and executed an Amendment to add WFG to an existing Mutual Indemnity Agreement (MIA). The goal of the MIA is to limit the need to request individual Letters of Indemnity (LOI) in certain circumstances that are addressed by the MIA. A LOI will still be necessary unless you have confirmed that the MIA covers your specific situation. As a result, you need to understand what the MIA covers as well as what is not covered.

The Effective Date is April 02, 2016. WFG policies issued on or after the Effective Date can be underwritten in reliance upon the MIA. The MIA applies only to transactions involving real property within the Commonwealth of Virginia insured by the companies listed below. Note that First American Title Insurance Company did not execute the Amendment that added WFG and a number of other underwriters to the MIA. As a result, requests for LOIs from First American must continue.

Agents still have the responsibility to clear unreleased liens and correct or fix other title problems including the recordation of releases of liens paid off at each Agent closing. The MIA merely eliminates the need to obtain a transaction specific LOI in cases where WFG has agreed in writing to assume a particular risk (such as a "paid off" but unreleased Deed of Trust). As before, full disclosure of unreleased liens and other title problems to proposed insureds and other parties is still necessary and should be confirmed by a signed acceptance. Some potential insureds may not agree to accept indemnification even if the issue is clearly covered by the MIA.

Remember also that many issues are not appropriate for indemnification. Examples include unpaid Deeds of Trust, open HELOCs and missing interests. Likewise REO transactions when the buyer elects not to obtain an owner's policy are not covered. When in doubt, ask.

Requirements:

1. Obtain a copy of the entire prior Owner's Policy (Prior Policy).
2. Review the Prior Policy carefully to address the following issues:
 - a. Policy Amount: The MIA maximum liability amount is the amount of the Prior Policy or \$500K, whichever is less.
 - b. Insured named in Prior Policy: The Prior Policy Insured must be the current owner of the Land.

- c. Confirm that the title defect (Defect) is neither an exception or covered by affirmative coverage in Schedule B or by endorsement. The MIA does not cover these situations.
 - d. Confirm the Defect is not a Post Policy matter. Defects arising subsequent to the Effective Date of the Prior Policy are not covered.
 - e. Confirm that the Prior Policy is more than one year old. (Optional?)* **
 - f. (Include a copy of the Prior Policy with your *Remittance Report*.) * **
3. Verify the Defect in question is a "Covered Defect" under the MIA.
 4. Confirm that the Prior Policy was issued by one of the Companies listed below. The companies listed below are within the MIA and Amendment:
 - a. Chicago Title Insurance Company
 - b. Commonwealth Land Title Insurance Company
 - c. Fidelity National Title Insurance Company
 - d. Old Republic National Title Insurance Company
 - e. Stewart Title Guaranty Company
 - f. Conestoga Title Insurance Company
 - g. Investors Title Insurance Company
 - h. North American Title Insurance Company
 - i. Title Resources Guaranty Company
 - j. Westcor Land Title Insurance Company
 - k. WFG Nation Title Insurance Company

In the event you have any questions, please contact your Virginia Underwriting Counsel. A copy of the MIA is attached.

Attachments:

[Bulletin Template- Underwriter Indemnification Agreement](#)

[Original Inter-Underwriter Indemnification Agreement](#)

[Amendment to Inter-Underwriter Indemnification Agreement](#)

NOTE: The information contained in this Bulletin is intended solely for the use of employees of WFG National Title Insurance Company, its title insurance agents and approved attorneys. Disclosure to any other person is expressly prohibited unless approved in writing by the WFG National Title Insurance Company's Underwriting Department.

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