

**[IN ACCORDANCE WITH CALIFORNIA INSURANCE CODE (CIC) SECTION 12938,  
THIS REPORT WILL BE MADE PUBLIC AND PUBLISHED ON THE  
CALIFORNIA DEPARTMENT OF INSURANCE (CDI) WEBSITE]**

**WEBSITE PUBLISHED REPORT OF THE  
MARKET CONDUCT EXAMINATION OF THE  
CLAIMS HANDLING, RATING, AND UNDERWRITING PRACTICES OF**

**WFG TITLE INSURANCE COMPANY  
NAIC # 50849 CDI # 0891-2**

**AS OF MARCH 31, 2014**

**ADOPTED SEPTEMBER 30, 2014**

**STATE OF CALIFORNIA**



**CALIFORNIA DEPARTMENT OF INSURANCE  
MARKET CONDUCT DIVISION**

## NOTICE

**The provisions of Section 735.5(a) (b) and (c) of the California Insurance Code (CIC) describe the Commissioner's authority and exercise of discretion in the use and/or publication of any final or preliminary examination report or other associated documents. The following examination report is a report that is made public pursuant to California Insurance Code Section 12938(b)(1) which requires the publication of every adopted report on an examination of unfair or deceptive practices in the business of insurance as defined in Section 790.03 that is adopted as filed, or as modified or corrected, by the Commissioner pursuant to Section 734.1.**

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**DEPARTMENT OF INSURANCE**

Market Conduct Division  
300 Capitol Mall  
Sacramento, CA 95814



September 30, 2014

The Honorable Dave Jones  
Insurance Commissioner  
State of California  
300 Capitol Mall  
Sacramento, California 95814

Honorable Commissioner:

Pursuant to instructions, and under the authority granted under the California Insurance Code Part 2, Chapter 1, Article 4, Sections 730, 733, 736, and Article 6.5, Section 790.04; Part 6, Chapter 1, Sections 12414.21, 12414.22, 12414.23 and California Code of Regulations Title 10, Chapter 5, Subchapter 7.5, Section 2695.3(a), a limited examination was made of the claims handling, rating, and underwriting practices and procedures in California of:

**WFG Title Insurance Company**  
**NAIC # 50849**  
**Group NAIC # 4699**

Hereinafter, the Company listed above also will be referred to as WFG Title or the Company.

This report is made available for public inspection and is published on the California Department of Insurance website ([www.insurance.ca.gov](http://www.insurance.ca.gov)) pursuant to California Insurance Code section 12938(b)(1).

## FOREWORD

This limited desk examination covered the claims handling, rating, and underwriting practices of the aforementioned Company's title line of business during the period April 1, 2013 through March 31, 2014. The limited examination was made to discover, in general, if these and other operating procedures of the Company conform to the contractual obligations in the policy forms, the California Insurance Code (CIC), the California Code of Regulations (CCR) and case law.

This report pertains to Section 790.03 and Title 10, California Code of Regulations, Section 2695 et al. A separate report pertains to laws other than Section 790.03 and Title 10, California Code of Regulations, Section 2695 et al.

The report does not present a comprehensive overview of the subject insurer's practices. The report contains a summary of pertinent information about the lines of business examined, details of the non-compliant or problematic activities that were discovered during the course of the examination and the insurer's proposals for correcting the deficiencies. When identified violations result in payments by the Company to policyholders or claimants, those amounts paid are identified as recoveries in this report. All unacceptable or non-compliant activities may not have been discovered. Failure to identify, comment upon or criticize non-compliant practices in this state or other jurisdictions does not constitute acceptance of such practices.

Alleged violations identified in this report, any criticisms of practices and the Company's responses, if any, have not undergone a formal administrative or judicial process.

## **SCOPE OF THE EXAMINATION**

To accomplish the foregoing, the examination included:

1. A review of specified guidelines, procedures, and forms adopted by the Company for use in California.
2. A review of the California Department of Insurance's (CDI) market analysis results; a review of consumer complaints and inquiries about this Company closed by the CDI during the period from April 1, 2013 through March 31, 2014; and a review of reports on the previous CDI market conduct examination of this Company; and a review of prior CDI enforcement actions.

This limited examination was conducted at the offices of the California Department of Insurance in Los Angeles, California.

## **EXECUTIVE SUMMARY**

This desk examination was limited in scope to market analysis information, including California consumer complaint information, to national enforcement activity and to information provided by the Company in response to the Department's data request. There was no review of underwriting or claims files during this examination.

There were no alleged violations or findings of non-compliance within the scope of this report.

WFG Title reported \$50,001,191 in written premiums on title line of business insurance coverage in California during 2013.

The Company closed 101 title claims during 2013, of which 66 were either denied or closed without expense to the WFG Title Insurance Company.

**RESULTS OF REVIEWS OF MARKET ANALYSIS, CONSUMER COMPLAINTS AND INQUIRIES, PREVIOUS EXAMINATIONS, AND PRIOR ENFORCEMENT ACTIONS**

The market analysis identified no specific issues of concern within the scope of this report.

The company was the subject of no consumer complaints within the scope of his report closed between April 1, 2013 and March 31, 2014.

The previous examination was completed by the Field Claims Bureau and reviewed the period from May 1, 2004 through April 30, 2005. During that time the legal name of the company was Diversified Title Insurance Company and it was under different management. There were no specific areas of concern identified during the previous examination.

The Company was not a subject of any prior enforcement actions by the Department.

## DETAILS OF THE CURRENT EXAMINATION

The following tables summarize the Company’s responses, within the scope of this report, to the Department’s data request and the alleged violations under Section 790.03 and title 10, California Code of Regulations, Section 2695 et al., that resulted from the review of that data. All “NO” answers in the Areas of Review table are addressed in the Summary of Examination Results section of this report. The Company indicated that it is compliant with all items on the Areas of Review Table.

<b>AREAS OF REVIEW</b>		
<b>SPECIFIC ISSUE REVIEWED</b>	<b>INDICATION OF COMPLIANCE (YES/NO)</b>	<b>SUMMARY OF RESULTS ITEM #</b>
Certification of claims training by a principal – CCR §2695.6(b) [CIC §790.03(h)(3)]	Yes	--
Copy of written standards for claims – CCR §2695.6(a) [CIC §790.03(h)(3)]	Yes	--
Compliance with Special Investigative Unit Regulations – CIC §1875.20 and CCR §§2698.30-2698.43 [CIC §790.03(h)(3)]	Yes	--
Compliance of letters and forms – CIC §880 [CIC §790.03(h)(3)]	Yes	--
Compliance with requirements for acknowledgement of claims CCR §2695.5(e)(1) [CIC §790.03(h)(2)]	Yes	--
Compliance with requirements for reasonable assistance – CCR §2695.5(e)(2) [CIC §790.03(h)(3)]	Yes	--
Compliance with requirement to begin investigation – CCR §2695.5(e)(3) [CIC §790.03(h)(3)]	Yes	--
Compliance with requirement to explain benefits, coverage, etc. – CCR §2695.4(a) [CIC §790.03(h)(1)]	Yes	--
Compliance with requirement to respond timely to communications – CCR §2695.5(b) [CIC §790.03(h)(2)]	Yes	--

<b>AREAS OF REVIEW</b>		
<b>SPECIFIC ISSUE REVIEWED</b>	<b>INDICATION OF COMPLIANCE (YES/NO)</b>	<b>SUMMARY OF RESULTS ITEM #</b>
Compliance with requirement to accept/deny in 40 days – CCR §2695.7(b) [CIC §790.03(h)(4)]	Yes	--
Compliance with requirement to send additional time letters – CCR §2695.7(c)(1) [CIC §790.03(h)(4)]	Yes	--
Compliance with requirement to tender payment in 30 days – CCR §2695.7(h) [CIC §790.03(h)(5)]	Yes	--
Compliance with requirement to take action to resolve issues within 30 days – CCR §2695.7(h)(2) [CIC §790.03(h)(3)]	Yes	--
Compliance with requirement to provide written notice of statute of limitations – CCR §2695.7(f) [CIC §790.03(h)(15)]	Yes	--
Compliance with requirement to send written denials – CCR §2695.7(b)(1) [CIC §790.03(h)(13)]	Yes	--
Compliance with requirement to reference a CDI review on denial letters – CCR §2695.7(b)(3) [CIC §790.03(h)(3)]	Yes	--

## **SUMMARY OF EXAMINATION RESULTS**

There were no alleged violations or criticisms of the Company's practices made within the scope of this report. There were no recoveries discovered within the scope of this report.