

## What is Title Agent's Errors and Omissions (E&O) Liability Insurance?

E&O insurance for title agents is a form of risk management. In the event a lawsuit is brought against you or your firm alleging negligence while providing or failing to provide professional services, E&O insurance steps in on covered claims to assist in the company's defense and to protect your firm from bearing the full financial responsibility of the lawsuit.

## Who Needs Title Agent's E&O?

Every title agent faces E&O exposures and liability relating to the transactions they handle and the professional services they provide. Not only do these exposures come from clients, but also from others connected to your real estate transactions, such as title insurance companies and underwriters, mortgage holders, and property owners and their family members. Even prospective property owners who interact with your firm when you conduct title searches, prepare closing documents, provide settlement services, conduct closings and issue title insurance are sources of exposure. An E&O policy is an essential component of protecting your firm against these exposures.

## What Does an E&O Policy Cover?

An E&O policy typically provides coverage for damages and defense expenses, including attorney's fees, for covered claims relating to an act, error, or omission in a title agent's professional services. It could be something a searcher, independent contractor, closer or other employee did, or failed to do, in the normal course of their daily transactions. E&O insurance can be written to address claims relating to services such as:

- Property Title Searches
- Property Title Transfers
- Issuance of Title Insurance
- Mortgage Refinancing
- Closing Services
- Settlement Services
- Escrow Services
- Notary Public Services

E&O policies can also be written to cover expenses associated with allegations of discrimination, breach of your computer system, responding to a subpoena for your records or disciplinary complaints.

## Aren't All E&O Policies the Same?

Purchasing E&O insurance is not at all like purchasing other types of insurance. Instead of using standardized policy forms, E&O insurers write their own policies and endorsements "in house." This means coverages from insurer to insurer can vary widely and leave the title professional at risk. That's why you need an E&O expert.

## Why Choose Axis Insurance Services?

Our professionals specialize in title agent's E&O, and we have aided hundreds of title agents in finding the best coverage. We can assist you in comparing your E&O options and making an informed decision on the right E&O policy for your company. Our years of expertise in the industry allow us direct access to high-quality insurance carriers, extremely competitive rates and the ability to customize an E&O policy specifically for you. Call us today for a review of your current policy and to ensure your E&O policy makes sense for your needs.

## Claim Scenarios

### Phishing

A title agent's employee received an email with instruction on where to wire the proceeds of a real estate transaction. Four days after wiring the funds, the employee learned that the email had been a fraud when the seller of the property called to follow up on the proceeds. The title agent filed a claim under their crime policy, which included coverage for cyber deception and wire transfer fraud. While that claim was being settled, the property seller lost the opportunity to invest the funds in another property, and sued the title agent for \$400,000. The title agent's E&O carrier settled with the claimant for over \$250,000.

### Defective Title

A title examiner failed to locate two mortgages recorded as liens against a property. All of the mortgages were on public record, but they were filed between the date of title search and the loan closing period. At the closing, the examiner didn't update his search and the seller didn't disclose any existing liens. The title insurance policy was issued to the buyer without exception to the existing mortgages. The lender began foreclosure actions against the buyer, who filed a title insurance claim under his owner's policy for \$320,000 in damages. The title insurance company pursued reimbursement from the title examiner.

### Second Mortgage

A homeowner's second mortgage of \$180,000 was not paid off at closing. The closing agent was made aware of the existing mortgage, but because it was recorded as a personal lien, didn't think to attach it to the property. At the closing, the seller pocketed funds that should've been used to pay off the second mortgage. A foreclosure action was brought against the buyer, who filed a title insurance claim. The title insurer brought an action against the closing agent. Although the seller received funds to pay off his second mortgage, he could not be located by claim investigators or authorities. The closing agent was held accountable for \$220,000.

### Incorrect Mortgage Payoff

In handling a home refinance transaction, a closing agent failed to obtain the actual mortgage payoff, and instead calculated the mortgage payoff herself. When her figures were significantly less than what the lender demanded, the homeowner sued the company. Their E&O carrier settled the claim for \$75,000.

These are only claims examples: minor changes from actual suits have been made to protect the confidentiality of all clients.