



# Creating a True Partnership Between Title Agencies and Underwriters

September 2021

## Part 1: The Challenge

Unlike the agent-underwriter relationship in other insurance industries, many title insurance agents operate independently of their underwriters. Unfortunately, these independent title agents do not enjoy the efficiencies, cost savings, reduced risk of error or benefits of harboring under the wing of an underwriter. For many of them, this business model is proving unsustainable.

So why do so many continue to maintain independence from their insurance underwriters? One answer could be a lack of trust. After years of being pressured by some national title underwriters to hand over their client data for underwriting purposes, only to see it become leads for the underwriters' direct operations, these independent agents feel the need to guard their independence.

Another reason might be that underwriters are not always equipped to be providers of the many services that independent title agents require,

such as staffing support, medical coverage, cybersecurity consulting, tech support, or simply office supplies. If these services were bundled and available through their underwriters, with cost savings through economies of scale, partnerships would be more attractive.

In the wake of Dodd-Frank, we have seen a shift in federal government financial services legislation as it pertains to the housing industry. A number of states have enacted rating structures that will directly impact the title insurance industry and its pricing structure. If legislative changes trigger actions by federal and state regulators to drive down premiums, those independent title agents who have not established cooperative, “optimal” working relationships with underwriters will be at a disadvantage.

## THE BENEFITS OF COLLABORATION

Of the advantages that title agents can realize by building stronger relationships with their vendors and underwriters, five would provide the most significant and immediate benefits.

- **Converting fixed costs into variable costs**

By handing off functions that can be done more quickly and affordably by the underwriter, the title company turns fixed overhead into a variable expense tied to actual production.

- **Lowering back-office expenses**

With their economies of scale, underwriters can perform back-office functions for less, passing the savings on to title agents and their companies.

- **Reducing risk associated with staffing**

Because staffing requirements change with fluctuations in volume, cyclical layoffs are an ongoing reputational risk. Not only can an underwriter, with its broad employment base and contacts, handle hiring and firing during high-

volume peaks, but it can also supply temporary staffing or bring an agent’s clerical work inside its operation.

- **Increasing the focus on delivering value to customers**

Freed of back-office production demands, title agents can focus on building customer relationships, which increases revenue and helps secure future business.

- **Securing long-term stability**

Management, too, can spend its time building a stronger business through innovation and increasing customer service levels.

Beyond the beneficial service offerings, what corporate qualities would encourage the various entities in the title industry to develop closer working relationships? Here are some possibilities.

- **Non-competitive agency experience**

The right underwriter will have a track record of complementary collaboration—not competition—with independent agents. Title underwriters who have no experience in direct operations or haven’t collaborated with independent agents will not fully understand the challenges or the necessity to protect—not pilfer—an agent’s client base.

- **Supportive, not controlling**

Although the underwriter would take over much of the back-office work, that does not mean the underwriter now manages the agents, advising them which processes to choose. The title company must remain free to design its own business and send back to its underwriter only those processes its management chooses.

- **Values playing a consultative role**

The underwriter with the resources, personnel, and interest to consult with the title company is the best candidate for this kind of relationship. Together, the two entities can arrive at the best division of front- and back-office processes to help ensure that both will grow their operations.

- **Willingness to white label back-office operations**

After its people, a title company's products are its most valuable asset. Allowing the title agents or company to offer those products under their own names and brand gives that title company a market boost. And there is no downside for the underwriter.

## Part 2: A Case Study

One company, Portland-based **WFG National Title Insurance Company**<sup>®</sup>, has collaborated with its colleagues and customers throughout the real estate, mortgage lending, and title industries to solve this issue by working to engage independent agents through a program it calls **WFG Blocks**.

The concept, as explained by WFG Executive Chairman and Founder **Patrick F. Stone**, is "to make access to WFG's national corporate services available to its agency network to use as an integral part of [their] business."



"These are services that do not necessarily have a market identity, and that can be used successfully without compromising in any way an agent's established position in their market," Stone said.

The name "Blocks" underscores the modular structure of the program. These "Building Blocks for Business" support WFG's agent network with a set of turnkey back-office processes available for title companies to

plug into their operations, using one or a combination of multiple Blocks based on their needs.

Originally, Stone envisioned five Blocks, which provided human resources expertise, information security, title product support, compliance assistance, and purchasing/expense management.

"The idea," Stone added, "is that by having access to these services you can operate with more efficiency and cost-effectiveness and indeed make more money and be more successful. We want [our agents] to be as successful as possible."

**Jaime Johnson** is Vice President, Director of WFG Blocks.



"Part of Pat's goal for the Blocks program was to help our agents move those fixed costs to variable costs so that they are able to save money, especially when there's a downturn in business," she said. "By only paying for those services that they need, when they need them, they greatly reduce overhead."

Soon, a sixth Block was added to provide marketing and sales support.

WFG Executive Vice President **Justin Tucker**, the company's Director of Strategic Initiatives, said that the six Blocks, and



specifically Marketing & Sales, are grounded in the fact that “there is alignment between WFG and our agents.”

Within this programmatic philosophy, WFG shares “everything we do on the direct side of our business for the benefit of collaborating with our agents.”

“We know what [our agents] go through on a daily basis because we are experiencing the same things in our direct operations,” Tucker continued. “From business development with real estate agents and lenders to creating compelling marketing and implementing new technology ... we love to share everything we learn along the way to help our agents thrive.”

The success of WFG Blocks makes it a model for the title insurance underwriter that hopes to build a more collaborative relationship with independent agents.

As **Gene Rebadow**, Executive Vice President, Agency Operations for WFG, said, “We don’t compete with our agents. The only way we become more successful is to make our title agents more successful. When they grow, we grow.”

## Part 3: The Six Solutions

### TITLE & SETTLEMENT SOLUTIONS

Built upon Stone’s philosophy that “as our agents and customers grow, we will grow,” WFG began leveraging its national coverage and local expertise to provide cost-effective solutions and operational efficiencies through Blocks several years ago.

“Because we’re using our internal services, we’re saving our agents money,” said Johnson.

“I believe that what sets this program apart from anything offered outside of WFG is how comprehensive the solutions within these packages are,” she added.

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*Jaime Johnson, VP, Director of WFG Blocks*

“We are able to share these things because we do all of them in our direct operations, and that’s how we’re able to put together such a comprehensive program for our agent clients.”



The first WFG Block provides Title & Settlement Solutions, in which WFG assists with back-office production tasks. This allows partner agents to focus on the customer-facing aspects of the business.

Services include (but are not limited to):

- Title production
- Policy typing
- Commitment typing

- Municipal liens, special assessments, and utilities searches
- Estoppel certificates / letters
- Payoff Tracking (curative and post-closing)
- National Land Surveys (performed by local surveyors)



## EXPENSE MANAGEMENT

An Expense Management program was created as a second WFG Block to help title agents save time and money on office products and services through direct access to negotiated discounts of 10 to 50 percent.

**Marty Davis**, Vice President of WEST Purchasing Group, a Division of WEST, a Williston Financial Group company, said that it lets the WFG family of companies and their contracted and non-contracted agents save on back-office essentials, such as shredding services, office equipment and supplies, refreshment services, and even car rentals, gifts, and flower delivery.



“We have 23 contracts with national providers,” said Davis, who adds that “the group now extends these offers to friends and family.”

Benefits include free membership, and no minimum purchasing requirement or volume limitation. One regional title agency saved more than \$50,000 a year on shredding services and office equipment alone through this program.

“They can register at no cost, with no obligation, simply by creating a private username and password,” Davis said. “With that, they can log into our website and browse through our products and services and use any and all of them.”

“We are the first Group Purchasing Organization (GPO) for title agents that will review your current invoices to verify there will be savings to you via our national programs,” he continued. “Also, this is the first GPO that will cross-check to see that the new pricing is correct and quantify the savings at no additional cost and offer annual dashboard savings validation.”

WEST Purchasing Group membership provides access to discounts on:

- Document management
- Office products
- Rental cars
- Job placement ads
- Gifts
- Outsourced printing
- Personnel services (temps)
- Payroll services
- Information technology



## INFORMATION SECURITY

Cybercrime, primarily in the form of wire fraud, has targeted the real estate industry for years, and recently—for the first time in history—the industry has been the target of ransomware attacks as well. The large sums of fluid funds passing into and out of escrow accounts have heightened cybersecurity risks. In 2020, average losses due to wire fraud were \$160,000. The previous year, total losses to wire fraud had reached a record \$1.9 billion.



“Education and prevention are the key[s] to fighting this threat,” said **Bruce Phillips**, SVP and Chief Information Security Officer at WEST, a Williston Financial Group company.



Six years ago, Phillips was asked to create “a world-class information security program for Williston Financial Group.” He created WESTprotect<sup>SM</sup>, which Phillips describes as “a best-in-breed, best in our vertical, information security program to protect WFG and its clients.”

Soon WESTprotect<sup>SM</sup> was successful at reducing the risk of loss within a transaction, and it reduced the risk of external cyberattacks with things like malware attacks and ransomware attacks.

**“ It [our cybersecurity helpdesk] gives them the ability to reach out, talk to an expert in the field, and be able to get advice on what the problem is and what to do—or find out that there is no problem.**

*Bruce Phillips, SVP Chief Information Security Officer at WEST, a Williston Financial Group company*

In order to extend these protections to agents, in the form of the third WFG Block, Phillips suggested making its 411 Cybersecurity Helpdesk available through Blocks.

“Through our Cybersecurity Helpdesk,” Phillips explained, “an employee can reach out and say, ‘I don’t understand this. It looks suspicious.’ It gives them the ability to reach out, talk to an expert in the field, and be able to get advice on what the problem is and what to do—or find that there is no problem.”

According to Phillips, “WESTprotect is the only cybersecurity helpdesk that exists for small-to-medium businesses.”

As the threat of cyberattacks grows, WFG is bolstering its cybersecurity offering with an “Enterprise Security for All” program, which will include:

- Cybersecurity helpdesk with email screening
- Cybersecurity alerts and tip sheets
- Information security training
- Phishing simulations
- Cybersecurity risk assessment

## HR MANAGEMENT

Human Resource management has become critically important, not only for the effective recruiting, hiring, and training of expert staff, but also for regulatory compliance. A mistake in this department can be very costly. Sometimes it’s easier and more efficient for an independent title agent to lease the staff needed. But finding qualified staff members can be a challenge. That’s why a fourth WFG Block makes two industry-specific staffing firms available to agents through its HR Management Block.

“WFG has agreements with two title insurance

employee job-title specific agencies that provide temp services or full employees specific to the title insurance industry,” said Davis.

These services make it possible for agents to find trained staff without the need to develop these human resources on their own.

In addition, discounts on HR services for payroll and payroll accounting functions are also part of the program.

Benefits include:

- Discounts on two national recruiting firms
- Discounts on job recruitment ads
- Discounts on HR services



## COMPLIANCE SOLUTIONS

Ensuring compliance is one of the most challenging functions inside a title company. Compliance is a very expensive area for every company, and few have the resources to effectively manage all four aspects of a



complete compliance program:

1. Creating written policies and procedures
2. Setting up an effective compliance training program
3. Managing ongoing compliance audits

#### 4. Recurring comprehensive risk auditing

“Having a robust compliance department will strengthen the business operation, reduce risk, and save money,” said **Michelle Ann Epley**, WFG’s Senior Vice President for Regulatory Compliance. “That’s always the goal of a compliance department.”

**“What our Compliance Solutions Block does is help increase [our agents’ compliance] program and make it more robust and give additional insight into more ways to improve their program and keep their company safe.”**

*Michelle Ann Epley, SVP for Regulatory Compliance at WFG*

Because title insurance is such a highly regulated industry, companies are already doing a lot to meet compliance requirements.

“What our Compliance Solutions Block does is help increase [our agents’ compliance] program and make it more robust and give additional insight into more ways to improve their program and keep their company safe,” Epley said.

WFG’s compliance offerings not only lower internal risk, but they also prepare for agents’ potential audits and position them to meet all lender compliance requirements.

WFG's Compliance Solutions Block includes:

- Reconciliation services
- Assistance with regulatory audits
- Response to lender vetting questionnaires
- Response to lender audits
- Compliance/Audit on-call resource

## MARKETING & SALES

Through the sixth WFG Block, Marketing & Sales, WFG offers agents a comprehensive 360-degree approach to marketing and sales, including brand development, sales messaging and training, target marketing, web development, and more.

With advice on the best tools and strategies, this



program offers full marketing and sales support.

The WFG Blocks Marketing & Sales Solution was developed specifically to take the guesswork out of a title company's marketing and sales initiatives. By utilizing its cutting-edge marketing and technology portals, independent title agents will have the resources they need to succeed in this competitive market.

"[The program] is designed to boost agents' visibility, whether they are starting back at the beginning and want to look at their brand identity and messaging, or if they are further along in the process and just looking for that competitive edge," said Tucker. "We realize that each agent's business is unique, and so the solutions can be tailored to meet an agent where they are."

**“We’ve been sending people from our company to Spark as long as we’ve been with WFG. I can’t tell you how impressive it is. There is something new we bring back every time.”**

*Scott Stevenson, Co-Owner of Northwest Title in Ohio*

Tucker said there is a distinction between those things that are scalable in Blocks and those things that are provided through a custom consulting role.

"Through Blocks, however, there are real tangible offerings that can add value," Tucker emphasized, "These are solutions we have vetted and use ourselves. Agents should also feel compelled to reach out to us anytime if they want to collaborate on their unique situation."

He also pointed out that while WFG will have suggestions for products and strategies on the Blocks, Blocks is very much process over product.

"The process is understanding your needs and

connecting you to what's important versus pitching a bunch of products," he said.

The Marketing & Sales Block also includes access to WFG's annual Marketing, Sales, and Technology event. Currently in its sixth year, the national Spark event provides title agents with cutting-edge strategies, giving them the insight and resources they need to gain a competitive advantage within their respective markets. The next national event, Spark22, is slated for March 2022 in Orlando, Florida, with regional Spark events leading up to and following it.

**Scott Stevenson** is the Co-Owner of Northwest Title in Ohio.

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WFG's Marketing & Sales Block includes access to:

- A branded marketing content portal
- Marketing and sales training
- Advice and support
- Marketing resources

## Why more title companies are choosing WFG

Title companies that outsource more of the rudimentary office functions that do not generate revenue, in a way that does not cost them market penetration, will be more successful when the market shifts.

WFG has built a solid reputation for consulting with its title agents and now can help them choose the right mix of back-office processes to outsource.

In this way, the underwriter-agent relationship falls into alignment, with tremendous benefits that may be only the beginning.

As Stone has told WFG's independent agents, "We enjoy being associated with you and want you to be as successful as possible."

For more information about how to streamline a title operation, outsource costly processes to save money and time, and free up the time and resources needed to grow your business, contact WFG today. Email us at [wfgblocks@wfgtitle.com](mailto:wfgblocks@wfgtitle.com) and visit us at [wfgblocks.com](http://wfgblocks.com).

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### **About Williston Financial Group and the WFG Family of Companies**

Williston Financial Group LLC (WFG) is the Portland, Oregon-based parent company of several national title insurance and settlement services providers, including WFG Lender Services, LLC, WFG National Title Insurance Company, and national appraisal management company Valustrust Solutions, LLC. One of only six national underwriters, WFG achieved a national footprint faster than any title insurance provider in history. The WFG family of companies offers full-service title insurance and settlement services for use in residential and commercial mortgage and real estate transactions nationwide.

For more information, visit [www.WFGTitle.com](http://www.WFGTitle.com).

### **About WEST, a Williston Financial Group company**

WEST, a Williston Financial Group company, provides technology, data security, and marketing services to the real estate and mortgage industries. Our technology solutions and programs streamline the real estate process, increase transparency, and reduce costs for real estate agents, brokerages, title companies, lenders, and the consumers they serve.

For more information, visit [www.poweredbywest.com](http://www.poweredbywest.com).