Coinsurance/Reinsurance
Different Means to a Similar End

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Chicago Title Insurance Company is a leader within the title insurance industry, with revenues in excess of most of its competitors. But even the strongest title insurer has limits as to the amount that it can pay out on a single claim. Each title company's ability to pay claims is limited by its financial strength. In addition, however, each title company faces limits on the amount of liability it may assume under any policy or set of policies. These limits may be set by state law, customer request or internal controls. Notwithstanding these limits, the title insurance industry has developed a system that affords individual companies the ability to insure properties that have values in excess of limits, including those with values running into the hundreds of millions of dollars. As the amounts needed to acquire or invest in real estate continue to swell, so do the demands for increasing amounts of title insurance. To balance the difficulty of accommodating our customers while not overstepping our ability to react to potential claims, we enter into coinsurance or reinsurance agreements with other title insurers. These agreements enable one company to spread the risk of loss on large-liability policies to other companies. This article will define and explain coinsurance and reinsurance arrangements, increasingly significant aspects of the title insurance industry. Since state law, customer request or internal controls establish maximum policy amounts, limitations may vary widely from company to company. Once a single insurer reaches those limits, however, there are two options available to title insurers to enable the transaction to proceed with a level of risk that is comfortable for all parties involved—Coinsurance and Reinsurance.

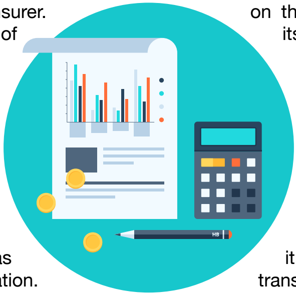
Reasons For Spreading Risk

There are three factors that require a title insurance company to spread its risk of loss on large-liability policies.

1 *Limits imposed by law*: Most states have created limits for maximum individual liability retention for insurance companies, including title insurance companies. For 2015, Chicago Title Insurance Company's limit in the State of Illinois is set at $362,984,057.00. If liability is shared among members of the Fidelity National Title Family of Companies, the maximum retention amount in Illinois for 2015 is $723,964,076.00. Typically, state law limitations are expressed as a percentage of the company's capital, that is, the surplus and reserves that are stated in the company's annual report to the Illinois Department of Financial and Professional Regulation. There are also limitations in some states that govern an

insurer's ability to assume reinsurance. Since maximum permissible policy amounts may vary widely from state to state, it is always important to review state regulations when considering how to spread the risk of a particular transaction, especially one involving real estate parcels located in several states.

2 ***Limits imposed by customers***: Some customers, especially lending institutions, pension funds and large insurance companies, impose specific limits on the amount of title insurance they will accept from one insurer. These customers are wary of "putting all of their eggs in one basket", particularly when the risk is in the millions of dollars. The limitations they set are typically based on an independent assessment of the annual reports of the title insurance companies, as well as other related information. The limits are characteristically based on a percentage of the estimated net worth of a title insurance company, obviously an important factor in that company's ability to pay a significant claim. These customers may set a maximum policy amount that is lower than the maximum amount imposed by state law or by the title insurer, itself. For example, a lender making a loan in the total amount of $100,000,000 might insist that no title insurance company carry more than $25,000,000 in liability, even if that particular state or title insurer has retention limits set at a higher level.



3 ***Limits imposed by title insurers***: Finally, the very title insurance companies being asked to handle a transaction may set their own rules for retaining or spreading risk. While title insurers have virtually no control over the aforementioned limitations, they do have the recognition of their own financial condition and ability to pay out claims. By setting prudent internal controls, each title insurer establishes its own boundaries for the size of the risk it can sensibly assume. These limits will vary widely from company to company, depending on the size of the company and its economic philosophy. Typically, a company will retain its maximum retention amount and seek to spread the risk on the remaining insurance involved. A title insurance company may also wish to spread the risk when, on extremely rare occasions, it deems the particular transaction too risky for an insurer to retain the full amount of insurance. Underwriting Counsel of that particular company will make that decision after a full review of the transaction.

Coinsurance

Coinsurance is defined as a form of insurance underwritten by two or more title insurers sharing a single risk under title insurance policies in proportional amounts. There are three methods by which a title insurer may share the risk with coinsurers.

First, a title company will issue its own policy for a stated fractional portion of the total liability. The other coinsurers will also issue policies in fractional amounts. The policy, in conjunction with the other coinsurers' policies, must add up to the total liability requested by the insured.

Second, an insurer may issue its own policy in either the full amount of the interest being insured or the company's fractional share of the full amount. The policy will include an endorsement identifying all other coinsurers and their respective shares of the total liability.

Third, an insurer may execute an endorsement to another insurer's policy setting forth the exact division of liability among the coinsurers. Typically title insurers will use the ALTA 23-06 Endorsement in this circumstance.

In each of these situations, each policy must include an approved form of "Coinsurance Clause" which identifies the other coinsurers, the stated liabilities of each company, and the total liability of all policies combined. Subsequently, if a claim is tendered by the insured, each title company will handle its proportional share of that claim. The proportional share does not have to be 50/50 between two title insurers, nor does it have to be just two insurers. A single transaction can have multiple coinsurers with different liabilities, all adding up to the full value of the deal.

As coinsurance evolved in the eastern part of the country, customers anticipated a diminished possibility of missed interests in a particular property. Two or more title companies would be performing separate examinations of the real estate records. Since most customers would prefer not to have to file a claim, even if fully insured, it seemed that this extra precaution would be beneficial, assuming it would be cost-effective. However, a different system evolved in the Midwest and elsewhere. Here, one company is called the "Lead Coinsurer", which means in practice that this one insurer does most of the researching, examining, and underwriting. Also, the Lead Coinsurer usually conducts the escrow closing. Hence, the Lead Coinsurer usually receives a larger portion of the total premiums. This practice has somewhat limited the perceived benefit of independent examinations. Yet it could be argued that there is no benefit with independent examinations because all insurers have a common source of real estate information, whether it is a single title plant or the county recorder's office. The real estate records collected at these sources could be defective, which would lead to flawed examinations by all title companies using that information.

When a customer chooses whether to use coinsurance and which companies to use as coinsurers, the single most important issue to keep in mind is the solvency of each company. In the event of an insolvent coinsurer, the insured has no ability to file a claim for that insurer's proportional share of the liability. In other words, a particular coinsurer's liability starts and stops with that company, and if that company ceases to exist, so does that responsibility. This could be devastating to an insured for property worth millions and millions of dollars. Any other coinsurer involved in a particular transaction has no obligation to cover an insolvent coinsurer's liability. Similarly, one coinsurer has no responsibility if another coinsurer makes a decision on a claim that is inconsistent with the decisions made by other coinsurers.

Title insurers are willing to accept a coinsured deal, regardless of the financial strength of the other companies involved. Thus, the customer bears the burden of appraising a coinsuring title company's solvency. This is unlike a reinsurance situation discussed below.

Coinsurance also enables a customer to "share the wealth" in terms of giving work to multiple title companies. The customer may wish to "favor" a title insurer with which it has prior business or underwriting relationships or pricing arrangements.

Reinsurance

Title insurers may also spread a large amount of risk through reinsurance. A reinsurance arrangement is a contract between two or more title companies. One company, known as the Ceder, issues the title policy or policies. Another company, known as the Reinsurer, agrees to indemnify the Ceder against loss that the Ceder may sustain under a policy of title insurance issued to a third party, the Insured. There may be several reinsurers in large transactions. As the policy issuing company, the Ceder remains liable to the insured under its policy, even in the event that one or all of the Reinsurers fail to honor obligations under the reinsurance agreement or become insolvent. This is a distinct difference between coinsurance and reinsurance, one that a customer must always keep in mind. In most reinsurance transactions, the Ceder instigates the matter by offering reinsurance to Reinsurers within the title industry. It is generally understood that the offers of reinsurance will be based on the American Land Title Association (ALTA) "Facultative" agreements. Each reinsurance agreement identifies particular information regarding the policies and insurers involved in the transaction and contain standard terms that govern the reinsurance relationship of the title companies. The only current ALTA form is the 2006 ALTA agreement (**ALTA Facultative Reinsurance Agreement dated 6-17-06**), which includes a provision for "Direct Access" to each and every reinsurer included in the particular reinsurance agreement.

Also unlike coinsurance, there are separate levels of liability involved in any reinsured transaction. Typically, there are **primary** and **secondary** levels, although theoretically it can proceed further to the **tertiary** and **quaternary** levels and so on. To fully understand how reinsurance works, it is imperative to distinguish how the definitions of primary, secondary and tertiary liability differ and how they apply to reinsurance.

In reinsurance, the liability on the policies issued by the Ceder is distributed between the Ceder and different Reinsurers in multiple layers of liability. In a typical deal, there will be only primary and secondary levels, with the primary level being a portion of the liability retained by the Ceder. Any claim with a dollar amount falling within the primary level will be paid entirely by the Ceder. When a claim exceeds the primary level, the amount of primary liability must be paid out entirely by the Ceder. Thereafter, Reinsurers in the secondary layers of liability are required to reimburse the Ceder for any losses paid by the Ceder in excess of the primary liability. The Ceder may also have secondary liability. The Ceder always has the full liability at the primary level, but there can be a multitude of companies, including the Ceder, that assume liability at the secondary level and beyond. For example, a Ceder agrees to retain $50,000,000 of liability in a transaction that has a policy amount of $200,000,000. This does not mean that the Ceder has agreed to be wholly responsible for the first $50,000,000 in cumulative losses. The Ceder may choose to retain only $5,000,000 in the primary level and shift the remaining $45,000,000 liability to the secondary level, along with the $150,000,000.00 liability being ceded to the Reinsurers. The outcome of this practice is that the Ceder is solely liable for only the initial $5,000,000 and subsequently is able to share proportionally in each successive loss until it reaches its $50,000,000 limit. This practice enables individual title insurers to take on risks that they normally would not.

One of the most significant aspects of the reinsurance industry is the concept of "Direct Access". Keeping in mind that reinsurance is a contract of indemnity between two or more insurers, it is important to realize that the insured party under a title policy is not a party to the reinsurance agreement. The insured therefore, has no enforceable rights under that agreement, unless expressly granted by the agreement. Under the earliest reinsurance agreements, an insured had no ability to proceed against any Reinsurer directly unless the Ceder had become insolvent or had failed to honor its policy obligations. Basically, any obligations that the Reinsurer had were merely a derivative of the Ceder's obligations. As long as the Ceder was accessible and able to respond to its obligations, the Reinsurers were beyond the reach of the insured. Over a period of time, some insureds began to object to this inability to incorporate the reinsurers on a potential claim. Slowly, but surely, the practice of granting the insureds the right to enforce the reinsurance agreement directly against any and all reinsurers became a regular occurrence. Prior to 1985, the right of "Direct Access" was given only by separate agreement, but it became apparent that it was being handled in a somewhat haphazard way. Some companies would provide the access only on a limited basis, while others would absolutely never grant that right. By 1985, Direct Access had become such a commonplace request by insureds that ALTA decided to revise its Reinsurance Agreement to include, for the first time, a "Direct Access" provision. ALTA has revised the agreement form since 1985, but it has always included this important stipulation. "Direct Access" gives the insureds an ability to proceed directly against any reinsurer with which it might, as in coinsurance, already have business or underwriting relationships.

Reinsurance On Multiple Policies: Single Risk

On occasion, related policies must be considered together. A "single risk" may require that the separate policy amounts should be added together to arrive at an aggregate liability amount. If the aggregate liability amount exceeds the retention limit of a title insurer, then reinsurance may be required. It is easy to understand how a single policy of title insurance that has an amount of liability larger than the relevant limit set by state law, customer or individual insurers would require a company to obtain reinsurance. What is more difficult to recognize is the level of risk involved in multiple policies.

The Title Insurance Act of Illinois, 215 ILCS 155/3(10), defines Single Risk as:

the insured amount of any title insurance policy, except that where 2 or more title insurance policies are issued simultaneously covering different estates in the same real property, "single risk" means the sum of the insured amounts of all such title insurance policies. Any title insurance policy insuring a mortgage interest, a claim payment under which reduces the insured amount of a fee or leasehold title insurance policy, shall be excluded in computing the amount of a single risk to the extent that the insured amount of the mortgage title insurance policy does not exceed the insured amount of the fee or leasehold title insurance policy.

To assess a single risk accurately, a number of issues must be kept in mind:

1 ***Non-cumulative Liability***: ALTA owner's policies contain "non-cumulative" provisions, meaning that the amount of an owner's policy is decreased by any amount paid as a claim under a loan policy insuring the same interest in the same land. Because of that clear distinction, such combinations of policies are considered to be "non-cumulative" and their amounts are not added together to determine a single risk. Keep in mind that a title insurer would not pay an aggregate of $2,000,000.00 to the insureds of a $1,000,000.00 owner's policy and a $1,000,000.00 loan policy on the same property with the same insured interest (being fee or leasehold). This is the only instance in which there is a non-cumulative effect of multiple policies.

2 ***Common Elements of Risk***: There are two distinct types of common elements of risk: common **title** risks and common **transactional** risks.

Whenever separate titles derive from past common ownership, there are always common title risks. In addition, several properties that now share a common owner, even though the current titles were derived from separate chains of title, may present common title risks related to the current ownership. If these common risks, whether from past or present factors, are significant, an insurer may decide that they link otherwise separate parcels. In such cases, giving coverage over the common element of risk could subject the title insurer to liability on all such policies in an aggregate amount greater than its limit, even though each individual policy may be less than the limit.

Separate policies may also be linked by risks associated with the transaction itself. For example, separate loan policies may insure a single mortgage that encumbers multiple parcels of land. Cross-collateralization and "Tie-In" endorsements link completely separate loan policies that in the aggregate could expose an insurer to liability above its individual limit.

Policy amounts must be aggregated under the following circumstances. Reinsurance will be required if the aggregate amounts exceed a title insurer's maximum retention amount.

- Two or more owner's policies insuring interests in the same land must be aggregated, unless non-cumulative provisions are added to the policies.
- Two or more loan policies insuring mortgages or trust deeds encumbering interests in the same land must be aggregated, unless non-cumulative provisions are added to the policies.
- Regardless of the reasons, once the determination is made that reinsurance is required on any transaction, all active policies insuring any interest in the same land must be considered in determining if reinsurance is required.
- Policies insuring interests in separate phases of the same over-all project may need to be aggregated.

Conclusion

There are multiple issues to consider when working on a transaction that involves millions and millions of dollars. The amount of liability on title policies is one of those issues. As the liability amounts of title policies continue to rise, it is becoming increasingly important to understand the definitions of coinsurance (sharing of risk between two or more title insurers, each writing its own policy for a proportional share) and reinsurance (the laying off of liability from title insurer to another insurer with different layers of liability) and how they play a part in the always evolving world of commercial real estate.

The author personally thanks Alex Ricks, Senior Counsel for Fidelity National Title Insurance Company and its related title insurers, for his help and guidance in writing this article.

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Glossary of Terms
Reinsurance and Coinsurance

Assumption: The acceptance of excess liability laid off or "ceded" from the policy issuer.

Ceder: The company that parts with a portion of the risk arising under a title policy.

Coinsurance: A form of insurance underwritten by two or more insurers sharing a single risk under title insurance policies in proportional amounts.

Direct Access: An agreement by a reinsurer to permit claims to be brought against the reinsurers without exhausting the remedies available against the Ceder or primary insurer.

Primary Liability: The amount of liability retained by a Ceder and which is payable without contribution from the reinsurers.

Reinsurance: A contract of indemnity under which a reinsurer assumes a part of the risk underwritten by a Ceder.

Reinsurer: The company assuming liability from a Ceder under a reinsurance agreement.

Secondary Liability: The second level of liability, following the primary retention of the Ceder, which comes into play after all of the primary level of liability under a reinsurance agreement has been expended in payment of claims.

Tertiary Liability: A third level of liability, following the primary and secondary liabilities, which comes into play after all of the primary and secondary levels of liability under a reinsurance agreement have been expended in payment of claims.

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AMERICAN LAND TITLE ASSOCIATION FACULTATIVE REINSURANCE AGREEMENT (6-17-06)

These facultative reinsurance provisions, including Schedule I, constitute the Facultative Reinsurance Agreement entered into by and between Ceder and Reinsurer shown in Schedule I.

PROVISIONS

WHEREAS, Ceder has assumed or is about to assume a title insurance risk pursuant to its policy or policies shown in Schedule I, herein called the Policy; and

WHEREAS, Ceder desires to retain, unceded, a Primary Loss Risk under the Policy and to cede and reinsure all or part of the excess Loss Risk in the amounts and proportionate shares shown in Schedule I; and

WHEREAS, Ceder and Reinsurer desire to arrange for the allocation of protection to the party entitled to the protection of the Policy, herein called the Insured; and

WHEREAS, Reinsurer desires to assume its share of Secondary Loss Risk shown in Schedule I.

NOW, THEREFORE, it is mutually agreed between Ceder and each Reinsurer as follows.

1. CEDER'S CESSION AND WARRANTY

Ceder, to induce Reinsurer to accept the offer of reinsurance, represents and warrants that Ceder has made disclosure of (a) the Policy being reinsured, and (b) any extra hazardous risk of which Ceder has actual knowledge. Ceder shall immediately upon issuance of the Policy forward a conformed copy to Reinsurer and pay its premium for reinsurance.

Ceder cedes to Reinsurer the Reinsurer's coordinate and proportionate share of the Secondary Loss Risk shown in Schedule I and Ceder shall retain without reinsurance hereunder the entire amount of Primary Loss Risk shown in Schedule I, and the unceded portion, if any, of the Secondary Loss Risk.

2. REINSURER'S ASSUMPTION

Reinsurer assumes its coordinate and proportionate share of Secondary Loss Risk shown in Schedule I and not the coordinate and proportionate share, if any, of Ceder or of any other Reinsurer.

The liability of Reinsurer shall begin simultaneously with that of Ceder under the Policy, without notice of the issuance of its Policy or payment of the reinsurance premium.

The liability of Reinsurer and any loss payable by Reinsurer under this Agreement shall be limited to expressed contractual liability of Ceder under the Policy, not including punitive or exemplary damages, and does not include any other contractual or any noncontractual liability of Ceder.

3. DIRECT ACCESS

Provided Insured shall give to Reinsurer notice of any claim under the Policy within a reasonable time after notice of the claim is given to or received by Ceder and is pursuing its remedies under the Policy against Ceder, unless prevented by law or regulation, then in the event that under the terms of the Policy Insured has sustained a loss or losses which, in the aggregate, exceeds Ceder's Primary Loss Risk, the liability of Reinsurer under this Agreement shall be extended to and in favor of Insured. Failure to so notify as provided in this paragraph shall not defeat the rights of the Insured hereunder unless Reinsurer shall establish that it was actually prejudiced by the failure, and then only to the extent of the prejudice. Thereafter, if Insured requests payment of Reinsurer's liability under this Agreement directly to Insured, then this Agreement may be enforced by Insured directly against Reinsurer to the extent of Reinsurer's liability to Ceder hereunder, without diminution, defense, setoff or counterclaim which Reinsurer may have against Ceder. Any defense to liability which Ceder has against Insured shall inure to Reinsurer.

Reinsurer agrees that Insured shall have the right to commence a legal action to enforce this Agreement against it in the state in which the land is located or in any state where Reinsurer is qualified to do business, provided that when any service of process is made in any action, a copy is sent by Registered or Certified Mail to Reinsurer at its address set forth in Schedule I.

4. NOTICES, INVESTIGATION AND SETTLEMENT OF CLAIMS

Ceder shall have full charge of the investigation, negotiation, litigation and settlement of all claims under the Policy. Upon receipt of notice from Insured of a claim under the Policy or upon learning of a potential claim thereunder, Ceder shall notify Reinsurer of the claim or potential claim. Ceder shall notify Reinsurer of any proposed substantial payments or settlement of such claim and shall give Reinsurer reasonable opportunity to investigate the claim at its own expense. Failure to so notify as provided in this paragraph shall not defeat the rights of Ceder hereunder unless Reinsurer shall be actually prejudiced by the failure, and then only to the extent of the prejudice.

Reinsurer shall have the right, but shall not be obligated, to join in any action brought by or against Ceder under the Policy. Reinsurer shall have the right, through such representatives as it may designate, to inspect and copy, at any reasonable time at the office of Ceder, any and all searches, abstracts, certificates, correspondence, attorney's opinions, and intra-company communications and other documents and records relating to the Policy. This right is and shall continue to be a right in rem and shall follow and attach to said documents and records regardless of changes in ownership or possession.

Unless Insured has given Reinsurer notice that Insured intends to enforce this Agreement directly against Reinsurer and requests payment of Reinsurer's liability under this Agreement directly to Insured, as provided in Section 3 of this Agreement, Reinsurer shall pay the amount of its liability determined hereunder to Ceder within fifteen days after notice and demand by Ceder. Each payment by Reinsurer to Ceder shall satisfy pro tanto the amount of Reinsurer's liability hereunder to Insured and Ceder. The payment shall be received by Ceder, if not by way of reimbursement, in trust to be paid to or for the account of Insured, together with all other amounts similarly applicable, in satisfaction of Ceder's liability under the Policy.

If Insured shall give notice to Reinsurer that Insured intends to enforce this Agreement directly against Reinsurer and requests payment of Reinsurer's liability under this Agreement directly to Insured, as provided in Section 3 of this Agreement, no payment to Ceder of any part of Reinsurer's liability to Insured shall be made without the written consent of Insured. Any payment by Reinsurer of its liability to Insured shall discharge Ceder's and Reinsurer's liability to Insured pro tanto. If Reinsurer makes payments directly to Insured as required by this Agreement, Reinsurer's liability to Ceder shall be reduced pro tanto.

5. PAYMENT OF LOSSES

Any loss or aggregate of losses sustained and payable by Ceder under the Policy including costs, attorneys' fees and expenses, which do not exceed the amount of Primary Loss Risk retained by Ceder shall be sustained and paid by Ceder without recourse to Reinsurer. Reinsurer's liability and any loss or aggregate of losses payable by Reinsurer under Section 2 of this agreement, including costs, attorneys' fees and expenses, shall be the amount of Reinsurer's proportionate share of the Secondary Loss Risk as shown in Schedule I that exceeds the Primary Loss Risk retained by Ceder.

If the loss or aggregate of all losses under the Policy exceeds the amount thereof, Ceder shall pay that portion of the excess as the proportion of its retained Loss Risk, both Primary and Secondary, bears to the amount of the Policy, and the balance of the excess shall be divided among the Reinsurers in the proportions that the amount assumed by each bears to the amount of the Policy.

Notwithstanding anything stated in this Section, Ceder's retained Loss Risk, whether Primary, Secondary, or according to the preceding paragraph, shall not be reduced and Reinsurer's liability shall not be increased by the payment of any loss not assumed by Reinsurer under Section 2.

6. INSOLVENCY OF CEDER

The reinsurance under this Agreement shall be payable by Reinsurer on the basis of the liability of Reinsurer under this Agreement without diminution because of the insolvency of Ceder.

In the event of insolvency of Ceder, the liquidator, receiver or statutory successor of Ceder shall give written notice to Reinsurer of the pendency of a claim against Ceder on the Policy within a reasonable time after the claim is filed in the insolvency proceeding. During the pendency of the claim, Reinsurer may investigate the claim and interpose, at its own expense, in the proceeding where the claim is to be adjudicated, any defense or defenses which it may deem available to Ceder or its liquidator, receiver or statutory successor. The expense so incurred by Reinsurer shall be charged against the insolvent company as part of the expense of liquidation.

In the event that two or more Reinsurers are involved in the same claim and a majority in interest elects to interpose a defense to the claim, the expense shall be apportioned in accordance with the terms of this Agreement as though the expense had been incurred by Ceder.

In the event of the insolvency of Ceder, the reinsurance under this Agreement shall be payable by Reinsurer directly to Ceder, pursuant to Section 4 or to its liquidator, receiver or statutory successor, except when the direct access provisions of Section 3 and the notice provisions of Section 4 have been implemented, in which case, it shall be paid directly to Insured.

7. RECOUPMENT AND SUBROGATION

After payment of any loss or losses hereunder by Reinsurer, it shall be the duty of Ceder, by its right of subrogation or otherwise, to proceed diligently to recoup the losses paid. The net amount after expenses of collection of any recoupment or salvage, shall be distributed and paid to Reinsurer in the fractional proportions set forth on Schedule I. Any surplus, after full recoupment of losses sustained on the Secondary Loss Risk, shall be retained by Ceder in reduction of loss or losses paid on its Primary Loss Risk.

In addition to the right of subrogation, which is secured to Ceder by the conditions of the Policy, Ceder will retain all the rights secured to it thereby unaffected by this agreement. In the event, however, of the temporary or permanent discontinuance of business by Ceder, or if Ceder becomes insolvent, or if Ceder fails to proceed to recoup any loss or losses paid as aforesaid, Reinsurer shall be and is hereby subrogated to all right of Ceder to recoup any losses paid by it hereunder.

8. RIGHTS OF INSURED NOT PREJUDICED

Ceder is authorized to furnish Insured with a duplicate original or conformed copy of this Agreement.

Neither this Agreement nor any modification thereof shall prejudice the rights of Insured under the Policy or conferred upon Insured under this Agreement.

9. LAWS APPLICABLE

The provisions of this Agreement shall be governed by the laws of the situs of the real property described in the Policy.

10. ACTIONS BY OR ON BEHALF OF CEDER

In the event Reinsurer is not licensed or accredited in the state of domicile of the Ceder, Reinsurer agrees: (1) that, in the event of the failure of Reinsurer to perform its obligations under the terms of this Agreement, Reinsurer, at the request of Ceder, shall submit to the jurisdiction of an alternative dispute resolution panel or court of competent jurisdiction in any state of the United States, will comply with all requirements necessary to give such panel or court jurisdiction, and will abide by the final decision of such panel or court or of any appellate court in the event of an appeal; and (2) to designate the appropriate insurance regulatory authority or an attorney in fact as its true and lawful agent for the purpose of service of any lawful process in any action, suit or proceeding instituted by or on behalf of the ceding company.

11. SEVERABILITY

In the event any provision of this Agreement is held invalid or unenforceable under applicable law, the Agreement shall be deemed not to include that provision and all other provisions shall remain in full force and effect.

12. NOTICES - WHERE SENT

Any notice given hereunder shall be addressed to the party to receive the notice at its mailing address set forth in Schedule I.

13. EFFECTIVE DATE

This Agreement shall be in effect between Ceder and Reinsurer from the time a counterpart of Schedule I is executed by Reinsurer notwithstanding that other counterparts are not executed by other Reinsurers.

Issued by
CHICAGO TITLE INSURANCE COMPANY
("Issuing Co-Insurer")

CO-INSURANCE ENDORSEMENT

Attached to and made a part of Issuing Co-Insurer's Policy No. ___________________ ("Co-Insurance Policy"). Each title insurance company executing this Co-Insurance Endorsement, other than the Issuing Co-Insurer, shall be referred to as a "Co-Insurer." Issuing Co-Insurer and each Co-Insurer are collectively referred to as "Co-Insuring Companies."

1. By issuing this endorsement to the Co-Insurance Policy, each of the Co-Insuring Companies adopts the Co-Insurance Policy's Covered Risks, Exclusions, Conditions, Schedules and endorsements, subject to the limitations of this endorsement.

Co-Insuring Companies	Name and Address	Policy Number [File Number]	Amount of Insurance	Percentage of Liability
Issuing Co-Insurer			$	
Co-Insurer			$	
Co-Insurer			$	
Co-Insurer			$	
Aggregate Amount of Insurance			$	

2. Each of the Co-Insuring Companies shall be liable to the Insured only for its Percentage of Liability of: (a) the total of the loss or damage under the Co-Insurance Policy, but in no event greater than its respective Amount of Insurance set forth in this endorsement; and (b) costs, attorneys' fees and expenses provided for in the Conditions.

3. Any notice of claim and any other notice or statement in writing required to be given under the Co-Insurance Policy must be given to each of the Co-Insuring Companies at its address set forth above.

4. Any endorsement to the Co-Insurance Policy issued after the date of this Co-Insurance Endorsement must be signed by each of the Co-Insuring Companies by its authorized officer or agent.

5. This Co-Insurance Endorsement is effective as of the Date of Policy of the Co-Insurance Policy. This Co-Insurance Endorsement may be executed in counterparts.

This endorsement is issued as part of the Coinsurance Policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

DATED: _____________

Issuing Co-Insurer:
Blank Title Insurance Company

By: _________________________

Co-Insurer:
Blank Title Insurance Company

By: _________________________

Co-Insurer:
Blank Title Insurance Company

By: _________________________

Co-Insurer:
Blank Title Insurance Company

By: _________________________

[*Co-Insurer:*
Additional Co-Insurer signatures may be added if needed]

ALTA Endorsement 23-06 (Co-Insurance – Single Policy)
Revised 10/16//08
Section IV—
2006 ALTA Owner's/Loan Policy

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