

WFG Rate and Form Bulletin



To: All Texas Policy Issuing Agents of WFG National Title Insurance Company
From: WFG Underwriting Department
Date: November 22, 2024
Bulletin No.: TX 2025-36
Subject: Rule and Form Changes to the Basic Manual Effective November 1, 2024:
Part 5 of 6: New Endorsements – The T-54, T-55 Series, and the T-19.4

Effective Friday, November 1, 2024, the Texas Department of Insurance has approved multiple changes to a number of Insuring Forms, Rate Rules, and Procedural Rules in the Basic Manual. WFG is providing notice and explanation of these changes in a series of six bulletins.

This Bulletin explains the new endorsements provided in the new regulatory package: the T-55 series, the T-19.4, and the now-available T-54. The T-54 and T-55 series are governed by amended Procedural Rule P-72 and Rate Rule 37, and the T-19.4 is governed by new P-50.2 and Rate Rule 29.2.

The revised rates and forms should be available through your software vendors, as well as on WFG's Texas Underwriting website, <https://wfgunderwriting.com/texas>. The WFG Rate Calculator, available at <https://rates.wfgnationaltitle.com/>, has also been updated to provide rates for these new endorsements.

A. The T-54 Severable Improvements Endorsement

Scope and Purpose of the T-54:

- In short, the T-54 allows the value of “Severable Improvements” to be included in the Policy amount and calculation of loss. A “Severable Improvement” is defined as property affixed to the Land on or after Date of Policy that by law does not constitute real property because:
 - of its character and manner of attachment to the Land; and
 - it can be severed from the Land without causing material damage to it or to the Land.
- The endorsement recognizes the total value of the improvement as a whole, without having to assess the value of its individual components.
- “Energy Facilities” are not covered by the endorsement, as they do not fit within the scope of Severable Improvements.
- Specifically, the T-54 expands the calculation of loss under the Policy to include:
 - The diminution in value of the Insured's interest in any Severable Improvement due to the covered defect (but reduced by the salvage value of the Severable Improvement);

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- The reasonable cost actually incurred by the Insured in connection with the removal or relocation of the Severable Improvement due to the covered defect; and
- The cost of transportation of that Severable Improvement for the initial one hundred miles incurred in connection with the relocation.
- The T-54 explicitly does not insure against loss or damage relating to:
 - The attachment, perfection, or priority of any security interest in the Severable Improvement;
 - The vesting or ownership of title to or rights in any Severable Improvement;
 - Any defect in or lien or encumbrance on the title to any Severable Improvement; or
 - The determination of whether any specific property is real or personal in nature.

Changes:

- New R-37 sets the rate for the T-54 at 5% of the basic premium rate.
- Procedural Rule P-72 has been revised to govern issuance of the T-55 series; the rule's requirements to issue the T-54 remain the same and are stated below.
- A copy of new R-37, the T-54, and redlined and clean copies of P-72 are available here:
 - [R-37](#)
 - [T-54](#)
 - [P-72](#)

Underwriting Guidelines:

- Per P-72, the T-54 may be issued with an Owner's Policy or Loan Policy if:
 - The Land is NOT Residential Real Property, as defined by Procedural Rule P-1.u;¹
 - The Land contains improvements;
 - The area and boundary amendment to Sch. B.2 is made pursuant to P-2; and
 - The Policy amount includes the value of the Severable Improvements.
- The title insurer may:
 - Add any exception the title insurer considers necessary to the T-54; or
 - Delete in whole or part any insuring provision of the T-54.
- Underwriting Counsel approval is required to issue the T-54.

B. The T-55 Energy Project Series of Endorsements

Scope and Purpose of the T-55 Series:

- The T-55 series are the Energy Project endorsements. The endorsements vary based on the nature of the underlying real property interest and whether it's endorsing an owner's policy or a loan policy.
- Similar to the T-54, the all-new T-55 series of endorsements expands the calculation of loss to include:

¹ See Bulletin TX 2024-27, [available here](#), discussing the revised P-1.u definition of Residential Real Property.

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- The value of title as an integrated project, including the value of the insured estate (leasehold, easement, or fee) and any Electricity Facility existing on the date of the eviction or ejection, as applicable;
- The diminution in value of the Insured's interest in any Severable Improvement resulting from the eviction or ejection, reduced by the salvage value of the Severable Improvement.
- The reasonable cost of:
 - Disassembling, removing, relocating and reassembling any Severable Improvement to the extent necessary to restore and make functional the integrated project;
 - Transportation of any Severable Improvement for the initial one hundred miles incurred in connection with the restoration or relocation; and
 - Restoring the Land to the extent damaged as a result of the disassembly, removal and relocation of any Severable Improvement because of the eviction or ejection;
- Payments or damages for use and occupancy of the Land prior to the eviction or ejection;
- The reasonable cost to obtain land use, zoning, building and occupancy permits, architectural and engineering services and environmental testing and reviews for a replacement parcel of land reasonably equivalent to the subject parcel; and
- If any Electricity Facility is not substantially completed at the time of eviction or ejection, the actual cost incurred by the Insured up to the time of eviction or ejection, less the salvage value, for the Electricity Facility located on that portion of the Land from which the Insured is evicted or ejected. Those costs include costs incurred to construct and fabricate the Electricity Facility, obtain land use, zoning, building and occupancy permits, architectural and engineering services, construction management services, environmental testing and reviews, and landscaping, and cancellation fees related to the foregoing.
- The endorsement series includes the following definitions:
 - **"Constituent Parcel"** means one of the parcels of Land described in Schedule A that together constitute one integrated project.
 - **"Electricity Facility"** means an electricity generating facility which may include one or more of the following: a substation; a transmission, distribution or collector line; an interconnection, inverter, transformer, generator, turbine, array, solar panel, or module; a circuit breaker, footing, tower, pole, cross-arm, guy line, anchor, wire, control system, communications or radio relay system, safety protection facility, road, and other building, structure, fixture, machinery, equipment, appliance and item associated with or incidental to the generation, conversion, storage, switching, metering, step-up, step-down, inversion, transmission, conducting, wheeling, sale or other use or conveyance of electricity, on the Land at Date of Policy or to be built or constructed on the Land in the locations according to the Plans, that by law constitutes real property.
 - **"Plans"** means the survey, site and elevation plans or other depictions or drawings prepared by (*insert name of architect or engineer*), dated _____, last revised _____, and designated as (*insert name of project or project number*) consisting of _____ sheets.
 - **"Severable Improvement"** means property affixed to the Land at Date of Policy or to be affixed in the locations according to the Plans, that would constitute an Electricity Facility but

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for its characterization as personal property, and that by law does not constitute real property because (a) of its character and manner of attachment to the Land and (b) the property can be severed from the Land without causing material damage to the property or to the Land.

- The individual energy endorsements apply to the types of estates and policies as shown below:

<u>Endorsement</u>	<u>Estate</u>	<u>Policy</u>	<u>Form</u>
T-55	Leasehold/Easement	Owner's Policy	T-55 available here
T-55.1	Leasehold/Easement	Loan Policy	T-55.1 available here
T-55.2	Leasehold	Owner's Policy	T-55.2 available here
T-55.3	Leasehold	Loan Policy	T-55.3 available here
T-55.4	Fee Estate	Owner's Policy	T-55.4 available here
T-55.5	Fee Estate	Loan Policy	T-55.5 available here

- Per new R-37, the premium for any of the T-55 series endorsements is 5% of the basic premium rate.

Underwriting Guidelines:

- Issuance of any of the T-55 series endorsements is governed by P-72, which requires the following:
 - The Land is NOT Residential Real Property;
 - The Policy amount includes the value of the Severable Improvements;
 - The Severable Improvements that would constitute an Electricity Facility are affixed to the Land, or to be affixed to the Land in locations according to the Plans, as those terms are used in the corresponding Energy Project Endorsement; and
 - The estate or interest in the Land that is insured:
 - By the Owner's Policy includes:
 - Both a leasehold estate and an easement estate in the case of a T-55;
 - A leasehold estate in the case of a T-55.2; or
 - A fee simple estate in the case of a T-55.4;
 - By the Loan Policy includes:
 - Both a leasehold estate and an easement estate in the case of a T-55.1;
 - A leasehold estate in the case of a T-55.3; or
 - A fee simple estate in the case of a T-55.
- For completed Electric Facilities, references to Plans may be removed from the endorsements.
- The title insurer may also:
 - Add to the specific T-55 endorsement any exception the title insurer considers necessary, or
 - Delete in whole or part any insuring provision of the specific T-55 endorsement.
- Underwriting Counsel approval is required to issue any of the T-55 endorsements.

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C. The T-19.4 Energy Project – Minerals and Surface Damage Endorsement

Scope and Purpose of the T-19.4:

- The T-19.4 was created to insure against loss in the form of damage to, enforced removal of, or alteration of any Severable Improvement that would constitute an Electricity Facility located on the Land due to mineral extraction or development.
- The endorsement is available for Owner's and Loan Policies.
- It includes the same definition of "Severable Improvement" as the T-55 series, and per new P-50.2, it is only available in connection with the issuance of one of the T-55 endorsements.
- Per new R-29.2, the premium for the T-19.4 is 5% of the basic premium rate.
- Copies of new T-19.4, P-50.2, and R-29.2 are available here:
[T-19.4](#)
[P-50.2](#)
[R-29.2](#)

Underwriting Guidelines:

- Issuance of any of the T-19.4 is governed by P-50.2, which requires the following:
 - The Policy include an exclusion or exception regarding minerals;
 - Issuance with one of the T-55 endorsements; and
 - Satisfaction of underwriting requirements.
- Subparagraph 19.4.c provides an option to exclude coverage for an interest excepted from the description of the Land in Schedule A or specifically excepted in Schedule B. Complete 19.4.c by either:
 - Inserting the word "None"; or
 - Identifying the interest in Land for which there will be no coverage under the endorsement.
- Underwriting counsel approval is required to issue the T-19.4.

If you have any questions, please contact Texas underwriting counsel at SWLegal@wfgnationaltitle.com.

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