Agenda Item: 2012-70 (Amended)

Submitted by: Jim Gosdin and John Rothermel

On Behalf of: Stewart Title Guaranty Company

Address: 1980 Post Oak Blvd., Suite 710

Houston, Texas 77056

Telephone No.: (713) 625-8228

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**Stewart Title Guaranty Company petitions the Commissioner to approve the following new Procedural Rule P-\_\_\_ to implement the Severable Improvements Endorsement (T-\_\_\_):**

**P-\_\_.  Severable Improvements Endorsement (T-\_\_\_)**

A Company may issue its **Severable Improvements** Endorsement (T-\_\_\_) on or after the date Rate Rule R-\_\_\_ is effective to a Loan Policy (T-2) or Owner's Policy (T-1) on land which contains improvements and which is not residential real property, if its underwriting requirements are met, the area and boundary amendment is made pursuant to P-2, and if it has paid the premium prescribed in Rate Rule R-\_\_\_.  The policy amount shall be for the value of the land and improvements and the severable improvements. The Company may add any exception to the endorsement that it considers, in its sole discretion, to be appropriate.   The Company shall delete any insuring provision or portion thereof if it does not consider that risk acceptable.   Any insured matter covered in the **Severable Improvements** Endorsement (T-\_\_\_) may be insured only by the use of this endorsement.

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Justification

This endorsement is available for both Loan Policies and Owner’s Policies to assure owners and lenders that they have full coverage for the policy amount in the event of a loss under the policy. The Company is not responsible for determining or defending against a. the attachment, perfection or priority of any security interest in the Severable Improvement; b. the vesting or ownership of title to or rights in any Severable Improvement; c. any defect in or lien or encumbrance on the title to any Severable Improvement; or d. the determination of whether any specific property is real or personal in nature~~; or e. removable items as opposed to Improvements~~. The Company is liable for a. the diminution in value of the Insured's interest in any Severable Improvement resulting from the Defect, reduced by the salvage value of the Severable Improvement; and b. the reasonable cost actually incurred by the Insured in connection with the removal or relocation of the Severable Improvement resulting from the Defect and the cost of transportation of that Severable Improvement for the initial one hundred miles incurred in connection with the relocation. This risk is justifiable since it is the title defect that causes the loss not whether the item is real or personal property. If an item appears to be a removable, exception to such item can be taken.