

Basic Manual Update Series

Countdown to November 1

by Roland Love, TLTA Regulatory Committee Chair

INSTALLMENT 7

THE T-19 SERIES

The T-19 series of endorsements includes **T-19 (Loan Policy)**, **T-19.1 (Owner's Policy)**, **T-19.2**, and **T-19.3**. There will soon be a T-19.4 for energy projects, but that will be covered in a later installment. These endorsements were adopted at different times, and with changes in the marketplace, some variations have emerged. The main goal of these updates is to make the language consistent across endorsements, so that consumers and attorneys don't feel the need to request multiple endorsements when one is sufficient.

CONSISTENCY IN EXCLUSIONS

The **T-19 Restrictions, Encroachments, Minerals Endorsement** is a loan policy endorsement, and the definition of Improvement includes "landscaping, lawn, shrubbery, or trees." Since a loan represents a shorter-term, declining risk, this is an acceptable risk. However, the T-19.1 excludes from "Improvement" "crops, landscaping, lawn, shrubbery, or trees," while the T-19.2 excludes "lawns, shrubbery, or trees." There's no clear explanation for the difference in capitalizing "Improvement" versus not, but the exclusion will be updated to "crops, landscaping, lawn, shrubbery, or trees" in both endorsements to ensure consistency. Because the T-19.3 insures against damage to permanent buildings, the exclusion is not relevant and not included.

CHANGES TO MINERAL EXPLORATION COVERAGE

There are also inconsistencies in how mineral exploration and production risks are covered in the insuring clauses across endorsements. To address this, the insuring clause for all four forms will now consistently cover damages:

"resulting from the future exercise of any right existing at the Date of Policy to use the surface of the Land for the extraction or development of coal, lignite, oil, gas, or other minerals or any other subsurface substances excepted or excluded in Schedule A, item 2 or excepted in Schedule B."

This ensures the language of the insured-against mineral right is consistent across the endorsements. As a result, the T-19.2 is unnecessary if a T-19.1 is already obtained.

EXPANDED EXCLUSIONS FROM COVERAGE

The exclusion from coverage has been expanded to include "flood," and this exclusion will now be present in the T-19, T-19.1, T-19.2, and T-19.3 endorsements. The expanded list of exclusions includes:

"contamination, explosion, fire, fracturing, vibration, earthquake, flood, or subsidence; negligence by a person or an Entity exercising a right to extract or develop minerals or other subsurface substances."

GUIDANCE FROM P-50 AND P-50.1

It's important to remember that P-50 and P-50.1 govern the issuance of these endorsements. The T-19 and T-19.1 are governed by P-50, while T-19.2 and T-19.3 are governed by P-50.1. Under P-50.1, the policy must include a P-5.1 mineral exclusion or exception before the T-19.2 or T-19.3 can be issued. Additionally, T-19.2 and T-19.3 can both be used in multiple-tract scenarios where the tracts qualify for different endorsements.

RATE RULE 29

Rate Rule 29 also provides for different rates depending on whether the property is residential or not. There is also a discount if the Schedule B exception for area and boundaries has been purchased. Although the rate rule itself hasn't changed, it is now easier to understand and apply, and the combined rate will be lower for residential real property owned by an entity or trust, as R-16 will now focus on the character of the property rather than the type of policy.

Good luck! This is a benefit to the consumer and will make determination and application of the correct endorsement less complicated. These changes should also reduce, maybe eliminate, calls from counsel wanting to discuss the differences in endorsement language.

[View the revised Form T-19 »](#)

[View the revised Form T-19.1 »](#)

[View the revised Form T-19.2 »](#)

[View the revised Form T-19.3 »](#)

