



TO: Alliant National Texas Agents
DATE: December 16, 2024
SUBJECT: *Pro Forma Policies*

When handling commercial transactions, it is not uncommon to be asked to issue a Pro Forma Policy. This Bulletin discusses the circumstances under which a Pro Forma Policy may be issued, as well as instructions for completion of such a policy.

A Pro Forma Policy is a sample of the policy provided to the proposed insured prior to closing, as a courtesy to the customer. It does not provide any form of guarantee. Procedural Rule P-52 defines this as an Owner or Loan Policy prepared prior to payment for, issuance and delivery of the policy, with completed Schedules A and B, showing the proposed insured, the amount of insurance, the exceptions that are proposed to be placed in the final policy to be issued, and the name of the title insurance company and title insurance agent. The final title policy may or may not be issued depending on the satisfaction of the Schedule C requirements on the commitment and the satisfactory execution of the necessary closing documents to convey title and/or create encumbrances.

A Pro Forma Policy is only available if: (1) the property is not residential; (2) the proposed policy is \$500,000 or more; (3) otherwise compliant with Procedural Rule P-52; and (4) only upon request of the proposed insured after a commitment has been issued. Schedules A and B and all requested endorsements should be included in the Pro Forma Policy. The policy jacket and each page of each schedule and endorsement must conspicuously state: ***“This is a Pro Forma Policy furnished to or on behalf of the party proposed to be insured for discussion only. It does not reflect the present status of title and is not a commitment to insure the estate or interest shown herein, nor does it evidence the willingness of the Company to provide any coverage shown***

herein. Any such commitment must be an express written undertaking issued on the appropriate forms of the Company.”

Pro Forma Policy jackets are available at the Alliant National Resource Center (the ARC). Instructions for obtaining Pro Forma Policy jackets are included on [Exhibit A linked here](#).

The words “Pro Forma” are to appear everywhere the policy number is indicated or provided, including in the policy number box on the policy jacket, on all pages of schedules A and B, and on all endorsements. The date of the policy should also be completed with the words “Pro Forma”. A Pro Forma policy is not signed; instead, the P-52 clause shown above should be inserted in the signature line.

If the amount of liability under any policy in your transaction is more than your maximum single policy liability limit, you must obtain over limits approval from underwriting prior to issuing the commitment and the Pro Forma Policy.

Great care must be exercised when issuing any Pro Forma Policy. Our Southwest underwriting team is available to assist you with any questions or concerns you may have when asked to issue a Pro Forma Policy.

As always, please contact us with any questions or comments.