

By: Paxton

H.B. No. 3768

A BILL TO BE ENTITLED

AN ACT

relating to title insurance coverage of property transferred into an inter vivos trust.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter B, Chapter 2703, Insurance Code, is amended by adding Section 2703.055 to read as follows:

Sec. 2703.055. TRANSFER OF PROPERTY INTO INTER VIVOS TRUST; EFFECT OF TITLE INSURANCE COVERAGE. (a) The transfer by deed of real property into an inter vivos trust does not affect title insurance coverage of the property if the trust settlor is a beneficiary of the trust.

(b) On the effective date of a transfer under Subsection (a), the insurance coverage on the title of the real property transferred applies to the trustee of the trust into which the settlor transferred the property.

(c) The insurance company has the defenses to the coverage described in Subsection (b) that the company had under the policy against the original named.

SECTION 2. This Act applies only to an insurance policy or contract that is delivered, issued for delivery, or renewed on or after January 1, 2010. An insurance policy or contract delivered, issued for delivery, or renewed before January 1, 2010, is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

1 SECTION 3. This Act takes effect September 1, 2009.