

By: Paxton

H.B. No. 3768

Substitute the following for H.B. No. 3768:

By: Alonzo

C.S.H.B. No. 3768

A BILL TO BE ENTITLED

AN ACT

1
2 relating to title insurance coverage of property transferred into
3 an inter vivos trust.

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

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

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

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

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

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

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