

1-1 By: Paxton (Senate Sponsor - Wentworth) H.B. No. 3768
1-2 (In the Senate - Received from the House May 13, 2009;
1-3 May 14, 2009, read first time and referred to Committee on
1-4 Jurisprudence; May 22, 2009, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 5, Nays 0;
1-6 May 22, 2009, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 3768 By: Wentworth

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to title insurance coverage of property transferred into
1-11 an inter vivos trust.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Subchapter B, Chapter 2703, Insurance Code, is
1-14 amended by adding Section 2703.055 to read as follows:

1-15 Sec. 2703.055. TRANSFER OF PROPERTY INTO INTER VIVOS TRUST;
1-16 EFFECT OF TITLE INSURANCE COVERAGE. (a) The transfer by deed of
1-17 real property into an inter vivos trust does not affect title
1-18 insurance coverage of the property if the trust settlor is a
1-19 beneficiary of the trust.

1-20 (b) On the effective date of a transfer under Subsection
1-21 (a), the insurance coverage on the title of the real property
1-22 transferred applies to the trustee of the trust into which the
1-23 settlor transferred the property.

1-24 (c) The insurance company has the defenses to the coverage
1-25 described in Subsection (b) that the company had under the policy
1-26 against the original named.

1-27 SECTION 2. Sec. 2703.101, Insurance Code, is amended by
1-28 adding Subsection (g) to read as follows:

1-29 (g) For an owner's title insurance policy on residential
1-30 real property that is issued to an individual, the commissioner may
1-31 adopt terms that provide for continuation of coverage subject to
1-32 rights and defenses against the original named insurer for:

1-33 (1) a person who inherits the original named insured's
1-34 title on the original named insured's death;

1-35 (2) the original named insured's spouse who receives
1-36 title in a dissolution of marriage with the original named insured;

1-37 (3) the trustee or successor of a trust established by
1-38 the original named insured for real estate planning to whom the
1-39 original named insured transfers title after the date of policy; or

1-40 (4) the beneficiaries of a trust described by
1-41 Subdivision (3) on the death of the original named insured.

1-42 SECTION 3. This Act applies only to an insurance policy or
1-43 contract that is delivered, issued for delivery, or renewed on or
1-44 after January 1, 2010. An insurance policy or contract delivered,
1-45 issued for delivery, or renewed before January 1, 2010, is governed
1-46 by the law as it existed immediately before the effective date of
1-47 this Act, and that law is continued in effect for that purpose.

1-48 SECTION 4. This Act takes effect September 1, 2009.

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