

BILL ANALYSIS

C.S.H.B. 1355
By: Orr
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Texas Department of Insurance recently authorized certain endorsements for title policies as part of an agreement with the title industry regarding real property and the minerals extracted from the land. The authorization of the endorsements had the effect of the title insurance industry routinely issuing property and casualty policies. Although intended to be an option for purchasers, the endorsements have become a de facto mandatory increase in title policy fees as a result of certain actions by lenders. C.S.H.B. 1355 seeks to address the matter by ending the practice of mandatory inclusion of mineral endorsements in title insurance policies.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 1355 amends the Insurance Code to establish that a title insurance company is not required to offer or provide in connection with a title insurance policy an endorsement insuring a loss from damage resulting from the use of the surface of the land for the extraction or development of coal, lignite, oil, gas, or another mineral if the policy includes a general exception or exclusion from coverage a loss from damage resulting from the use of the surface of the land for such mineral extraction or development. The bill defines "general exception or exclusion."

C.S.H.B. 1355 makes its provisions applicable only to a title insurance policy that is delivered or issued for delivery on or after January 1, 2012.

EFFECTIVE DATE

September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 1355 differs from the original by establishing that a title insurance company is not required to offer or provide in connection with a title insurance policy an endorsement insuring a loss from damage resulting from the use of the surface of the land for mineral extraction or development if the policy includes a general exception or exclusion from coverage a loss from damage resulting from the use of the surface of the land for such mineral extraction or development, whereas the original prohibits a title insurance policy delivered or issued for delivery in Texas from insuring against a loss that a person with an interest in real property sustains from damage to an improvement on the property from the use of the surface of the land for such mineral extraction or development.

C.S.H.B. 1355 contains a provision not included in the original defining "general exception or

exclusion."

C.S.H.B. 1355 omits a provision included in the original prohibiting the construing of its provisions to limit the statutory authority of the commissioner of insurance to prescribe or approve title insurance forms or fix and promulgate title insurance premium rates.