

BILL ANALYSIS

Senate Research Center
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S.B. 650
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In its effort to review Texas probate, guardianship, and trust law, the Real Estate, Probate, and Trust Law Section of the State Bar of Texas has proposed updates to the law regarding the continuation of title insurance coverage. Included in these updates is an expansion of coverage under Chapter 2703 (Policy Forms and Premium Rates) of the Insurance Code.

Currently, Section 2703.101 (Policy Forms for Residential Real Property) of the Insurance Code allows for continued coverage of a title insurance policy on residential real property in certain cases. The instances include inheritance of the title upon the owner's death, receiving the title upon dissolution of marriage to the insured, the establishment of a trustee named by the original insured, and the beneficiaries of the trust established by the original insured.

S.B. 650 expands the requirement to provide coverage in cases where a person receives the original insured's title by gift, as well as cases when an entity receives the transferred title as a capital contribution from the original insured.

As proposed, S.B. 650 amends current law relating to the continuation of title insurance coverage of certain transferred property.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2703.101(g), Insurance Code, as follows:

(g) Requires the commissioner of insurance, for an owner's title insurance policy on residential real property that is issued to an individual, to adopt terms that provide for continuation of coverage subject to rights and defenses against the original named insured for:

- (1)-(2) Makes no changes to these subdivisions;
- (3) Makes a nonsubstantive change;
- (4) the beneficiaries of a trust described by Subdivision (3), rather than the beneficiaries of a trust described by Subdivision (3) on the death of the original named insured;
- (5) a person who receives the original named insured's title by gift; or
- (6) an entity to which the original named insured transfers title as a capital contribution to the entity.

SECTION 2. Makes application of this Act prospective to January 1, 2014.

SECTION 3. Effective date: September 1, 2013.