

By: Rodriguez

S.B. No. 650

A BILL TO BE ENTITLED

AN ACT

relating to the continuation of title insurance coverage of certain transferred property.

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

SECTION 1. Section 2703.101(g), Insurance Code, is amended to read as follows:

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

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

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

(3) the trustee or successor of a trust established by the original named insured to whom the original named insured transfers title after the date of policy; ~~or~~

(4) the beneficiaries of a trust described by Subdivision (3);

(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 ~~[on the death of the original named insured]~~.

1 SECTION 2. This Act applies only to a title insurance policy
2 that is delivered or issued for delivery on or after January 1,
3 2014. A title insurance policy delivered or issued for delivery
4 before January 1, 2014, is governed by the law as it existed
5 immediately before the effective date of this Act, and that law is
6 continued in effect for that purpose.

7 SECTION 3. This Act takes effect September 1, 2013.