

BILL ANALYSIS

Senate Research Center
81R13402 PMO-D

H.B. 3768
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Jurisprudence
5/14/2009
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

When a person, through a warranty deed, transfers a residence homestead into a qualified living trust, the individual may lose title insurance coverage.

H.B. 3768 provides that the transfer by warranty deed of real property into an inter vivos trust does not affect title insurance coverage of the property if the trust settlor is a beneficiary of the trust during the settlor's lifetime. The bill provides that on the effective date of a transfer the insurance coverage on the title of the real property transferred applies to the trustee of the trust into which the settlor transferred the property. The bill provides that the insurance company has the defenses to the coverage that the company had under the policy against the original named.

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 Subchapter B, Chapter 2703, Insurance Code, by adding Section 2703.055, as follows:

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

(b) Provides that on the effective date of a transfer under Subsection (a), the insurance coverage on the title of the real property transferred applies to the trustee of the trust into which the settlor transferred the property.

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

SECTION 2. Makes application of this Act prospective to January 1, 2010.

SECTION 3. Effective date: September 1, 2009.