

LYNDON OLSON, JR.
Member

W. P. DAVES, JR.
Chairman

DURWOOD MANFORD
Member

MRS. PAT WAGNER
Chief Clerk



E. J. VOORHIS
Commissioner of Insurance

STATE BOARD OF INSURANCE

1110 SAN JACINTO
AUSTIN, TEXAS 78786

July 1, 1980

BULLETIN NO. 152

TO: ALL TITLE INSURANCE COMPANIES LICENSED TO DO BUSINESS IN THE
STATE OF TEXAS AND ALL AGENTS THEREOF.

RE: Date of Policy
(effective date)

You should not issue any title insurance policy either prior to recordation of the instrument creating the estate or interest to be insured, or prior to the payment of full consideration for such instrument.

The reason for this is that until a consideration has actually passed, there is no insurable interest in the proposed assured, and you in issuing the policy at that time would actually be guaranteeing a state of facts which do not exist. Normally you are insuring a present transaction and your policy of insurance depends upon these papers being filed so that you can be sure that nothing else has been filed prior to that time that would effect the title you are insuring. The practice of permitting a delay in recording the papers would permit creditors and others to intervene and gain superior title.

The "date of policy" should be shown as the date (and time if desired) of recordation of the instruments you are insuring.

If a policy of insurance is not requested initially but is sought by an owner or mortgagee sometime after the closing of the sale or mortgage, you may show the "date of policy" as follows:

1. As of the date of recording of the instrument creating the estate or interest to be insured or
2. As of the date to which you have searched and examined the title to determine the condition of the title to be insured.
Evidence of this to be retained in your file.

The premium charged will normally be in accordance with the Schedule of Basic Premium Rates as of the "date of policy".

The premium charged will be in accordance with the Schedule of Basic Premium Rates in effect at the time you issue your policy when a policy of insurance is not requested initially but is sought by an owner or mortgagee sometime after the closing of the sale or mortgage.

IRA M. GOODRICH
Asst. Director of Title Insurance

IMG:g1