

Extension of Title Insurance Coverage to a Trustee

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Upon establishment of a revocable living trust, you will be advised to transfer your assets into the trust in order to avoid a probate of your estate upon death. Often the most valuable of those assets is your home. To effectuate a transfer of your home to the trust, a deed is prepared which conveys the subject real property from you, in your individual capacity, to you, as trustee of your trust. The deed is then recorded at the local Recorder's Office.

Recently, it has come to the attention of the estate planning community that title insurance policies, typically obtained at the time of purchase of the home, may not automatically extend coverage to a trustee upon the transfer of real property to a trust. If this is the case and a title dispute arises after your home is transferred to your trust, you may not be insured for the dispute. That is the bad news.

The good news is that this problem will likely not affect many people. After much lobbying by the State Bar of California Trusts and Estates Section Executive Committee, the California Land Title Association agreed to amend the standard title insurance policy to include language extending coverage where the insured has transferred the subject real property to his or her revocable living trust. This amended policy became effective as to policies issued on or after May 18, 2014.

For those persons who purchased their title insurance policies prior to May 18, 2014, a review of the policy is required in order to determine whether coverage extends to a trustee of a revocable living trust. As stated above, many policies will extend coverage automatically. Others will not, and if this is the case, it is prudent for the trustee to obtain an endorsement from the insurance company to extend policy coverage for trust transfers. If the insurer will not issue an endorsement, another option is to purchase expanded coverage from the insurer, which may include an increased premium payment. If that is also not an option, the insured may need to purchase a new title insurance policy or forgo the transfer of the real property to the trust during the insured's lifetime.

If, upon review of your title insurance policy, you do not believe that you are covered under the policy as a result of a transfer of your real property to your trust, we will be happy to discuss the options described above with you in greater detail.

We recommend that you also review your homeowner's and umbrella policies, as applicable, to confirm that coverage is extended to you, as trustee of your trust.

To read more about Jean Kohler, click [here](#).