

HOUSE No. 885

The Commonwealth of Massachusetts

PRESENTED BY:

Michael A. Costello

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to non-payment of insurance premiums from escrowed funds.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Michael A. Costello</i>	<i>1st Essex</i>	<i>1/16/2013</i>

HOUSE No. 885

By Mr. Costello of Newburyport, a petition (accompanied by bill, House, No. 885) of Michael A. Costello relative to the liability of lending institutions for failure to disburse escrow funds to pay any tax or insurance premiums. Financial Services.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. 3127 OF 2011-2012.]

The Commonwealth of Massachusetts

In the Year Two Thousand Thirteen

An Act relative to non-payment of insurance premiums from escrowed funds.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Chapter 167E of the General Laws, as appearing in the 2010 Official
2 Edition, is hereby amended by inserting after section 8, the following section:-

3 Section 9. If the lender, as a result of neglect, fails to pay the insurance premium on a
4 property insurance policy on property secured by a mortgage when the insurance premium is due
5 and there are sufficient escrowed funds on deposit to pay said insurance premium, and if the
6 property owner suffers a loss as a result of this failure, then the lender is liable for the loss;
7 except, however, that with respect to any loss, which would otherwise have been insured, the
8 extent of the liability shall not exceed the coverage limits of any insurance policy, which has
9 lapsed. The lender shall pay the insurance premium and any increased cost for securing a new
10 insurance policy for a period of three (3) years.