

HOUSE No. 849

The Commonwealth of Massachusetts

PRESENTED BY:

Michael J. Finn

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 the fiduciary responsibilities of lenders for non-payment of insurance premiums from escrowed accounts.

PETITION OF:

NAME:

Michael J. Finn

DISTRICT/ADDRESS:

6th Hampden

DATE ADDED:

1/13/2015

HOUSE No. 849

By Mr. Finn of West Springfield, a petition (accompanied by bill, House, No. 849) of Michael J. Finn relative to the fiduciary responsibilities of lenders for non-payment of insurance premiums from escrowed accounts. Financial Services.

The Commonwealth of Massachusetts

In the One Hundred and Eighty-Ninth General Court
(2015-2016)

An Act relative to the fiduciary responsibilities of lenders for non-payment of insurance premiums from escrowed accounts.

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 167B of the General Laws, as appearing in the 2012 Official
2 Edition, is hereby amended by inserting after section 11, the following section:

3 Section 12. 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. If the lender is late in paying the insurance
11 premium, the lender shall pay the late fee charged by the insurance company.