

SENATE No. 532

The Commonwealth of Massachusetts

PRESENTED BY:

Michael O. Moore

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 by lending institutions.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>Michael O. Moore</i>	<i>Second Worcester</i>
<i>Michael J. Rodrigues</i>	<i>First Bristol and Plymouth</i>
<i>Chris Walsh</i>	<i>6th Middlesex</i>

SENATE No. 532

By Mr. Moore, a petition (accompanied by bill, Senate, No. 532) of Michael O. Moore, Michael J. Rodrigues and Chris Walsh for legislation relative to non-payment of insurance premiums from escrowed funds by lending institutions. Financial Services.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE SENATE, NO. 482 OF 2013-2014.]

The Commonwealth of Massachusetts

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

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

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

1 Chapter 167E of the General Laws is hereby amended by inserting after section 8 the
2 following section:-

3 Section 8A. 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.