



General Assembly

February Session, 2012

Raised Bill No. 5140

LCO No. 878

00878 _____ INS

Referred to Committee on Insurance and Real Estate

Introduced by:
(INS)

AN ACT CONCERNING TIMELY PAYMENT TO AN INSURED BY A MORTGAGE COMPANY.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-498 of the general statutes is amended by
2 adding subsection (i) as follows (*Effective October 1, 2012*):

3 (NEW) (i) (1) No mortgage lender, mortgage correspondent lender,
4 mortgage broker or mortgage loan originator shall withhold payment
5 or endorsement of a payment to a borrower from an insurance
6 company insuring such borrower, when (A) such payment is made by
7 the insurance company for a covered claim and the payees jointly
8 named on the payment instrument are the borrower and the mortgage
9 lender, mortgage correspondent lender, mortgage broker or mortgage
10 loan originator, as applicable, and (B) the borrower has provided any
11 required or requested information reasonably necessary to document
12 the covered claim, to the mortgage lender, mortgage correspondent
13 lender, mortgage broker or mortgage loan originator, as applicable, or
14 loan processor, underwriter or mortgage service company of such
15 lender, correspondent lender, broker or loan originator, as applicable.

16 (2) Any such mortgage lender, mortgage correspondent lender,
17 mortgage broker or mortgage loan originator shall pay or endorse a
18 payment for the full amount of the payment instrument specified in
19 subdivision (1) of this subsection, to a borrower not later than ten
20 calendar days after it receives the information provided pursuant to
21 subparagraph (B) of subdivision (1) of this subsection or, if no
22 information is required or requested, after it receives the payment
23 instrument specified in subparagraph (A) of subdivision (1) of this
24 subsection from the borrower or the insurance company.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2012	36a-498

Statement of Purpose:

To establish a time frame for a mortgage company to pay or endorse payment to a borrower for a covered claim that is made jointly to the borrower and the mortgage company.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]