
OLR Bill Analysis**sHB 5140*****AN ACT CONCERNING TIMELY PAYMENT TO AN INSURED BY A MORTGAGE COMPANY.*****SUMMARY:**

This bill, under certain circumstances, bars a mortgage company or related entity from withholding payment or endorsement of a payment to a borrower under an insurance policy claims payment. The prohibition applies to a mortgage lender, mortgage correspondent lender, mortgage broker, or mortgage loan originator. It applies when the :

1. insurance company is making the payment for a covered claim and the joint payees named on the payment form are the borrower and the mortgage lender, mortgage correspondent lender, mortgage broker, or mortgage loan originator, as applicable, and
2. borrower has provided any required or requested information reasonably needed to document the claim to the entity or its loan processor, underwriter, or mortgage service company.

The mortgage lender, mortgage correspondent lender, mortgage broker or mortgage loan originator must pay or endorse a payment for the full amount of the instrument to a borrower within 10 calendar days after it receives (1) the required or requested information or (2) the form, if no information is required or requested.

EFFECTIVE DATE: October 1, 2012

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 14 Nay 4 (03/08/2012)