

HB 1297

2004

1                                   A bill to be entitled  
 2           An act relating to insurance payments from escrow  
 3           accounts; amending s. 501.137, F.S.; requiring an insurer  
 4           to reinstate, under certain circumstances, an insurance  
 5           policy that is cancelled due to failure of the lender to  
 6           pay a premium for which sufficient escrow funds are on  
 7           deposit; requiring that the lender reimburse the property  
 8           owner for any penalties or fees paid for purposes of  
 9           reinstating the policy; requiring a lender to pay certain  
 10          policy cost differentials under certain circumstances;  
 11          providing an effective date.

12  
 13 Be It Enacted by the Legislature of the State of Florida:

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 15           Section 1.   Section 501.137, Florida Statutes, is amended  
 16   to read:

17           501.137 Mortgage lenders; tax and insurance payments from  
 18   escrow accounts; duties.--

19           (1) Every lender of money, whether a natural person or an  
 20   artificial entity, whose loans are secured by a mortgage on real  
 21   estate located within the state and who receives funds  
 22   incidental thereto or in connection therewith for the payment of  
 23   property taxes or hazard insurance premiums when the ~~such~~ funds  
 24   are held in escrow by or on behalf of the lender, shall promptly  
 25   pay the ~~such~~ taxes or insurance premiums when the ~~such~~ taxes or  
 26   premiums become due and adequate escrow funds are deposited, so  
 27   that the maximum tax discount available may be obtained with  
 28   regard to the taxable property and so that insurance coverage on  
 29   the property does not lapse.

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30       (2) If an escrow account for the ~~such~~ taxes or insurance  
 31 premiums is deficient, the lender shall notify the property  
 32 owner within 15 days after the lender receives the notification  
 33 of taxes due from the county tax collector or receives the  
 34 notification from the insurer that a premium is due.

35       (3)(a) If the lender, as a result of neglect, fails to pay  
 36 any tax or insurance premium when the tax or premium is due and  
 37 there are sufficient escrow funds on deposit to pay the tax or  
 38 premium, and if the property owner suffers a loss as a result of  
 39 this ~~such~~ failure, then the lender is ~~will be~~ liable for the  
 40 ~~such~~ loss; except, however, ~~that~~ with respect to any loss that  
 41 ~~which~~ would otherwise have been insured, the extent of the ~~such~~  
 42 liability shall not exceed the coverage limits of any insurance  
 43 policy that ~~which~~ has lapsed.

44       (b) If the premium payment is not more than 90 days  
 45 overdue, the insurer shall reinstate the insurance policy,  
 46 retroactive to the date of cancellation, and the lender shall  
 47 reimburse the property owner for any penalty or fees imposed by  
 48 the insurer and paid by the property owner for purposes of  
 49 reinstating the policy.

50       (c) If the premium payment is more than 90 days overdue or  
 51 if the insurer refuses to reinstate the insurance policy, the  
 52 lender shall pay the difference between the cost of the previous  
 53 insurance policy and a new, comparable insurance policy for a  
 54 period of 2 years.

55       (4) At the expiration of the annual accounting period, the  
 56 lender shall issue to the property owner an annual statement of  
 57 the escrow account.

58       Section 2. This act shall take effect July 1, 2004.