

# House Research Act Summary

**CHAPTER:** 295

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**TOPIC:** Excessive property insurance required by mortgage lenders

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## Overview

This act clarifies state law prohibiting mortgage lenders from requiring, and insurers from issuing, homeowner's and other property insurance in excess of replacement cost.

- 1 **Insurance in excess of value.**
  - Subd. 1. Insurance limited.** Modifies an existing law regulating sale of excessive property insurance by making it apply to coverage in excess of replacement cost, rather than in excess of fair value.
  - Subd. 2. Lenders; excess insurance.** Adds a new subdivision prohibiting lenders from violating an existing law prohibiting lenders from requiring excessive insurance. Provides that violations by lenders are subject to department of commerce enforcement procedures.
- 2 **Effective date.** Provides an immediate effective date.