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§12–1007.

(a) (1) In this section the following words have the meanings indicated.

(2) “Covered loan” means a mortgage loan made under this subtitle that meets the criteria for a loan subject to the federal Home Ownership and Equity Protection Act set forth in 15 U.S.C. § 1602(bb), as modified from time to time by Regulation Z, 12 C.F.R. Part 1026, except that the comparison percentages for the mortgage loan shall be one percentage point less than those specified in 15 U.S.C. § 1602(bb), as modified from time to time by Regulation Z, 12 C.F.R. Part 1026.

(3) “Credit health insurance” has the meaning stated in § 13–101 of the Insurance Article.

(4) “Credit involuntary unemployment benefit insurance” has the meaning stated in § 13–101 of the Insurance Article.

(5) (i) “Credit life insurance” means insurance on the life of a borrower that provides indemnity for repayment of a specific loan or credit transaction on the death of the borrower.

(ii) “Credit life insurance” does not include life insurance payable to a beneficiary designated by the borrower other than the obligee of a specific loan or credit transaction.

(6) “Mortgage loan” has the meaning stated in § 11–501 of the Financial Institutions Article.

(7) “Premium” has the meaning stated in § 1–101 of the Insurance Article.

(8) “Single premium coverage” means insurance for which the total premium is payable in one lump sum at or before the time coverage commences.

(b) In connection with a loan to a consumer borrower:

(1) The purchase of credit life insurance, credit health insurance, credit involuntary unemployment benefit insurance, and similar insurance coverages is optional with the consumer borrower; and

(2) Subject to § 12-1007.1 of this subtitle, the purchase of property insurance, title insurance, and credit loss insurance from an insurer of the borrower’s choice may be required if the loan is secured.

(3) (i) Except as provided in this subsection, a credit grantor making a covered loan may not finance as a part of the covered loan transaction single premium

coverage for:

1. Credit health insurance;
2. Credit involuntary unemployment benefit insurance; or
3. Credit life insurance.

(ii) Nothing in this subsection shall prohibit the financing of any insurance coverage in connection with a mobile home or its premises, as those terms are defined in § 8A-101 of the Real Property Article.

(c) The provisions of this section do not alter or modify rights, privileges, or restrictions heretofore existing between the credit grantor and a borrower other than a consumer borrower.

(d) Premiums for any insurance coverage permitted by this section are not interest with respect to a loan.

(e) The offer and placement of insurance under this section shall be subject to the provisions of the Insurance Article.

(f) (1) (i) In this subsection the following words have the meanings indicated.

(ii) “Improvements” means buildings or structures erected upon or affixed to real property that enhance the value of the real property.

(iii) “Property insurance coverage” means property insurance against losses caused by perils that commonly are covered in insurance policies described with terms similar to “standard fire” or “standard fire with extended coverage”.

(iv) 1. “Replacement cost” means the amount needed to repair damage to or rebuild improvements on real property to restore the improvements to their pre-loss condition.

2. “Replacement cost” does not include the value of land.

(2) (i) A credit grantor may not require a borrower, as a condition to receiving or maintaining a loan secured by a lien, to provide or purchase property insurance coverage against risks to any improvements on any real property in an amount exceeding the replacement cost of the improvements on the real property.

(ii) In determining the replacement cost of the improvements on any real property, the credit grantor may:

1. Accept the value placed on the improvements by the insurer; or

2. Use the value placed on the improvements by the credit grantor's appraisal of the improvements.

(3) A violation of this subsection shall entitle the borrower to seek:

(i) An injunction to prohibit the credit grantor who has engaged or is engaging in the violation from continuing or engaging in the violation;

(ii) Reasonable attorney's fees; and

(iii) Damages directly resulting from the violation.

(4) A violation of this subsection does not affect the validity of the lien securing the loan.

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