Article - Commercial Law

[Previous][Next]

§12–909.1.

(a) In this section, "binder" means a binder or other temporary contract of insurance as provided under § 12-106 of the Insurance Article.

(b) A credit grantor shall comply with this section if the credit grantor:

(1) Makes any loan secured by a first lien on any interest in owner-occupied residential real property; and

(2) As a condition of making the loan, requires the consumer borrower to purchase property insurance or credit loss insurance.

(c) A credit grantor who makes a loan subject to this section shall accept as evidence of insurance a written binder issued by any authorized insurer or its insurance producer if the binder includes or is accompanied by:

(1) The name and address of the insured consumer borrower;

(2) The name and address of the credit grantor;

(3) A description of the insured residential real property;

(4) A provision that the binder may not be canceled within the term of the binder unless the credit grantor and the insured consumer borrower receive written notice of the cancellation at least 10 days prior to the cancellation;

(5) Except in the case of the renewal of a policy subsequent to the closing of the loan, a paid receipt for the full amount of the applicable premium; and

(6) The amount of coverage.

(d) This section does not prohibit a credit grantor from refusing to honor a binder in cases where:

(1) The credit grantor receives notice of the cancellation of the binder by the insurer; or

(2) At the expiration of 30 days of the date the binder was given, the insurer has failed to issue the policy of insurance.

[Previous][Next]