

SENATE No. 2229

The Commonwealth of Massachusetts

—————
In the Year Two Thousand Fourteen
—————

SENATE, Thursday, June 26, 2014

The committee on Ways and Means, to whom was referred the House Bill relative to flood insurance (House, No. 3783); reports, recommending that the same ought to pass with an amendment striking out all after the enacting clause and inserting in place thereof the text of Senate document numbered 2229.

For the committee,
Stephen M. Brewer

The Commonwealth of Massachusetts

In the Year Two Thousand Fourteen

1 SECTION 1. Chapter 183 of the General Laws is hereby amended by adding the
2 following section:-

3 Section 69. No creditor or creditor’s representative, as defined in section 35B of chapter
4 244, shall require in a mortgage, note or otherwise, a purchaser or owner of residential property
5 with 1 to 4 units to purchase or pay for flood insurance on the property that: (i) is at a coverage
6 amount exceeding the outstanding principal mortgage balance or, in the case of a home equity
7 line of credit, the full credit line on that property; (ii) includes coverage for contents; or (iii)
8 includes a deductible of less than \$5,000. If a creditor or creditor’s representative requires in a
9 mortgage, note or otherwise, a purchaser or owner of a residential property to purchase or pay for
10 flood insurance on the property, the creditor or creditor’s representative and the insurance
11 producer, as defined in section 162H of chapter 175, shall provide a notice to the purchaser or
12 owner of the residential property at the time the purchaser or owner of the residential property is
13 notified of the need to purchase or pay for flood insurance that states the following in clear and
14 conspicuous print: “Please note that the flood insurance we are requiring you to purchase will
15 only protect your creditor’s or lender’s interest in your property. Massachusetts law prohibits a
16 creditor or lender from requiring you to purchase flood insurance in excess of the amount of your
17 mortgage. The insurance may not be sufficient to pay for many needed repairs after a flood and

18 may not compensate you for your losses in the property due to the flood. If you wish to protect
19 your home or investment, you may want to purchase more flood insurance than the amount we
20 are requiring you to buy.”

21 SECTION 2. The commissioner of banks shall promulgate regulations to implement
22 section 69 of chapter 183 of the General Laws.

23 SECTION 3. This act shall take effect in 120 days.