



# HOUSE OF REPRESENTATIVES

SB 1047

mortgage insurance; repeal coverage limitation

Sponsors: Senators Reagan; McComish

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**DP** Committee on Financial Institutions

**DP** Caucus and COW

**X** As Transmitted to the Governor

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## **OVERVIEW**

SB 1047 removes the coverage limitation requirement for a mortgage guaranty insurance company.

## **HISTORY**

Arizona Revised Statutes (A.R.S.) § 20-1541 defines *mortgage guaranty insurance* as insurance against financial loss for nonpayment of principal, interest or other sums secured by residential, industrial or commercial real estate, or nonpayment of rent for industrial or commercial real estate.

A.R.S. § 20-1546 stipulates that a mortgage guaranty insurance company (Company) must limit its coverage net of reinsurance ceded to a maximum of 25% of the entire debt to the insured. However, the Company may elect to pay the entire debt to the insured and acquire title to the real estate.

## **PROVISIONS**

- Repeals statute that requires a Company to limit its coverage net of reinsurance to a maximum 25% of the entire debt to the insured or electing to pay the entire debt to the insured and acquire title to the real estate.