

SB 1086 -- HOMEOWNER'S INSURANCE

SPONSOR: Cauthorn (Pearce)

COMMITTEE ACTION: Voted "do pass by consent" by the Committee on Financial Services by a vote of 20 to 0.

This bill prohibits a lender of a residential mortgage from requiring a borrower to purchase homeowners' insurance coverage in an amount exceeding the replacement value of the home and its contents.

FISCAL NOTE: No impact on state funds in FY 2005, FY 2006, and FY 2007.

PROponents: Supporters say that the bill is already law in 23 states. It is not necessary for insurance on a home to include the value of the land, only the replacement cost of the structure in case of fire or tornado, etc. However, secondary lenders routinely require this higher coverage amount, making the insurance premiums more expensive to the homeowner.

Testifying for the bill were Senator Cauthorn; Farmer's Insurance Corporation; Missouri Insurance Coalition; and Missouri Association of Realtors.

OPponents: There was no opposition voiced to the committee.

Richard Smreker, Senior Legislative Analyst