

1995 SESSION

SENATE SUBSTITUTE

LD4722633

SENATE BILL NO. 726

AMENDMENT IN THE NATURE OF A SUBSTITUTE
(Proposed by the Senate Committee on Commerce and Labor
on January 23, 1995)

(Patron Prior to Substitute—Senator Colgan)

A BILL to amend the Code of Virginia by adding in Chapter 1 of Title 6.1 a section numbered 6.1-2.9:6, relating to mortgage refinancings; cancellation of insurance policy.

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Chapter of Title an article numbered, consisting of sections numbered through as follows:

§ 6.1-2.9:6. Lender not to cancel insurance policy at time of refinancing under certain circumstances. No lender shall require a borrower or debtor, for the protection of property securing the credit or lien, to cancel an existing insurance policy on such property at the time of a refinancing solely to change the effective dates of coverage under the policy, unless the expiration date of such policy is within four months of the date of the closing. Nothing herein shall prevent a lender from requesting a new policy when the coverage under the existing policy is inadequate or there is reasonable concern over the soundness or services of the insurer.

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