

---

---

# HOUSE BILL No. 1024

---

## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 27-7-12-3; IC 32-30-10.5-8.

**Synopsis:** Notice of foreclosure to property insurers. Requires an insurer to provide a written notice of policy cancellation to the named insured at least 20 days before canceling a policy covering residential property if the insurer has received a copy of the complaint filed in the foreclosure action concerning the insured property. Requires the creditor in a residential property foreclosure action to send a copy of the complaint to the insurance company of record.

**Effective:** July 1, 2011.

---

---

### Lehman

---

---

January 5, 2011, read first time and referred to Committee on Insurance.

---

---

C  
o  
p  
y



First Regular Session 117th General Assembly (2011)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2010 Regular Session of the General Assembly.

C  
O  
P  
Y

## HOUSE BILL No. 1024



A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 27-7-12-3 IS AMENDED TO READ AS
- 2 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 3. (a) Notice of
- 3 cancellation of property insurance coverage by an insurer must:
- 4 (1) be in writing;
- 5 (2) be delivered or mailed to the named insured at the last known
- 6 address of the named insured;
- 7 (3) state the effective date of the cancellation; and
- 8 (4) upon request of the named insured, be accompanied by a
- 9 written explanation of the specific reasons for the cancellation.
- 10 (b) An insurer shall provide written notice of cancellation to the
- 11 named insured at least:
- 12 (1) ten (10) days before canceling a policy, if the cancellation is
- 13 for nonpayment of a premium;
- 14 (2) twenty (20) days before canceling a policy, if:
- 15 (A) the cancellation occurs more than sixty (60) days after the
- 16 date of issuance of the policy; **or**
- 17 (B) **the insurer has received a copy of a complaint under**



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42

**IC 32-30-10.5-8(d)(2) concerning the property;** and  
(3) ten (10) days before canceling a policy, if the cancellation occurs not more than sixty (60) days after the date of issuance of the policy.

(c) If the policy was procured by an independent insurance producer licensed in Indiana, the insurer shall deliver or mail notice of cancellation to the insurance producer not less than ten (10) days before the insurer delivers or mails the notice to the named insured, unless the obligation to notify the insurance producer is waived in writing by the insurance producer.

SECTION 2. IC 32-30-10.5-8, AS AMENDED BY P.L.68-2010, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 8. (a) This section applies to a foreclosure action that is filed after June 30, 2009. Except as provided in subsection (e) and section 10(g) of this chapter, not later than thirty (30) days before a creditor files an action for foreclosure, the creditor shall send to the debtor by certified mail a presuit notice on a form prescribed by the Indiana housing and community development authority created by IC 5-20-1-3. The notice required by this subsection must do the following:

- (1) Inform the debtor that:
  - (A) the debtor is in default;
  - (B) the debtor is encouraged to obtain assistance from a mortgage foreclosure counselor; and
  - (C) if the creditor proceeds to file a foreclosure action and obtains a foreclosure judgment, the debtor has a right to do the following before a sheriff's sale is conducted:
    - (i) Appeal a finding of abandonment by a court under IC 32-29-7-3(a)(2).
    - (ii) Redeem the real estate from the judgment under IC 32-29-7-7.
    - (iii) Retain possession of the property under IC 32-29-7-11(b), subject to the conditions set forth in IC 32-29-7-11(b).
- (2) Provide the contact information for the Indiana Foreclosure Prevention Network.
- (3) Include the following statement printed in at least 14 point boldface type:
 

**"NOTICE REQUIRED BY STATE LAW**  
Mortgage foreclosure is a complex process. People may approach you about "saving" your home. You should be careful about any such promises. There are government

**C  
O  
P  
Y**



1 agencies and nonprofit organizations you may contact for  
2 helpful information about the foreclosure process. For the  
3 name and telephone number of an organization near you,  
4 please call the Indiana Foreclosure Prevention Network."

5 (b) The notice required by subsection (a) shall be sent to:

- 6 (1) the address of the mortgaged property; or
- 7 (2) the last known mailing address of the debtor if the creditor's
- 8 records indicate that the mailing address of the debtor is other
- 9 than the address of the mortgaged property.

10 If the creditor provides evidence that the notice required by subsection  
11 (a) was sent by certified mail, return receipt requested, and as  
12 prescribed by this subsection, it is not necessary that the debtor accept  
13 receipt of the notice for an action to proceed as allowed under this  
14 chapter.

15 (c) Except as provided in subsection (e) and section 10(g) of this  
16 chapter, if a creditor files an action to foreclose a mortgage, the creditor  
17 shall include with the complaint served on the debtor a notice that  
18 informs the debtor of the debtor's right to participate in a settlement  
19 conference. The notice must be in a form prescribed by the Indiana  
20 housing and community development authority created by IC 5-20-1-3.  
21 The notice must inform the debtor that the debtor may schedule a  
22 settlement conference by notifying the court, not later than thirty (30)  
23 days after the notice is served, of the debtor's intent to participate in a  
24 settlement conference.

25 (d) In a foreclosure action filed under IC 32-30-10-3 after June 30,  
26 2009, the creditor shall:

- 27 (1) attach to the complaint filed with the court a copy of the
- 28 notices sent to the debtor under subsections (a) and (c); **and**
- 29 (2) **send a copy of the complaint filed with the court to the**
- 30 **insurance company of record for the property that is the**
- 31 **subject of the foreclosure action.**

32 (e) A creditor is not required to send the notices described in this  
33 section if:

- 34 (1) the mortgage is secured by a dwelling that is not the debtor's
- 35 primary residence;
- 36 (2) the mortgage has been the subject of a prior foreclosure
- 37 prevention agreement under this chapter and the debtor has
- 38 defaulted with respect to the terms of that foreclosure prevention
- 39 agreement; or
- 40 (3) bankruptcy law prohibits the creditor from participating in a
- 41 settlement conference under this chapter with respect to the
- 42 mortgage.

C  
o  
p  
y

