

HOUSE BILL No. 2159

By Committee on Insurance

1-29

9 AN ACT concerning mortgages; relating to certain insurance settlement
10 payments.

11

12 *Be it enacted by the Legislature of the State of Kansas:*

13 Section 1. (a) Notwithstanding any other provision of law, when an
14 insurance settlement payment for damage to real property that is subject
15 to a mortgage is made jointly to the mortgage holder and the mortgagor,
16 the mortgage holder shall not retain more of the insurance settlement
17 payment than is necessary to satisfy the unpaid portion of the secured
18 indebtedness. Within 15 days of receipt of the insurance settlement pay-
19 ment, the mortgage holder shall return such excess to the mortgagor or
20 deposit the excess into an interest-bearing account in the name of the
21 mortgagor and notify the mortgagor of the deposit by certified mail, re-
22 turn receipt requested. Along with either the returned excess or notice
23 of deposit, the mortgage holder shall provide an accounting explaining
24 how the amount of the excess was calculated.

25 (b) Upon receipt of timely notice from the mortgage holder, the
26 mortgagor may make demand for payment to the mortgage holder by
27 certified mail, return receipt requested. The mortgage holder shall pay
28 the excess funds deposited plus accrued interest to the mortgagor within
29 five days of receipt of demand from the mortgagor. The interest on the
30 funds deposited shall accrue to the benefit of the mortgagor.

31 (c) If the mortgage holder fails to provide timely notice, then the
32 mortgagor may make demand for payment to the mortgage holder by
33 certified mail, return receipt requested. Within five days of such notice,
34 the mortgage holder shall pay to the mortgagor the excess funds, plus any
35 penalty owed under subsection (d). Failure to make timely payment of
36 the excess plus penalties owed after such demand shall subject the mort-
37 gage holder to further penalties as provided in subsection (d).

38 (d) The mortgage holder shall pay the mortgagor \$150 per day for
39 failure to comply with this section. The penalty shall apply to the 15 and
40 five-day notice periods described in subsection (b) and (c).

41 (e) If the damaged real property that is subject to a mortgage can be
42 repaired or replaced and the mortgagor desires to make such repairs or
43 replacement, then the mortgage holder shall cooperate fully to reasonably

1 release the necessary funds in a timely manner to repair or replace the
2 damaged property.
3 Sec. 2. This act shall take effect and be in force from and after its
4 publication in the statute book.