



Maryland
INSURANCE ADMINISTRATION

CONSUMER ADVISORY

IF YOUR POLICY LAPSES, LENDER MAY CHOOSE INSURANCE FOR YOU AT YOUR EXPENSE

Did you know that if you borrow money to buy your car or home and let your insurance policy lapse (cease to exist/end), your loan agreement may give the lender the right to obtain insurance for you and require you to pay the premium? This type of insurance coverage is called "lender-placed" or "force-placed" insurance. Often times, the premium for forced-placed insurance is substantially higher than it would be if the property owner obtained coverage directly from the insurer. And even though the lender will bill you for the premiums due under the policy, the coverage only protects the lender's financial interest in the property.

Force-placed or lender-placed policies are typically also very limited in the scope and amount of coverage. For example, some policies only cover the amount of the outstanding balance on the loan. For force-placed policies covering a home, damage to the dwelling may be covered only if caused by specific causes of loss, and generally, there is no coverage for your personal property.

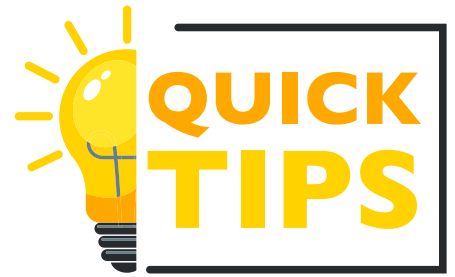
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Here are a few tips on what you can do to protect yourself as a consumer:

- If you borrow money to purchase your car or home, give your lender the name of your insurance company and your insurance company the name and address of your lender so the lender can be listed as an additional insured. Remember, you have the right to select your insurance company.
- When you receive your notice of cancellation or nonrenewal, obtain a replacement policy as soon as possible. Be sure to tell the insurer the name of any property lienholder, and notify your lender that you have a new insurance policy. Even if the lender has already obtained a lender-placed or force-placed policy, you have the right to purchase a policy with a company of your choice (likely at a lesser cost with coverages that are more beneficial to you) and then have the force-placed policy cancelled.
- Read the terms of the loan agreement carefully to make sure you understand your rights and responsibilities.
- Read all letters from your insurance company and lender so that you are aware of any changes in the circumstances that may impact your policy and loan.

For more information on how to compare the price of insurance for your car or home, refer to our rate comparison guides available on our website or scan the QR code here:

qrco.de/miaauto

