



**Office of the Lieutenant Governor
Division of Banking, Insurance and
Financial Regulation**

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BULLETIN 2018-05

TO: All Banks and Mortgage Lenders Doing Business in the U.S. Virgin Islands

RE: Public Education on Force-Placed Insurance Coverage

In the aftermath of both Hurricanes Irma and Maria, the Office of the Lieutenant Governor, Division of Banking, Insurance and Financial Regulation ("Division") continues to receive numerous complaints from consumers who state that they did not understand the concept of force-placed insurance. In response, the Division, under the direction of the Virgin Islands Banking Board ("Banking Board") and Lieutenant Governor Osbert E. Potter, in his capacity as Chairman of the Banking Board, has created a brochure for the purpose of educating the members of the Virgin Islands community on force-placed insurance.

Consumer complaints also form the basis for the issuance of this Bulletin. Every bank and mortgage lender doing business in this Territory is reminded that pursuant to the Dodd Frank Act and Title 12 of the Code of Federal Regulations, Section 1024.37, all banks and mortgage lenders are required to provide two notices to their mortgagors who fail to provide evidence of obtaining homeowners insurance for their mortgaged property. These notices must allow the mortgagor time within which to obtain the required insurance coverage. If the mortgagor provides the requested proof of insurance coverage, the bank/mortgage lender is prohibited from adding the mortgaged property to its force-placed portfolio and must remove the mortgaged property from its force-placed portfolio if it was already made a part of that portfolio. However, if the mortgagor does not provide the requested evidence of insurance coverage, the bank/mortgage lender must secure force-placed insurance coverage for the property.

As a bank/mortgage lender doing business in this Territory, you are required to distribute a copy of the Division's brochure which accompanies this Bulletin to each of your mortgagors. You are also required to attach a copy of the brochure to each notice sent to mortgagors, as required under the Dodd-Frank Act, to remind mortgagors who fail to provide proof of hazard insurance coverage for their mortgaged property of their obligation to obtain and maintain such coverage. The brochure is a public education pamphlet which:

1. provides a definition for the term “force-placed insurance;”
2. notifies the mortgagor of the requirement to obtain homeowners insurance for their mortgaged property;
3. educates mortgagors on how to avoid being force-placed;
4. sets forth the responsibilities of a bank/mortgage lender to its mortgagors with regards to force-placed insurance coverage; and
5. sets forth the limitations of force-placed insurance in the form of disadvantages to a mortgagor.

A copy of the brochure, entitled “What U.S. Virgin Islands Consumers Need To Know About Force-Placed Insurance,” is available online at ltg.gov.vi.

Questions regarding this Bulletin may be directed to the Division of Banking, Insurance and Financial Regulation by calling Director Gwendolyn Hall Brady at (340) 773-6459 (St. Croix) or Chief Financial Services Examiner Cheryl Charleswell at (340) 774-7166 (St. Thomas).

Dated this 6th day of September 2018 at St. Thomas, U.S. Virgin Islands.



A handwritten signature in blue ink, appearing to read "Osbert E. Potter", written over a horizontal line.

Osbert E. Potter
Lieutenant Governor/Chairman of the
Virgin Islands Banking Board