Flaws and Risks in Mortgage Insurance Requirements and Provisions

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The Paper

RTFP

Also addresses liability issues in detail

Appendix I: Mortgagee's Insurance Requirements of Mortgagor

Appendix II: Sample Loan Agreement Insurance Provisions With Comments

Appendix III: Triple Net Leases

Appendix IV: Business Income and Extra Expense ISO Endorsements

ISO vs. Manuscript

© Insurance Services Office, Inc., 20__

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- Widely recognized industry standard coverage forms
- Substantial case law

Manuscript

- "Includes Copyrighted Material of ISO With Its Permission"; or
- Makes no reference to ISO
  - Non-standard
  - Little to no case law
  - Here's your sign

ISO Property Insurance Forms

- Basic Causes of Loss CP 10 10
  - "named causes of loss" form
- Broad Causes of Loss CP 10 20
  - "named causes of loss" form
- Special Causes of Loss CP 10 30
  - Covered unless specifically excluded
  - + theft, flood, earthquake, volcanic action, terrorism, equipment breakdown

Covered Amount

- Actual Cash Value (ACV)
- Replacement Cost (reconstruction)
  - @ original location
  - ACV paid until restoration is performed

Coinsurance

- Warranty to the insurance company
- Minimum of 80% for specific structure
- Minimum of 90% for blanket coverage
- Coinsurance Penalty applies for noncompliance

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