

From: Michael Perry <valitor@comcast.net>  
Sent: Wednesday, March 27, 2013 11:56 AM  
To: #LPI Input  
Subject: Lender Placed Insurance

RE: No.2013-N-05 Lender Placed Insurance, Terms and Conditions

As a private citizen and former licensed Property and Casualty insurance agent in California not currently associated with the insurance industry in any way, I urge the FHFA to enact the proposed restrictions on Lender Placed Insurance (LPI).

The current structure of the LPI industry involving kickbacks for referring LPI, and the outrageously high premiums for LPI, is contrary to the best interests of the Enterprises and to consumers. Too frequently, homeowners are hit with huge insurance bills charged against their impound accounts as a result of the homeowner switching insurers, even when the coverage is continuous and the lien holder is provided with timely verification of continuous coverage. In other words, the error rate for LPI is so high that it suggests that referrers are intentionally placing insurance in order to collect the kickbacks.

Even in cases where coverage lapses, the huge premiums charged are not commensurate with the risks assumed by the LPI insurers.

The proposed restrictions will go a long way to achieving greater fairness and efficiency in the LPI system. However, this is true only if the proposed restrictions are not watered down to the benefit of LPI parasites. Therefore, I urge the FHFA to resist pressure from the LPI lobbies and implement the restrictions with the top priority of protecting consumers.

Comment submitted by:

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