

CHAPTER 515C

MORTGAGE GUARANTY INSURANCE

Referred to in [§87.4](#), [296.7](#), [331.301](#), [364.4](#), [505.28](#), [505.29](#), [507.1](#), [669.14](#), [670.7](#)

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515C.1 Definition.

“*Mortgage guaranty insurance*” means insurance against financial loss by reason of nonpayment of principal, interest and other sums agreed to be paid under the terms of any note or bond or other evidence of indebtedness secured by a mortgage, deed of trust, or other instrument constituting a lien or charge on real estate or on an owner-occupied manufactured or mobile home.

[C66, 71, 73, 75, 77, 79, 81, §515C.1]

[95 Acts, ch 67, §37](#); [2001 Acts, ch 153, §15](#); [2001 Acts, ch 176, §80](#)

515C.2 Eligibility for insurance.

Eligibility for mortgage guaranty insurers shall be as follows:

1. An insurer, in order to qualify for writing mortgage guaranty insurance, must have the same surplus to policyholders as that required of a multiple line company by section [515.8](#).
2. An insurer transacting any class of insurance other than mortgage guaranty insurance is not eligible for the issuance of a certificate of authority to transact mortgage guaranty insurance in this state, nor the renewal thereof.
3. A foreign or alien insurer writing mortgage guaranty insurance shall not be eligible for the issuance of a certificate of authority in Iowa unless it has demonstrated a satisfactory operating experience in its state of domicile.

[C66, 71, 73, 75, 77, 79, 81, §515C.2]

[2012 Acts, ch 1021, §100](#)

515C.3 Bases for computations.

The unearned premium reserve shall be computed pursuant to rules adopted by the commissioner of insurance.

[C66, 71, 73, 75, 77, 79, 81, §515C.3]

[2000 Acts, ch 1023, §31, 60](#)

515C.4 Contingency reserve.

For the protection of the people of this state and for the purpose of protecting against the effect of adverse economic cycles, the company shall establish a contingency reserve. The company shall annually contribute fifty percent of the earned premiums to this reserve. The earned premiums so reserved may be released annually after the period of time required by the commissioner, provided that said time shall not be less than one hundred twenty months. However, subject to the approval of the commissioner, this reserve may be available only for loss payments, when the loss ratio (incurred losses to premiums earned) exceeds twenty percent. This amount so used shall reduce the next subsequent annual release to surplus from the established contingency reserve.

[C66, 71, 73, 75, 77, 79, 81, §515C.4]

515C.5 Limit of outstanding liability.

1. Unless a request to suspend the requirements of [this section](#) is granted by the commissioner as set forth in [subsection 2](#), a mortgage guaranty insurer shall not at any time have outstanding a total liability, net of reinsurance, in excess of twenty-five times its capital, unassigned funds, and contingency reserve. A mortgage guaranty insurer shall not

insure loans secured by properties in a single housing tract or in a contiguous tract which is not separated by more than one-half mile in excess of ten percent of its capital, unassigned funds, and contingency reserve. Coverage may be provided only if the properties in such tract are residential buildings, buildings designed for occupancy by not more than four families, or owner-occupied mobile homes.

2. Upon request of a mortgage guaranty insurer, the commissioner may suspend the requirements contained in [subsection 1](#) for such time and under such conditions as the commissioner may order. The commissioner may adopt rules as necessary relating to the consideration of such requests for suspension of those requirements.

[C66, 71, 73, 75, 77, 79, 81, §515C.5]

[2010 Acts, ch 1121, §22](#)

Referred to in [§515C.11](#)

515C.6 Determination of loss reserves.

The case basis method shall be used to determine the loss reserves, which shall include a reserve for claims reported and unpaid and a reserve for claims incurred but not reported.

[C66, 71, 73, 75, 77, 79, 81, §515C.6]

515C.7 Rate-making provisions.

Mortgage guaranty insurance shall be subject to the provisions of [chapter 515F](#), for the purposes of rate making.

[C66, 71, 73, 75, 77, 79, 81, §515C.7]

[93 Acts, ch 88, §24](#)

515C.8 Policy forms approved.

All policy forms and endorsements shall be filed with and be subject to the approval of the commissioner of insurance. With respect to owner-occupied single family dwellings and owner-occupied mobile homes, the mortgage insurance policy shall provide that the borrower shall not be liable to the insurance company for any deficiency arising from a foreclosure sale.

[C66, 71, 73, 75, 77, 79, 81, §515C.8]

515C.9 Restrictions on advertising.

No bank, savings association, insurance company, or other lending institution, any of whose authorized real estate securities are insured by mortgage guaranty insurance companies, may state in any brochure, pamphlet, report, or any form of advertising that the real estate loans of the bank, savings association, insurance company, or other lending institution are “insured loans” unless the brochure, pamphlet, report, or advertising also clearly states that the loans are insured by private insurers and the names of the private insurers are given and shall not make any such statement at all unless such insurance is by an insurer authorized to write this coverage in this state.

[C66, 71, 73, 75, 77, 79, 81, §515C.9]

[2012 Acts, ch 1017, §99](#)

515C.10 Law applicable.

All companies writing insurance as authorized by [this chapter](#) shall, in addition to the provisions herein, comply with and be subject to all of the provisions of [chapter 515](#) not inconsistent herewith.

[C66, 71, 73, 75, 77, 79, 81, §515C.10]

515C.11 Mortgages secured by first lien on real estate.

A mortgage guaranty insurer in addition to coverage provided under [section 515C.5](#) may insure mortgages secured by first lien upon improved real estate which is used for commercial purposes, except for those types of commercial properties specifically excluded by the commissioner of insurance.

[C71, 73, 75, 77, 79, 81, §515C.11]