

Bank of America Settles Forced-Place Insurance Claims for \$228M

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Bank of America Corp. agreed to pay \$228 million to settle claims the bank overcharged for insurance homeowners were forced to accept when their regular policies lapsed. The amount was disclosed in a document requesting approval for the accord filed yesterday in Miami federal court. Lawyers for homeowners told a federal judge in February that the Charlotte, North Carolina-based bank had agreed to a deal without providing further information. Wells Fargo & Co., HSBC Holdings Plc, JPMorgan Chase & Co. and Citigroup Inc. have also agreed to similar accords in cases alleging that banks got a financial windfall by cutting deals with insurance companies and over-charging borrowers for property coverage. The deal is an “extraordinary settlement” that provides “prospective relief that would effectively end the lender- placed insurance practices at issue in this case,” lawyers for plaintiffs said in the Bank of America case. Attorneys will seek as much as \$16 million in fees, according to the filing. As part of their settlements, JPMorgan will pay \$300 million and Citigroup will pay \$110 million. HSBC agreed to pay \$32 million, according to a separate proposed settlement. The amount of Wells Fargo’s settlement hasn’t yet been specified. Lawrence Grayson, a spokesman for Bank of America, declined to comment on the settlement’s amount. The case is Hall v. Bank of America N.A., 1:12-cv-22700, U.S. District Court, Southern District of Florida (Miami).

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