



Attorneys at Law

American Banker reported on a win for homeowners in a Florida class action against Wells Fargo & Co. and QBE Insurance, Inc. over their practices with **force-placed insurance**. In the force-placed insurance case, a Florida district court judge granted the plaintiffs' motion for class certification for a class of Florida homeowners seeking damages arising from charges assessed against them by Wells Fargo and related entities for force-placed homeowner's coverage.

Documents submitted in connection with class certification briefing showed that QBE paid out 40 percent of total force-placed premiums as commissions to Wells Fargo and subsidiaries. Less than 10 cents out of every premium dollar went to paying claims, a loss ratio that would be deemed unacceptable in most states. The National Association of Insurance Commissioners states that premiums should be set at a rate which will yield a payout of 60% on claims. Evidence in the case suggests that Wells Fargo was willing to have its customers charged such high premiums for force-placed insurance coverage because Wells Fargo and its subsidiaries received substantial unearned kickbacks and commissions directly tied to the hefty premium charges.