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**Lawsuit** accuses **Regions Bank** of **insurance** kickback scheme

Dena Aubin

(Reuters) - Alabama-based **Regions Bank** and a major U.S. insurer have been hit with a proposed class action accusing them of entering a kickback arrangement and earning unlawful profits from property **insurance** homeowners were required to buy.

Filed on Friday in Miami federal court, the **lawsuit** said thousands of **Regions Bank** customers paid inflated amounts for property **insurance** to cover the costs of kickbacks, which were allegedly paid to the **bank** by American Security **Insurance** Co (ASIC), part of New York-based Assurant Inc.

The **lawsuit** is the latest of a string of class actions accusing **banks** and insurers of reaping illegal profits by forcing overpriced **insurance** on homeowners whose own coverage has lapsed.

By the terms of the mortgage agreements at issue, **banks** are allowed to charge borrowers for the costs of so-called force-placed **insurance**, but the kickbacks were not legitimate **insurance** costs, the **lawsuit** said.

"The main focus of the **lawsuit** is to refund back to the consumers those overcharges," said Adam Moskowitz, a lawyer for the plaintiffs.

A spokesman for **Regions Bank**, which serves customers in 16 states across the South and Midwest, declined to comment.

A spokesman for Assurant and American Security said they deny any wrongdoing in the matter.

The **lawsuit** was filed on behalf of Georgia resident Edward Ziwczyn and other **Regions Bank** customers who were charged for force-placed **insurance**.

The case marks the 17th nationwide class action filed over force-placed **insurance** by Moskowitz and a legal team that also includes lawyers at Podhurst Orseck and Harke Clasby & Bushman.

The complaint accuses **Regions** of breach of contract, breach of a duty of good faith, unjust enrichment and violations of the U.S. Truth in Lending Act. It accuses ASIC of unjust enrichment and interference with a business relationship.

The **lawsuit** said ASIC received an exclusive right to provide force-placed **insurance** for **Regions** in exchange for **kicking** back a percent of the premiums.

ASIC disguised the kickbacks as commissions paid to a **Regions** affiliate for placing the **insurance** or as payments for reinsurance coverage, the **lawsuit** said. In reality, **Regions** did no work to earn the commissions and assumed no real risk for its reinsurance coverage, the **lawsuit** said.

The **insurance** charges, including costs of the kickbacks, were either deducted from borrowers' escrow accounts or added to their loan balances, which increased their interest costs, the **lawsuit** said.

The **lawsuit** seeks damages, refunds and an order barring the allegedly unlawful practices.

The case is Ziwczyn v. **Regions Bank** et al, U.S. District Court, Southern District of Florida, No. 15-cv-24558.

For the plaintiffs: Adam Moskowitz at Kozyak Tropin & Throckmorton; Aaron Podhurst at Podhurst Orseck and Lance Harke at Harke Clasby & Bushman

For the defendant: Not immediately available.

---- **Index References** ----

Company: ASSURANT INC; GREAT AMERICAN SECURITY **INSURANCE** CO; **REGIONS BANK**

News Subject: (Business **Lawsuits** & Settlements (1BU19); Business Litigation (1BU04); Business Management (1BU42); Class Actions (1CL03); Consumer Protection (1CO43); Corporate Events (1CR05); Legal (1LE33); Liability (1LI55))

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Other Indexing: (Lance Harke; Joshua Lott; Edward Ziwczyn; Orseck; Adam Moskowitz; Aaron Podhurst)

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