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Troutman Pepper Locke Secures Decision in Favor of National Mortgage Insurance Corporation in Landmark HPA Case

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NEW YORK – Troutman Pepper Locke achieved a significant ruling in the Fourth Circuit Court of Appeals for National Mortgage Insurance Corporation (NMIC) in *Kovachevich v. National Mortgage Insurance Corporation*, a pivotal case concerning the Homeowners Protection Act (HPA). The Fourth Circuit affirmed the dismissal of a putative HPA class action claim, marking the first time a circuit court has addressed the refund provisions of the HPA. The decision reinforces that the HPA authorizes a refund of unearned premiums only when specific statutory benchmarks are met, providing guidance to the mortgage insurance industry on when refunds are required.

The plaintiff in the case brought a putative class action claim against NMIC in the Eastern District of Virginia, asserting entitlement to a refund for private mortgage insurance (PMI) premium pursuant to the HPA. The HPA, while passed nearly 30 years ago, has not been litigated often, and the plaintiff was aiming to expand the statute to create new avenues for claims against the mortgage insurance industry. The Troutman Pepper Locke team filed a motion to dismiss, as the HPA does not require any refund of PMI premium if statutory requirements for such a refund have not been met.

The district court granted NMIC's motion, finding that the plaintiff did not meet the criteria to require cancellation of PMI, and was therefore not entitled to a refund. On appeal, the plaintiff focused their argument on an assertion that the HPA creates an entitlement to a refund whenever a borrower has an agreement with the mortgage loan servicer to end the PMI, whether or not the statutory requirements of the HPA for cancellation have been met. The Fourth Circuit rejected the plaintiff's attempts to find HPA liability for mortgage insurers in instances when the specific cancellation benchmarks under the HPA have not been satisfied and held that such a rejection of the plaintiff's claim was not contrary to the HPA's purpose.

The Troutman Pepper Locke litigators that successfully defended NMIC against the putative class action HPA claim included [Greg Casamento](#), [Joe Froehlich](#), and [Vienna Messina](#).

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