
SENATE BILL 6525

State of Washington 57th Legislature

2002 Regular Session

By Senators Prentice, Deccio, Keiser, Winsley, Franklin and Gardner; by request of Governor Locke, Insurance Commissioner and Attorney General

Read first time 01/21/2002. Referred to Committee on Labor, Commerce & Financial Institutions.

1 AN ACT Relating to regulating single premium credit insurance;
2 adding a new section to chapter 48.30 RCW; and creating a new section.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** The legislature finds that single premium
5 credit insurance, when added to a loan balance and financed, reduces
6 equity in real property and may cost purchasers of credit insurance
7 thousands of dollars in interest payments. This insurance may also be
8 sold using deceptive marketing practices.

9 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.30 RCW
10 to read as follows:

11 (1) An insurer offering or providing credit insurance in this state
12 shall not offer, deliver, issue for delivery, cause to be delivered, or
13 sell any form of single premium credit insurance in connection with a
14 residential mortgage loan in this state. This section does not
15 preclude an insurer from offering alternatives to single premium credit
16 insurance. These alternatives must allow for payment of premium on a
17 monthly basis.

18 (2) For the purpose of this section:

1 (a) "Single premium credit insurance" means any credit insurance
2 where the full premium is charged to the consumer as a whole sum at or
3 near the inception of coverage whether that charge is made by the
4 creditor or by the insurer.

5 (b) "Residential mortgage loan" means any loan primarily for
6 personal, family, or household use secured by a mortgage or deed of
7 trust on residential real estate upon which is constructed or intended
8 to be constructed a single-family dwelling or multiple-family dwelling
9 of four or less units.

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