HOUSE BILL 2661

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State of Washington   52nd Legislature   1992 Regular Session

By Representative Beck

Read first time 01/23/92.   Referred to Committee on Financial Institutions & Insurance.

1   AN ACT Relating to insurance premium financing; and amending RCW

2 48.56.090 and 48.56.100.

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

4   **Sec. 1.** RCW 48.56.090 and 1969 ex.s. c 190 s 9 are each amended to

5 read as follows:

6   (1) A premium finance company shall not charge, contract for,

7 receive, or collect a service charge other than as permitted by this

8 chapter.

9   (2) The service charge is to be computed on the balance of the

10 premiums due (after subtracting the down payment made by the insured in

11 accordance with the premium finance agreement) from the effective date

12 of the insurance coverage, for which the premiums are being advanced,

13 to and including the date when the final installment of the premium

14 finance agreement is payable.

1   (3) The service charge shall be a maximum of ((~~ten dollars per one~~

2   ~~hundred dollars~~)) <u>a twenty percent annual percentage rate</u> per year plus

3   an ((~~acquisition~~)) <u>administrative</u> charge of ((~~ten~~)) <u>thirty</u> dollars per

4   premium finance agreement which need not be refunded upon cancellation

5   or prepayment.

6   **Sec. 2.** RCW 48.56.100 and 1969 ex.s. c 190 s 10 are each amended

7   to read as follows:

8   A premium finance agreement may provide for the payment by the

9   insured of a <u>minimum</u> delinquency charge of ((~~one~~)) <u>ten</u> dollar<u>s</u> to a

10 maximum of five percent of the delinquent installment but not to exceed

11 ((~~five~~)) <u>one hundred</u> dollars on any installment which is in default for

12 a period of five days or more.

13   If the default results in the cancellation of any insurance

14 contract listed in the agreement, the agreement may provide for the

15 payment by the insured of a cancellation charge ((~~equal to the~~

16 ~~difference between any delinquency charge imposed with respect to the~~

17 ~~installment in default and five~~)) <u>of thirty</u> dollars.