

2545-S

Sponsor(s): House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Cooper, McIntire, Simpson, Santos, Chase and Anderson; by request of Governor Locke, Insurance Commissioner and Attorney General)

Brief Description: Regulating single premium credit insurance.

HB 2545-S - DIGEST

(DIGEST OF PROPOSED 1ST SUBSTITUTE)

Finds that single premium credit insurance, when added to a loan balance and financed, reduces equity in real property and may cost purchasers of credit insurance thousands of dollars in interest payments. This insurance may also be sold using deceptive marketing practices.

Provides that an insurer offering or providing credit insurance in this state shall not offer, deliver, issue for delivery, cause to be delivered, or sell any form of single premium credit insurance in connection with a residential mortgage loan in this state.

Does not apply to residential mortgage loans that meet all of the following criteria: (1) The loan amount does not exceed ten thousand dollars;

(2) The repayment term of the loan does not exceed five years; and

(3) The repayment term of the credit insurance premium does not exceed the repayment term of the loan.