

6525

Sponsor(s): Senators Prentice, Deccio, Keiser, Winsley, Franklin and Gardner; by request of Governor Locke, Insurance Commissioner and Attorney General

Brief Description: Regulating single premium credit insurance.

SB 6525.E - DIGEST

(AS OF SENATE 2ND READING 2/16/02)

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.

Declares that the prohibition under this act does not apply to residential mortgage loans if: (1) The loan amount does not exceed ten thousand dollars, exclusive of fees; and

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

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

Takes effect July 1, 2003.