

SENATE BILL REPORT

SB 5422

As Passed Senate, March 19, 2003

Title: An act relating to the sale of single premium credit insurance.

Brief Description: Selling single premium credit insurance.

Sponsors: Senators Benton, Prentice and Keiser; by request of Insurance Commissioner.

Brief History:

Committee Activity: Financial Services, Insurance & Housing: 2/6/03 [DP].

Passed Senate: 3/19/03, 49-0.

SENATE COMMITTEE ON FINANCIAL SERVICES, INSURANCE & HOUSING

Majority Report: Do pass.

Signed by Senators Benton, Chair; Winsley, Vice Chair; Keiser, Prentice, Reardon, Roach and Zarelli.

Staff: Joanne Conrad (786-7472)

Background: "Credit insurance" guarantees the repayment of an obligation, usually a mortgage loan. Many consumers are offered "single premium credit insurance" when obtaining residential mortgage loans. Sometimes, the terms of the credit insurance are not favorable to consumers, and obligate them to pay for longer than the coverage provided by the insurance, or the term of the loan itself, or consumers may also be prevented from cancelling the policy.

Summary of Bill: For residential mortgage loans, on real property of four or fewer units, an insurance agent, broker or solicitor may not issue or sell any single premium credit insurance product, unless certain conditions are met.

The conditions are that the term of the insurance policy must equal the term of the loan; a full refund must be available, if the policy is canceled within 60 days of the loan; and the debtor must be given the option to buy credit insurance with monthly premium payments, instead of a single premium.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This bill will correct industry practices and save consumers money.

Testimony Against: None.

Testified: PRO: Mel Sorensen, The Assurant Group; Lisa Smego, OIC.