

FINAL BILL REPORT

SB 5078

C 72 L 95

Synopsis as Enacted

Brief Description: Concerning premium finance agreements.

Sponsors: Senators Fraser, Prentice, Newhouse and Sellar.

Senate Committee on Financial Institutions & Housing
House Committee on Financial Institutions & Insurance

Background: Insurance premium finance companies assist consumers and businesses in financing the payment of insurance premiums. Under a typical premium finance agreement, the insured promises to pay to the premium finance company the amount advanced by the company to an insurer, agent, or broker. The insured then makes payments to the premium finance company for the loan.

The Insurance Premium Finance Act allows licensed premium finance companies to charge a fee for late payment of an installment. Under current law, all premium finance agreements allow for a late charge of \$1 to 5 percent of the late payment, not to exceed \$5.

Summary: The late charge is limited to \$5 only if the loan in default is for personal, family, or household purposes. For businesses, the premium finance agreement may provide for a late charge of \$1 to 5 percent of the late payment.

Votes on Final Passage:

Senate	49 0
House	96 0

Effective: July 23, 1995