

SENATE BILL REPORT

SHB 1226

AS REPORTED BY COMMITTEE ON LABOR & COMMERCE, MARCH 26, 1993

Brief Description: Concerning amounts of credit life insurance and credit disability insurance that consumer loan companies may make in connection with open-end loans.

SPONSORS: House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Zellinsky, Dellwo, Anderson and Mielke)

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: Do pass as amended.

Signed by Senators Moore, Chairman; Prentice, Vice Chairman; Amondson, McAuliffe, Newhouse, Prince, Sutherland, and Vognild.

Staff: Benson Porter (786-7470)

Hearing Dates: March 26, 1993

BACKGROUND:

Consumer loan companies are authorized by statute to sell credit life and disability insurance in connection with the provision of open-end credit agreements. However, the statute requires such insurance to be issued in no less than the amount necessary to pay the total balance of the loan due on the date of the borrower's death or in the case of disability, in no less than the amount necessary to make loan payments during the borrower's disability.

SUMMARY:

Consumer loan companies are authorized to sell credit life and disability insurance in connection with the provision of open-end credit agreements in amounts less than necessary to completely satisfy a borrower's indebtedness on the date of death and in amounts less than necessary to meet minimum loan payments for the duration of the borrower's disability.

SUMMARY OF PROPOSED SENATE AMENDMENT:

An internal reference is corrected.

Appropriation: none

Revenue: none

Fiscal Note: none requested

TESTIMONY FOR:

This bill will enable the sale of credit life and credit disability insurance by consumer loan companies in amounts that are lower than currently authorized.

TESTIMONY AGAINST: None

TESTIFIED: Susie Tracy, Washington State Financial Services Association (pro); Jerry Gordon, Beneficial Management (pro); Lew McMurrin, Household International (pro)