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**SUBSTITUTE HOUSE BILL 2545**

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**State of Washington**

**57th Legislature**

**2002 Regular Session**

**By** 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)

Read first time 02/08/2002. Referred to Committee on .

1 AN ACT Relating to regulating single premium credit insurance;  
2 adding a new section to chapter 48.30 RCW; and creating a new section.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** The legislature finds that single premium  
5 credit insurance, when added to a loan balance and financed, reduces  
6 equity in real property and may cost purchasers of credit insurance  
7 thousands of dollars in interest payments. This insurance may also be  
8 sold using deceptive marketing practices.

9 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.30 RCW  
10 to read as follows:

11 (1) An insurer offering or providing credit insurance in this state  
12 shall not offer, deliver, issue for delivery, cause to be delivered, or  
13 sell any form of single premium credit insurance in connection with a  
14 residential mortgage loan in this state. This section does not  
15 preclude an insurer from offering alternatives to single premium credit  
16 insurance. These alternatives must allow for payment of premium on a  
17 monthly basis.

1       (2) This section does not apply to residential mortgage loans that  
2 meet all of the following criteria:

3       (a) The loan amount does not exceed ten thousand dollars;

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

5       (c) The repayment term of the credit insurance premium does not  
6 exceed the repayment term of the loan.

7       (3) For the purpose of this section:

8       (a) "Single premium credit insurance" means any credit insurance  
9 where the full premium is charged to the consumer as a whole sum at or  
10 near the inception of coverage whether that charge is made by the  
11 creditor or by the insurer.

12       (b) "Residential mortgage loan" means any loan primarily for  
13 personal, family, or household use secured by a mortgage or deed of  
14 trust on residential real estate upon which is constructed or intended  
15 to be constructed a single-family dwelling or multiple-family dwelling  
16 of four or less units.

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