

---

ENGROSSED SENATE BILL 6525

---

State of Washington 57th Legislature

2002 Regular Session

By Senators Prentice, Deccio, Keiser, Winsley, Franklin and Gardner; by request of Governor Locke, Insurance Commissioner and Attorney General

Read first time 01/21/2002. Referred to Committee on Labor, Commerce & Financial Institutions.

1 AN ACT Relating to regulating single premium credit insurance;  
2 adding new sections to chapter 48.30 RCW; creating a new section; and  
3 providing an effective date.

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

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

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

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

1 (2) For the purpose of this section:

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

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

11 NEW SECTION. **Sec. 3.** A new section is added to chapter 48.30 RCW  
12 to read as follows:

13 The prohibition under section 2 of this act does not apply to  
14 residential mortgage loans if:

15 (1) The loan amount does not exceed ten thousand dollars, exclusive  
16 of fees; and

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

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

20 NEW SECTION. **Sec. 4.** This act takes effect July 1, 2003.

--- END ---