

## Compliance Newsletter

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Disclaimer: Does not contain information for all legislation that may affect a provider of Credit Protection products. You should review each bill in its entirety to determine the impact and what actions are needed, if any, to comply with state requirements.

## Credit Insurance

### NEW ITEMS:

#### Illinois:

##### **SB 1792 – Illinois Predatory Loan Prevention Act.**

**Passed House and Senate**

Would impose a 36% cap on permissible interest rate, calculated in accordance with the Military Lending Act on all loans. Repeals the Small Loan section of the CILA that previously allowed for small loans in excess of 36% up to \$4,000.

**Effective Date:** Proposed – Upon enactment.

**Licensing Impact:** No changes anticipated.

**Product/Program Impact:** No anticipated impact to credit insurance products. However, may impact accounts' decision to offer credit insurance.

**Consumer Contract Impact:** No changes anticipated.

**Rate Impact:** No changes anticipated.

#### Indiana:

##### **HB 1411 – Regarding consumer loan finance charges.**

Would impose a 36% interest rate cap on consumer loans.

**Effective Date:** Proposed – July 1, 2021.

**Licensing Impact:** No changes anticipated.

**Product/Program Impact:** No changes anticipated.

**Consumer Contract Impact:** No changes anticipated.

**Rate Impact:** No changes anticipated.

#### Missouri:

##### **HB 651 – Small Loans.**

This bill prohibits lenders of consumer credit loans, title loans, consumer installment loans, and unsecured loans of \$500 or less (commonly called payday loans) from charging interest, fees, and finance charges in excess of 36% of the unpaid balance of the loan.

**Effective Date:** Proposed – Upon enactment.

**Licensing Impact:** No changes anticipated.

**Product/Program Impact:** No changes anticipated.

**Consumer Contract Impact:** No changes anticipated.

**Rate Impact:** No changes anticipated.

#### Montana:

##### **LC 1411 – Eliminate credit insurance additions to debt products.**

**In Drafting Process.**

This proposed bill, which is still in the drafting state, would prohibit the sale of credit insurance in combination with loans/financing.

**Effective Date:** Uncertain.

**Licensing Impact:** No changes anticipated.

**Product/Program Impact:** Credit insurance not permitted to be sold.

**Consumer Contract Impact:** No changes anticipated.

**Rate Impact:** No changes anticipated.

#### New Mexico:

##### **HB 0099 – Small Loan Act Max Annual Percentage Rate.**

Would impose a 36% cap on Bank Installment Loan Act and Small Loan Act loans.

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**Effective Date:** Proposed – July 1, 2021.  
**Licensing Impact:** No changes anticipated.  
**Product/Program Impact:** No changes anticipated.  
**Consumer Contract Impact:** No changes anticipated.  
**Rate Impact:** No changes anticipated.

**North Dakota:**

**SB 2103 – Revisions to the North Dakota Century Code. Passed Senate.**

Would impose a 36% all-in rate cap on loans governed under the North Dakota Century Code.

**Effective Date:** Proposed – Upon Enactment.

**Licensing Impact:** No changes anticipated.

**Product/Program Impact:** No anticipated impact to credit insurance products. However, may impact accounts' decision to offer credit insurance.

**Consumer Contract Impact:** No changes anticipated.

**Rate Impact:** No changes anticipated.

**South Carolina:**

**HB 3554 – Illinois Predatory Loan Prevention Act.**

Would impose a 36% interest cap on loans with principal not exceeding \$5,000, an interest cap of 25% on loans with principal exceeding \$5,000 but not \$15,000, and an interest cap of 15% on loans with principal exceeding \$15,000. These caps are per year caps relating to credit unions, banks, and other financial institutions making consumer loans.

**Effective Date:** Proposed – July 1, 2021.

**Licensing Impact:** No changes anticipated.

**Product/Program Impact:** No changes anticipated.

**Consumer Contract Impact:** No changes anticipated.

**Rate Impact:** No changes anticipated.

**Wyoming:**

**HB 0008 – Refund of Certain Credit Insurance Products. Passed House.**

Would amend various provisions of Wyoming's Uniform Consumer Credit Code to authorize sales-finance activities for certain licensees and establishes procedures and calculations for the refund of certain credit-insurance products upon prepayment. Would impose a 36% interest rate cap on loans with principal not exceeding \$1,000, and would impose a 21% interest cap on loans with principal exceeding \$1,000.

**Effective Date:** Proposed – July 1, 2021.

**Licensing Impact:** No changes anticipated.

**Product/Program Impact:** May impact credit insurance refund methods.

**Consumer Contract Impact:** May require an update to future consumer forms.

**Rate Impact:** No changes anticipated.

**PREVIOUSLY REPORTED:**

None.

**Federal:**

None.

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## NO LONGER MONITORING:

### **New York: Died due to end of legislative session.**

#### **AB 6506 – Credit Creation Pilot Program Act of New York.**

Would create a five-year pilot program called the “Credit Creation Pilot Program Act of New York.” The pilot program is for loans in the amount of \$300-\$5,000 and contains strong consumer protections, which in many cases exceed those under existing law. The pilot program sets limits on fees and interest rates for small loans, and credit insurance and other ancillary products are not permitted to be sold in conjunction with such loans.

**Effective Date:** 180 days after becoming law.

**Licensing Impact:** Pilot program contains own licensing structure.

**Product/Program Impact:** Credit insurance not permitted to be sold.

**Consumer Contract Impact:** No changes anticipated.

**Rate Impact:** No changes anticipated.

### **South Carolina:**

#### **Insurance Department Order 2020-04 – 2021 Credit Property Insurance Rates**

On October 12, 2020, the Department promulgated new credit property rates for consumer credit transactions subject to 1966 S.C. Act No. 988, Consumer Finance Law. The Department has ordered a decrease in the Automobile, Fire and Theft – Single Interest rate; the Automobile Collision – Single Interest rate; and the Household Goods – Dual Interest rate.

**Effective Date:** January 1, 2021

**Licensing Impact:** No changes necessary.

**Product/Program Impact:** No changes anticipated.

**Consumer Contract Impact:** No changes necessary.

**Rate Impact:** Rate decrease Automobile, Fire and Theft – Single Interest; the Automobile Collision – Single Interest; and the Household Goods – Dual Interest programs. A Bulletin with revised rate pages will be provided to affected accounts and programming will be required.

### **Wisconsin:**

#### **Bulletin: October 15, 2020 – Revised Prima Facie Credit Life and Credit Accident and Sickness Insurance Rates.**

The Wisconsin Office of the Commission of Insurance issued a Bulletin on October 15, 2020, informing all insurers authorized to write credit life and/or credit accident and sickness insurance that credit life prima facie rates will be increasing and credit accident and sickness rates will be decreased, effective January 1, 2021.

**Effective Date:** January 1, 2021

**Licensing Impact:** No changes anticipated.

**Product/Program Impact:** No anticipated impact to credit insurance products.

**Consumer Contract Impact:** No changes anticipated.

**Rate Impact:** Increase in credit life rates and decrease in credit accident and sickness rates, effective January 1, 2021. A Bulletin concerning these changes will be sent to all affected accounts.

### **Federal:**

#### **S 2883 & HR 5050 – Federal All-In APR. Died due to end of legislative session.**

Would amend the Truth in Lending Act to extend the Military Lending Act “all-in APR” to all consumers.

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## Lender-Placed Insurance

### NEW ITEMS:

None.

### PREVIOUSLY REPORTED:

None.

### NO LONGER MONITORING:

#### **New York:**

**S4629 – Credit Creation Pilot Program Act of New York.**

**Died due to end of legislative session.**

Would amend the New York code to Prohibit mortgagees from requiring mortgagors of certain real property to purchase flood insurance exceeding a coverage amount that exceeds the outstanding mortgage thereon, or that includes coverage for contents.

**Effective Date:** Effective upon passage.

**Licensing Impact:** No changes anticipated.

**Product/Program Impact:** Would establish limits as to amount of insurance required.

**Consumer Contract Impact:** No changes anticipated.

**Rate Impact:** No changes anticipated.

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## **Licensing Reminders**

License appointment renewals for agents are automatically processed each year unless we hear otherwise from you. To avoid paying for terminated or inactive employees, please send your changes to [licensing@fortegra.com](mailto:licensing@fortegra.com) or contact Lynnette Rackley at 800-888-2738 then 8 x7267. The upcoming termination cut-off dates are as follows: NC – 1/26/2021; NM – 2/23/2021; ND – 2/23/2021; DC – 2/27/2021; LA – 3/7/2021; MS – 3/15/2021; NJ – 3/23/2021; SD – 3/31/2021; NE – 4/14/2021; CT – 4/17/2021; MD – 5/1/2021 (Motor club appointments only); AR – 5/25/2021; VT – 5/26/2021; WV – 5/31/2021.

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