

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:

None.

PREVIOUSLY REPORTED:

New York:

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.

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Federal:

S 2883 & HR 5050 – Federal All-In APR.

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

NO LONGER MONITORING:

California:

SB 482 – Amendments to the California Financing Law. Died due to end of legislative session.

Would require that ancillary products, including credit insurance, only be sold in California Financing Law lending transactions after disbursement. (Has been modified to no longer place restrictions on when ancillary products can be sold during the loan transaction.)

Effective Date: Upon enactment.

Licensing Impact: No changes anticipated.

Product/Program Impact: Potential impact to timing of sale of ancillary products.

Consumer Contract Impact: No changes anticipated.

Rate Impact: No changes anticipated.

Georgia:

SB 482 – Amendments to the California Financing Law.

The regulation of consumer finance company small installment loans and lenders (up to \$3k) is being transferred from the Commissioner of Insurance (Industrial Loan Act) to the Department of Banking and Finance (Georgia Installment Loan Act) on July 1, 2020. The Commissioner of Insurance will regulate all insurance offered in connection with these loans. The Department of Banking and Commissioner of Insurance are proposing rules to implement this change, which rules mirror the current rules under the Industrial Loan Act.

Effective Date: July 1, 2020.

Licensing Impact: No changes anticipated.

Product/Program Impact: No changes anticipated.

Consumer Contract Impact: No changes anticipated.

Rate Impact: No changes anticipated.

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Lender-Placed Insurance

NEW ITEMS:

None.

PREVIOUSLY REPORTED:

New York:

S4629 – Credit Creation Pilot Program Act of New York.

Passed Senate.

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.

NO LONGER MONITORING:

None.

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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 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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