

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:

Florida:

SB 894 – Responsible Credit Pilot Program.

Would create the Access to Responsible Credit Pilot Program within the Office of Financial Regulation requiring a program license from the office to advertise, offer, or make program loans or to impose certain charges or fees; specifying requirements for program licensees, program loans, loan repayments, rescissions, interest rates, program loan refinancing, receipts, disclosures and statements provided by program licensees to borrowers, origination fees, insufficient funds fees, and delinquency charges, etc.

Effective Date: Proposed – January 1, 2021.

Licensing Impact: No changes anticipated.

Product/Program Impact: Interest rate restrictions may impact ability to sell credit insurance.

Consumer Contract Impact: No changes anticipated.

Rate Impact: No changes anticipated.

PREVIOUSLY REPORTED:

California:

SB 482 – Amendments to the California Financing Law.

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: Proposed date not specified.

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.

Hawaii:

HB 79 & SB 537 – Relating to Consumer Protection. Passed by the Senate. Passed by the House with disagreement.

Would impact installment loans up to \$1,000. Credit insurance premiums would not be allowed to be collected by the lender/licensee.

Effective Date: Proposed – January 1, 2020.

Licensing Impact: Credit insurance products would not be permitted to be sold.

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

Consumer Contract Impact: Credit insurance products would not be permitted to be sold.

Rate Impact: Credit insurance products would not be permitted to be sold.

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.

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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.

Federal:

Consumer Financial Protection Bureau (CFPB) – Small Dollar Rule

On October 5, 2017, the CFPB published its final rule that will set new rules and restrictions on payday loans, auto title loans, deposit advance products, and certain installment and open-end loans. The rule will cover any short-term loans with a term of 45 days or less and certain long-term loans with terms of more than 45 days. The proposed rule will only cover long-term loans that (1) have a greater than 36% “all-in APR” (2) where the lender either (a) secures the loan by holding a vehicle as collateral or (b) collects payment using a form of “leveraged payment mechanism” that gives lenders the right to initiate transfers from a consumer’s account or to obtain payment through payroll deduction or other direct access to the consumer’s paycheck. The rule excludes from coverage purchase-money credit secured solely by the vehicle or other consumer goods purchased, real property or dwelling-secured credit if the lien is recorded or perfected, credit cards, student loans, non-recourse pawn loans, overdraft services and overdraft lines of credit and credit sales contracts. The rule requires that lenders perform a “full payments test”, which requires a lender to determine affordability and requirements for justifying additional loans. Among other things, lenders dealing in covered loans will also be required to use credit reporting systems to report and obtain information about covered loans and consumers.

Effective Date: The CFPB released its final small-dollar loan rule on October 5, 2017. The rule takes effect 21 months after it is published in the Federal Register, although the provisions that allow for registration of information systems take effect earlier. **Effective Date of Rule has been stayed, pending further development.**

Licensing Impact: No changes anticipated.

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

Consumer Contract Impact: No impact to insurance contracts anticipated.

NO LONGER MONITORING:

Florida:

690-163.011 Regulation Update – Change to Credit Disability Insurance Rates.

The Credit Disability Insurance Rates section of the Florida Administrative Code has been revised, causing a decrease to credit disability rates. The Company is currently awaiting feedback from the Department as to when the rates become effective.

Effective Date: **Effective date not specified.**

Licensing Impact: No changes.

Product/Program Impact: No changes.

Consumer Contract Impact: No changes.

Rate Impact: **Decrease to credit disability rates. A Bulletin with revised rate pages will be provided to affected accounts and programming will be required.**

Georgia:

Signed by Governor

HB 288 – Superior courts; revise the sums that the clerks are entitled to charge and collect for filing documents and instruments pertaining to real estate or personal property.

Revises the amounts charged by the Superior courts for filings of uniform commercial code financing statements, in turn increasing the amount that may be charged for non-filing insurance relating to these filings.

Effective Date: **January 1, 2020**

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Licensing Impact: No changes.

Product/Program Impact: No changes.

Consumer Contract Impact: No changes.

Rate Impact: Increase to Non-Filing Insurance rate. A Bulletin with a revised rate page will be provided to affected accounts and programming will be required.

Indiana:

Signed by Governor

HB 1784 – Business services of the secretary of state.

Revises Section 17. IC 26-1-9.1-525 of the Indiana Code to permit a charge of \$12.00 for filing and indexing a record if the record is communicated in writing. Prior to October 1, 2019, a charge of only \$4.00 was permitted for such activity.

Effective Date: October 1, 2019

Licensing Impact: No changes.

Product/Program Impact: No changes.

Consumer Contract Impact: No changes.

Rate Impact: Increase to Non-Filing Insurance rate. A Bulletin with a revised rate page has been provided to affected accounts and programming will be required.

Ohio:

Memorandum – Changes to Credit Disability Prima Facie Rates.

On August 10, 2019, the Ohio Department of Insurance issued a rate memorandum in which it announced an upcoming decrease to credit disability prima facie rates, effective January 1, 2020.

Effective Date: January 1, 2020

Licensing Impact: No changes.

Product/Program Impact: No changes.

Consumer Contract Impact: No changes.

Rate Impact: Decrease to credit disability rates. A Bulletin with revised rate pages will be provided to affected accounts and programming will be required.

Rhode Island:

SB 195 – Relating to Interest and Usury.

Died at end of legislative session.

Would reduce the usury rate from 21% to 12%. Premiums for credit insurance are not included in interest.

Effective Date: Effective upon passage.

Licensing Impact: No changes anticipated.

Product/Program Impact: No changes anticipated.

Consumer Contract Impact: No changes anticipated.

Rate Impact: No changes anticipated.

South Carolina:

Insurance Department Order 2019-06 – 2020 Credit Property Insurance Rates

On September 13, 2019, 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, 2020

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.

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Lender-Placed Insurance

NEW ITEMS:

None.

PREVIOUSLY REPORTED:

New Jersey:

Signed by Governor.

SB 2998 and AB 5323 – Requires creditors to make certain disclosures regarding collateral protection insurance to consumer debtors.

Would amend New Jersey code to require additional disclosures be made to borrowers with respect to collateral protection insurance.

Effective Date: Proposed – 90 days after the date of enactment.

Licensing Impact: No changes anticipated.

Product/Program Impact: Potential impact to current forms and/or processes.

Consumer Contract Impact: Potential impact to current forms and/or processes.

Rate Impact: No changes anticipated.

New Hampshire:

HB 586 – Creditor-Placed Insurance Act.

Died in Committee.

Would establish a creditor-placed insurance act, setting forth new requirements to creditor-placed programs being offered in New Hampshire.

Effective Date: Proposed – January 1, 2020.

Licensing Impact: No changes anticipated.

Product/Program Impact: Potential impact to current forms, coverages, and rates.

Consumer Contract Impact: Potential impact to current forms.

Rate Impact: Potential impact to current rates.

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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 – 1/26/2019; NM – 2/23/2019; ND – 2/23/2019; DC – 2/27/2019; LA – 3/7/2019; MS – 3/15/2019; NJ – 3/23/2019; SD – 3/31/2019; NE – 4/14/2019; CT – 4/17/2019; MD – 5/1/2019 (Motor club appointments only); AR – 5/25/2019; VT – 5/26/2019; WV – 5/31/2019.

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