

## **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:

##### **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

**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.

#### 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.

#### South Carolina:

##### **Insurance Department Bulletin 2019-04 – 2020 Credit Property Insurance Rates**

On July 18, 2019, the Department issued a notice of tentative credit property rates for consumer credit transactions subject to 1966 S.C. Act No. 988, Consumer Finance Law. The Department has proposed a decrease in the Automobile, Fire and Theft – Single Interest rate; the Automobile Collision – Single Interest rate; and the Household Goods – Dual Interest rate, and will communicate its final decision by issuing final rates to insurers before October 1, 2019.

**Effective Date:** Proposed - January 1, 2020

**Licensing Impact:** No changes necessary.

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

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

**Rate Impact:** Potential rate impact to Automobile, Fire and Theft – Single Interest; the Automobile Collision – Single Interest; and the Household Goods – Dual Interest programs.

## **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.

**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.

#### **AB 539 – Fair Access to Credit Act. Passed by the Assembly and Senate.**

Would establish APR caps for consumer finance loans from \$2,500 to \$10,000.

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

**Licensing Impact:** No changes anticipated.

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

**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.

### **Missouri:**

#### **Amendments/Rescissions to Credit Insurance Regulations Amendments Effective July 30, 2019**

Would amend and rescind numerous provisions of the credit insurance regulations to more appropriately align the regulations with the current credit insurance statutes. Comments to proposed changes due February 14, 2019.

**Effective Date:** July 30, 2019

**Licensing Impact:** No changes.

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

**Consumer Contract Impact:** No changes.

**Rate Impact:** No changes.

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## **New Jersey:**

### **SB 2998 – Act concerning lender-placed motor vehicle insurance. Passed by the Senate.**

Would include, under the lending section of the statutes, requirements and penalties for creditor placed insurance, which language would be redundant to or in conflict with the “Collateral Protection Insurance Act” under the state insurance code.

**Effective Date:** Proposed legislation.

**Licensing Impact:** No changes anticipated.

**Product/Program Impact:** Potential impact to the sale of lender-placed products.

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

**Rate Impact:** No changes anticipated.

## **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.

## **Rhode Island:**

### **SB 195 – Relating to Interest and Usury.**

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.

## **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.

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**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:**

##### **North Carolina:**

**Signed by Governor.**

**HB 310 – Act to exempt limited lines credit insurance producers from criminal background check requirements.**

Amends the North Carolina code to exempt applicants for limited lines credit insurance producer licenses from the requirements to submit to a criminal history record check. Accordingly, the fingerprint requirement in North Carolina is no longer applicable.

**Effective Date:** October 1, 2019.

**Licensing Impact:** Fingerprint criminal history record checks are no longer necessary.

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

**Consumer Contract Impact:** No changes.

**Rate Impact:** No changes.

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## **Lender-Placed Insurance**

### **NEW ITEMS:**

#### **New Jersey:**

**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.

### **PREVIOUSLY REPORTED:**

#### **New Hampshire:**

**HB 586 – Creditor-Placed Insurance Act.**

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](mailto:licensing@fortegra.com) or contact Lynnette Rackley at 800-888-2738 then 8 x7267. The upcoming termination cut-off dates are as follows: SC – 8/27/2019; WA – 10/01/2019; IL – 10/21/2019; OK – 10/28/2019; AL/GA/KS – 12/15/2019; MI – 12/20/2019; IA – 12/28/2019; KY/PA/WI – 12/31/2019.

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