

# Senate Study Bill 3119

## Bill Text

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1 1 Section 1. NEW SECTION. 507B.5A SINGLE PREMIUM CREDIT  
1 2 INSURANCE.  
1 3 1. An insurer offering or providing credit insurance in  
1 4 this state shall not offer, deliver, issue for delivery, cause  
1 5 to be delivered, or sell any form of single premium credit  
1 6 insurance in connection with a mortgage transaction in this  
1 7 state.  
1 8 2. For purposes of this section, "single premium credit  
1 9 insurance" means any credit insurance where the full premium  
1 10 is charged to the consumer as a whole sum at or near the  
1 11 inception of coverage whether that charge is made by the  
1 12 creditor or by the insurer.  
1 13 3. This section does not preclude an insurer from offering  
1 14 alternatives to single premium credit insurance when credit  
1 15 insurance is required in connection with any mortgage  
1 16 transaction in this state. However, those alternatives must  
1 17 allow for payment of premium on a monthly basis.  
1 18 Sec. 2. Section [509.17](#), subsection 3, Code 2001, is  
1 19 amended to read as follows:  
1 20 3. The commissioner shall, after a public hearing, approve  
1 21 a reasonable charge or premium for credit accident and health  
1 22 insurance and for credit life insurance as the commissioner  
1 23 deems appropriate and necessary for the implementation of this  
1 24 section. The commissioner shall not approve rates that are  
1 25 expected to produce a loss ratio of less than fifty percent.  
1 26 EXPLANATION  
1 27 This bill deals with credit insurance issues.  
1 28 The bill adds new Code section 507B.5A, which prohibits the  
1 29 offering or sale of single premium credit insurance in  
1 30 connection with a mortgage transaction. An insurer may offer  
1 31 alternatives that provide for payment of a monthly premium, if  
1 32 credit insurance is required.  
1 33 The bill amends Code section 509.17 regarding the  
1 34 guidelines for rates for credit life insurance and credit  
1 35 accident and health insurance. The bill provides that the  
2 1 rates approved by the commissioner of insurance following a  
2 2 public hearing shall not be at a level expected to produce a  
2 3 loss ratio of less than 50 percent.  
2 4 LSB 5303DP 79  
2 5 jj/cf/24.1