



March 2022

Compliance Newsletter

CREDIT

CREDIT INSURANCE

NEW MEXICO HB 132: Interest Rates for Certain Loans

Status: PASSED- Signed by the Governor

This bill caps interest rates at 36 percent, including finance charges, ancillary products and any other fees on loans made under the New Mexico Bank Installment Loan Act Of 1959 and the New Mexico Small Loan Act Of 1955. It also increases the maximum allowed loan principal under the New Mexico Bank Installment Loan Act of 1959 from \$5,000 to \$10,000.

Effective Date: January 1, 2023

Licensing Impact: No changes anticipated.

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

Consumer Contract Impact: No changes anticipated.

Rate Impact: No changes anticipated.

VIRGINIA SB 383: Credit Insurance

Status: Passed House 3/4/22

Removes the requirement that the State Corporation Commission conduct a hearing prior to determining the actual loss ratio for each form of insurance and adjusting the prima facie rates. Under the bill, after the Commission has determined the actual loss ratio and prima facie rates, it will provide notice of such ratio and rates and provide an opportunity for a hearing.

Effective Date: Uncertain.

Licensing Impact: No changes anticipated.

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

Consumer Contract Impact: No changes anticipated.

Rate: No changes anticipated.

NEW HAMPSHIRE SB 354: Insurance Adjuster Licensing

Status: Commerce Committee will most likely pass on 2/3/22

This bill will allow credit insurance policies to be issued by financial institutions; the DLRP must be licensed for all lines that the business entity is licensed for.

Effective Date: If this bill passes, it shall take effect 60 days after its passage.

Licensing Impact: Yes.

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

Consumer Contract Impact: No changes anticipated.

Rate: No changes anticipated.

United States SB2508: Veterans and Consumers Fair Credit Act

Status: Hearing Held 1/5/2022

Applies certain military consumer credit protections to all consumers. Specifically, the bill caps the interest rate on extensions of consumer credit at 36%.

Effective Date: If this bill passes, it will take effect 18 months after enactment.

Licensing Impact: No changes anticipated.

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

Consumer Contract Impact: No changes anticipated.

Rate: No changes anticipated.

LENDER PLACED INSURANCE

Rhode Island HB 7752: Surplus Lines of Insurance

Status: Introduced, referred to House Corporations 3/2/2022

In general, the bill tracks with the NAIC LPI Model Act, including the section on prohibited practices and financial reporting. For example, the bill as proposed allows for contingent commissions to non-affiliated entities like MGAs.

Some changes from the Model Act include:

- Requires insurers to re-file rates at least once every four years – this is a new clause. The Model Act requirement to re-file rates if the loss ratio is less than 35% over two years is included in the bill.
- Enforcement, judicial review, and penalties reference RI code vs. judicial review language in Model Act.

Effective Date: If this bill passes, it will take effect upon passage.

Licensing Impact: No changes anticipated.

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

Consumer Contract Impact: No changes anticipated.

Rate: No changes anticipated.

MASSACHUSETTS S720: Private Flood Insurance

Status: Financial Services Committee 2/3/22

This bill will add Chapter 183: Massachusetts Private Flood Insurance Act to the general law pertaining to flood insurance. This bill will provide insurers the ability to test products in the market and consumers greater choice for flood insurance coverage. It is also the intent to instruct the Commissioner to track and report the participation of private flood insurers in the State of Massachusetts through the count of private flood policies from both domestic, foreign and alien, admitted and surplus lines.

Effective Date: If this bill passed, it will become effective sixty days following approval by the Governor.

Licensing Impact: No changes anticipated.

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

Consumer Contract Impact: No changes anticipated.

Rate: No changes anticipated.

NEW YORK S4696: Flood Insurance

Status: Advanced to 3rd reading

This bill would require that no mortgagee require flood insurance coverage exceeding mortgage amount or coverage for contents.

Effective Date: If this bill passes, it shall take effect immediately after passing.

Licensing Impact: No changes anticipated.

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

Consumer Contract Impact: No changes anticipated.

Rate: No changes anticipated.

LICENSING RENEWALS

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 87267.

IMPORTANT: South Carolina Motor Club License MUST renew license no later than April 30, 2022.

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.