

COMMITTEE ON BANKING AND INSURANCE

Representative Nancy McLain, Chairman
 Representative Doug Quelland, Vice-Chairman
 René Guillen, Legislative Research Analyst



* Strike-Everything Amendment
 [E] Emergency Clause
 [P 105] Proposition 105 Clause
 [P 108] Proposition 108 Clause
 [LIV] Line Item Veto

Bill	Chapter	Short Title	Page
HB 2071	251	life insurance	7
HB 2072	13	department of insurance; continuation.....	7
HB 2073	31	mortgage guaranty insurers	7
HB 2168	124	*auto insurance; disclosure.....	7
HB 2242	127	reverse mortgages; regulations	7
HB 2308	38	insurance information; transfer of business	8
HB 2326	133	probate proceedings; burden of proof.....	8
HB 2463	180	auto glass repair; fraudulent practices.....	8
HB 2579	21 [E]	insurance; continuing education; continuation.....	8
HB 2586	290	*agency rule making; fees; commission	8
HB 2616	263	*credit unions; banks; branches; ATMs	8
HB 2618	324	trustees; release and reconveyance deed.....	8
HB 2689	156	*realtors; education; requirements	8

HB 2071 – Chapter 251 – life insurance

Makes various revisions to the statutes governing life insurance, including the following:

- Eliminates the policy loan rate of interest cap of 8% per annum, or 7.4% per annum if payable in advance, on new life insurance policies.
- Removes the requirement for an insurer certify to the director of the DOI that policyholders will benefit from insurers charging an interest rate higher than 6% per annum on policy loans on new policies.
- States if the owner of a life insurance policy applies for an increase in death benefits after the policy issue date, the policy may include an exclusion for suicide that occurs within one year after the increase in death benefits.

HB 2072 – Chapter 13 – department of insurance; continuation

Extends the termination date of DOI to July 1, 2020, provided that voters repeal DOI authority according to Article XV, Section 5 of the Arizona Constitution.

HB 2073 – Chapter 31 – mortgage guaranty insurers

Grants the Director of DOI the power to use various corrective measures, including the ability to cease the transaction of new business when minimum policyholder positions are not met by mortgage guaranty insurers and modifies the definition of *face amount of an insured mortgage*.

HB 2168 – Chapter 124 – *auto insurance; disclosure

Exempts rate-related insurance information from being disclosed to the public by DOI if the information can be classified as a trade secret and places the burden of proof for verifying a trade secret with the insurer or filer.

HB 2242 – Chapter 127 – reverse mortgages; regulations

Adds a new chapter to Title 6, dealing with reverse mortgages. Specifically:

Financial Counseling

- Mandates that adequate financial counseling be provided by a counselor who is an independent third party.

Required Disclosures

- Orders the originator, at least 10 days before closing, to provide the borrower with access to a statement informing the borrower that his or her liability under the reverse mortgage is limited and explaining the borrower's rights, obligations, remedies with respect to temporary absences from the home, late payments, and payment default by the originator and all conditions requiring satisfaction of the loan obligation.
- Directs the originator to fully disclose specified information in writing before entering into a reverse mortgage.

Reverse Mortgage Agreements

- Allows a reverse mortgage to provide for a fixed or variable interest rate or future sharing of the appreciation in the value of the property between the originator and the borrower.
- Requires the reverse mortgage agreement to disclose any interest rate or other fees to be charged during the life of the mortgage.
- Allows a reverse mortgage to provide for a single lump sum disbursement of monies out of the home purchase proceeds.

Borrower Liability and Prohibited Practices

- Specifies the borrower is not liable for a difference between the net amount of the remaining debt of the borrower under the reverse mortgage and the amount recovered by the originator from the net sales proceeds from the dwelling subject to the reverse mortgage.

HB 2308 – Chapter 38 – insurance information; transfer of business

Expands the definition of insurance transaction to include transfers of business and defines *transfer of business*.

HB 2326 – Chapter 133 – probate proceedings; burden of proof

Establishes *preponderance of evidence* as the standard of proof required in judicial proceedings regarding probate and creates guidelines for handling governing instruments.

HB 2463 – Chapter 180 – auto glass repair; fraudulent practices

Institutes a series of unlawful practices for persons providing auto glass services and classifies certain violations as a class 6 felony. Specifically, makes it an unlawful practice for persons selling or repairing auto glass to knowingly:

- Submit a false claim to an insurer for auto glass repair, replacement or related services.
- Advise a policyholder to falsify the dates resulting in a change of insurance coverage.
- Sign falsely a work order or insurance assignment form in order to submit a claim.
- Represent that the work will be paid for by the insurer at no cost to the policyholder.

HB 2579 – Chapter 21 [E] – insurance; continuing education; continuation

An emergency measure that eliminates the repeal of the state's continuing education requirements for insurance agents currently set for June 30, 2010.

HB 2586 – Chapter 290 – *agency rule making; fees; commission

Requires specified state agencies to provide public notice and opportunity for public comment on proposed rules at least 30 days prior to adopting or amending rules. Creates a ten member State Agency Fee Commission to review the existing State Agency Fee Authority, state agency fiscal needs, and appropriate fee levels, study the equality of the impact of state agency fees on business and industry and propose recommendations on an appropriate legal procedure to raise or lower existing state agency fees. The Commission sunsets on September 30, 2011.

HB 2616 – Chapter 263 – *credit unions; banks; branches; ATMs

Allows credit unions and banks to place automated teller machines (ATMs) without approval from DFI, but requires credit unions to notify DFI at least 30 days prior to installing the ATM. Eliminates the quarterly reports compiled by DFI about credit card rates.

HB 2618 – Chapter 324 – trustees; release and reconveyance deed

Allows title insurers to issue deeds and releases of mortgages if the amount is valued under \$1,000,000, and release for less than the full indebted amount, provided that the mortgagee, trustee, or person entitled to payment has agreed in writing to accept an amount less than the full amount owed.

HB 2689 – Chapter 156 – *realtors; education; requirements

Modifies CE requirements for real estate licensing to allow the Commissioner of DRE to include courses on short sales and requires the Commissioner to determine, by rule, the content of the CE courses, which may include the Commissioner's current topics, including short sales.