

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 477

BY BUSINESS COMMITTEE

AN ACT

RELATING TO INSURANCE; AMENDING SECTION 41-2653, IDAHO CODE, TO PROVIDE FOR
A WAIVER, TO REVISE PROVISIONS RELATING TO INSTANCES WHERE THE INSURER
SHALL ACCEPT NO NEW MORTGAGE GUARANTY INSURANCE RISKS, TO CORRECT
CODIFIER'S ERRORS AND TO MAKE TECHNICAL CORRECTIONS.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 41-2653, Idaho Code, be, and the same is hereby
amended to read as follows:

41-2653. LIMITS OF RISK. (1) The insurer shall limit its coverage to
an amount not exceeding twenty-five ~~per cent~~ percent (25%) of the entire
indebtedness to the insured, or in lieu thereof, the insurer may elect to pay
the entire indebtedness to the insured, and acquire title to the authorized
real property security.

(2) The insurer shall not retain risk as to any one (1) loan, or as to all
loans secured by properties in a single housing tract or a contiguous tract,
in an amount in excess of ten ~~per cent~~ percent (10%) of the insurer's ~~policy~~
~~holders~~ policyholders surplus. In determining the amount of risk retained,
applicable reinsurance in an assuming insurer authorized to transact
insurance in this state or approved by the director shall be deducted from
the total direct risk insured. For the purposes of this ~~provision~~ section
"contiguous" means not separated by more than one-half (1/2) of a mile.

(3) The insurer shall not at any time have outstanding aggregate risk
liability, net of applicable reinsurance, under mortgage guaranty insurance
in amount in excess of twenty-five (25) times its policyholders surplus.

(4) The director may waive the requirement of subsection (3) of this
section upon a written request of the insurer and finding that the insurer is
in compliance with any requirements or conditions imposed by the insurer's
state of domicile and the insurer's policyholder surplus is reasonable in
relationship to the insurer's aggregate insured risk and adequate to its
financial needs. In reviewing a written request for approval to exceed the
twenty-five (25) times its policyholders surplus limitation, the director
may retain outside experts to assist in the review. The insurer shall bear
the cost of outside experts retained for the review.

(5) If at any time the insurer's outstanding risk liability as to
mortgage guaranty insurance exceeds the limitations stated in subsection
(3) and the insurer has not received a written waiver from the director, the
insurer shall accept no new mortgage guaranty insurance risks while such
excess exists.

(56) The director may suspend or revoke the certificate of authority of
an insurer which violates the provisions of this section.