

IN THE SENATE

SENATE BILL NO. 1078

BY COMMERCE AND HUMAN RESOURCES COMMITTEE

AN ACT

1 RELATING TO MORTGAGE INSURANCE; AMENDING SECTION 41-2653, IDAHO CODE, TO RE-
2 MOVE LANGUAGE RELATING TO COVERAGE LIMITS AND TO MAKE TECHNICAL CORREC-
3 TIONS.
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5 Be It Enacted by the Legislature of the State of Idaho:

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

8 41-2653. LIMITS OF RISK. (1) ~~The insurer shall limit its coverage to an~~
9 ~~amount not exceeding twenty-five percent (25%) of the entire indebtedness to~~
10 ~~the insured, or in lieu thereof, the insurer may elect to pay the entire in-~~
11 ~~debtedness to the insured, and acquire title to the authorized real property~~
12 ~~security.~~

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

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

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

33 ~~(5)~~ If at any time the insurer's outstanding risk liability as to mort-
34 gage guaranty insurance exceeds the limitations stated in subsection ~~(3)~~ of
35 this section and the insurer has not received a written waiver from the di-
36 rector, the insurer shall accept no new mortgage guaranty insurance risks
37 while such excess exists.

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