

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 477

BY BUSINESS COMMITTEE

AN ACT

1 RELATING TO INSURANCE; AMENDING SECTION 41-2653, IDAHO CODE, TO PROVIDE FOR
2 A WAIVER, TO REVISE PROVISIONS RELATING TO INSTANCES WHERE THE INSURER
3 SHALL ACCEPT NO NEW MORTGAGE GUARANTY INSURANCE RISKS, TO CORRECT
4 CODIFIER'S ERRORS AND TO MAKE TECHNICAL CORRECTIONS.
5

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

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

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

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

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

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

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

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