

# Senate Bill 82

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## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Establishes student loan insurance as class of insurance in Oregon. Instructs Director of Department of Consumer and Business Services to adopt rules to authorize insurers to transact student loan business and to facilitate transaction of student loan insurance. Establishes certain limits on student loan insurance.

Becomes operative January 1, 2016.

Declares emergency, effective on passage.

## A BILL FOR AN ACT

1  
2 Relating to student loan insurance; and declaring an emergency.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. Sections 2 to 6 of this 2015 Act are added to and made a part of the Insur-**  
5 **ance Code.**

6 **SECTION 2. "Student loan insurance" means insurance against financial loss by reason**  
7 **of the nonpayment of principal, interest and other sums agreed to be paid under the terms**  
8 **of a loan obligation that provided funds to or on behalf of a student to help the student meet**  
9 **the expenses of the student in attending a post-secondary educational institution.**

10 **SECTION 3. (1) All policies and contracts of student loan insurance shall be written by**  
11 **authorized student loan insurers. No other class of insurer may write any form of student**  
12 **loan insurance.**

13 **(2) The Director of the Department of Consumer and Business Services shall by rule es-**  
14 **tablish procedures by which an insurer may obtain authorization to transact student loan**  
15 **insurance.**

16 **(3) The department may adopt any other rule to facilitate the transacting of student loan**  
17 **insurance in this state.**

18 **SECTION 4. A student loan insurer shall establish a contingency reserve liability for the**  
19 **protection of policyholders against the effect of adverse economic cycles according to ac-**  
20 **counting procedures approved or required by the Director of the Department of Consumer**  
21 **and Business Services.**

22 **SECTION 5. A student loan insurer may not provide insurance with respect to a student**  
23 **loan obligation that exceeds, solely or in combination with other insurance existing at the**  
24 **time the insurance is written, 90 percent of the outstanding amount of the student loan, or**  
25 **such higher percentage as may be authorized by the Director of the Department of Con-**  
26 **sumer and Business Services.**

27 **SECTION 6. Obligations insured by student loan insurance policies issued in conformity**  
28 **with the Insurance Code shall be legal investments for all trust funds held by any executor,**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 administrator, conservator, trustee or other person or corporation holding trust funds, and  
2 also for the funds of banks, banking institutions and trust companies, and shall be accepted  
3 by this state and its officers and officials as securities constituting any part of any fund or  
4 deposit required by law to be made with this state, or any officer or official thereof, by any  
5 trust company doing business in this state. All premiums required to be paid according to  
6 the terms of any such student loan insurance policy may be charged to or paid out of the  
7 income from the obligations covered thereby.

8 **SECTION 7.** (1) Sections 2 to 6 of this 2015 Act become operative January 1, 2016.

9 (2) The Director of the Department of Consumer and Business Services may take any  
10 action before the operative date specified in subsection (1) of this section that is necessary  
11 to enable the director to exercise, on and after the operative date specified in subsection (1)  
12 of this section, all of the duties, functions and powers conferred on the director by sections  
13 2 and 6 of this 2015 Act.

14 **SECTION 8.** This 2015 Act being necessary for the immediate preservation of the public  
15 peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect  
16 on its passage.

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