

The E & R amendments are adopted.

CLERK: Madam President, Senator Landis would move to amend the bill. (See AMO235 on page 619 of the Legislative Journal.)

PRESIDENT MOUL: Senator Landis.

SENATOR LANDIS: Thank you, Madam President. Mr. Clerk, can you remind the body at what page the amendment is printed...ah, I see it now on the board, 619. Thank you. If you look at 619 in the Journal, you will really just see one of those deleting provisions and it is really...you are not able to see what the amendment does. Best to look in the green copy of the bill on page 19 where we strike subsection (2). Subsection (2) indicates that where an individual or where a person lends money or extends credit, they shall explain to the borrower in writing that the credit extension may be purchased from an insurer of their choice. In other words, they can buy insurance, if they wish to, from anybody that they want to regardless of whether or not the person who is making the loan also happens to sell the insurance. Why would I move to strike subsection (2)? Well, for a couple of reasons. First, it is largely redundant to existing law and, secondly, the Department of Insurance in consultation with the bankers association agrees that there is sort of a moving target here, a difficult function for the extender of credit to meet. The provision says that the lender shall explain in writing the terms of subsection (2). What that constitutes, of what kind of style that notice should be, whether it should be signed or not signed, initialed, should be part of the agreement, should be a separate stand-alone notice, the timing of that notice, all those questions remain open by the provisions of subsection (2), and for that reason, the better first line of defense is our antitying statute, which exists in federal law and in state law, our additional requirement, which is elsewhere found in 234, and that is that the credit extension must be completed before a discussion of the purchase of insurance take place, and, third, that for the vast majority of these kinds of situations, FTC Regulation Z applies. This is a federal reg that applies the truth in lending requirements to any loan less than \$250,000 and secured by the debtor's residence. So a great many loans are already given that kind of notice under Reg. Z. What the Department of Insurance and the bankers association have agreed to do is to take the interim to draft appropriate notice rules and then submit them next year. And for that reason, rather than to