

H B

5 4 0

HB 540

An Act relating to credit life mortgage insurance.

OVERVIEW

Prepared by Rep. John Sund's office.

People who are considered a high risk by insurance companies may find it impossible to purchase credit life mortgage insurance. Without the insurance, a mortgage holder is leaving his or her family at risk of losing the property.

A Ketchikan constituent who is also a disabled veteran is in such a situation. He has been denied credit life mortgage insurance and is concerned that his death could leave his family homeless.

HB 540 would create an assigned high risk insurance pool for credit life mortgage insurance. The pool would carry policies for those individuals considered too risky for standard coverage.

Organization and administration of the pool would be up to the director of the State Division of Insurance.

HB 540

An Act relating to credit life mortgage insurance.

SECTIONAL ANALYSIS

Prepared by Rep. John Sund's office.

Section 1 adds a new section to AS 21.89 to create a credit life mortgage insurance pool of all mortgage insurers in the state for individuals considered too high of a risk for standard mortgage insurance.

A plan for the pool will be designed by the Director of the Division of Insurance after consulting with the insurance companies.

Credit life mortgage insurance is defined as insurance on the life of a mortgage-holder whereby the insurer will pay off the mortgage if the borrower dies.

August 2, 1977

State of Alaska
Division of Veteran's Affairs
907 West Northern Lights Blvd.
Anchorage, Alaska 99503

LETTER OF INTENT

We, Roberto and Myrina Garza are applying for a Multiple Dwelling loan from the State of Alaska, Division of Veteran's Affairs. This loan is for the purpose of financing the balance of \$17,494.72 we now owe to the First National Bank on the Duplex at 4160 Tongass and the balance of \$26,918.03 still owing to Alaska Federal Savings on the house at 4142 Tongass for a total of \$44,412.75. (see enclosed).

We are also remodeling and repairing the above houses, at the cost of \$23,765.00. (see enclosed estimates). Therefore we are requesting the loan amount to cover these costs also, for a total of \$68,177.75.

Balance owing to Banks	\$44,412.75
Remodeling and Repairs	<u>23,765.00</u>
Total requested:	<u>\$68,177.75</u>

We are requesting a 25 (twenty five) year repayment plan on the loan.

Enclosed you will find a description of the property involved and an assessed valuation prepared by Pomtier Duvernay & Company, a professional firm.

Sincerely,

Roberto Garza

Myrina Garza



Veterans
Administration

May 18, 1984

In Reply Refer To: 363/27

Roberto G. Garza
4160 Tongass
Ketchikan AK 99901

C: 22 654 600

The following certificate is furnished for your use:

THIS IS TO CERTIFY THAT, ROBERTO G. GARZA, IS AN HONORABLY
DISCHARGED VETERAN OF THE UNITED STATES ARMED FORCES AND HAS BEEN RATED
BY THE VETERANS ADMINISTRATION FOR A SERVICE-CONNECTED DISABILITY EVAL-
UATED AT 100 %.

Sincerely,

A handwritten signature in cursive script that reads "William R. Harrell".

WILLIAM R. HARRELL
Veterans Services Officer

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF VETERANS' AFFAIRS

POUGH DA - JUNEAU 99811

August 22, 1977

Mr. Roberto G. Garza
4160 Tongass
Ketchikan, Alaska 99901

Dear Mr. Garza:

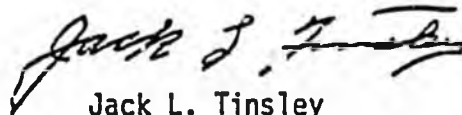
Your application for a loan was received in the Juneau General Office and has been reviewed by the loan committee.

I am pleased to advise you that the committee approved your application, in accordance with the terms and conditions described below:

Approved for \$68,200.00.
Interest rate will be 7.5%.
Repayment period will be 25 years.
Security for your loan will be 1st Deed of Trust on Lots 2 and 2A, Block 1, U.S.S. 1578.

Please contact the Regional Office for Documents and information regarding your loan closing.

Sincerely,



Jack L. Tinsley
Director

JLT/mt/1/4

cc: Regional Office

6-586-7460

Juneau
Veterans Administration
586-7472

MEMORANDUM

TO:

DATE: Feb. 15, 1979

Roberto Garza
Box 6774
Ketchikan, Ak. 99901

FILE NO. 51-220-01510-4

TELEPHONE NO. 465-2252

FROM:

SUBJECT: Loan

Veterans Affairs
Pouch DA
Juneau, Ak. 99811

Dear Mr. Garza,

I am writing in answer to your phone call of 1-7-79.

After checking into your account I have done the following:

1. credited your reserve account for the amount of \$337.10 charged for mortgage life insurance? THIS WAS NOT APPROVED.
2. changed your payment to \$604.00 to cover the increased reserve payment. The taxes were \$983.77 but were estimated at \$744.07 at closing.

Please find enclosed a copy of your accounting history and a copy of the Aetna form. I am sorry for the errors that have been made, I hope this will answer all of the questions you may have.

Sincerely,

Jan Dennis
Jan Dennis
Veterans Affairs

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

POUCH D

JUNEAU, ALASKA 99811

Phone: 465-2500

March 26, 1981

Honorable Terry Gardiner
House Resources Committee
Pouch V
Juneau, Alaska 99811

Dear Mr. Gardiner:

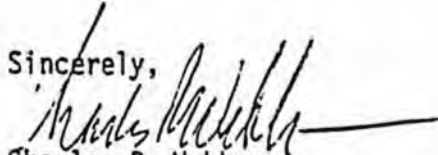
RE: Mortgage Insurance

On March 19, 1981, you wrote to me concerning a problem of having been encountered by a Mr. Bob Garza of Ketchikan. I took the liberty of checking his account with the Division of Veterans' Affairs in the Department of Commerce and Economic Development. It was determined that the original loan application was made in September of 1977 and at that time an application was made for life insurance to cover the mortgaged amounts. That life insurance application was rejected on November 30, 1977. It was rejected due to the fact that the application very plainly stated that Mr. Garza was having a heart and blood condition and was being treated for the same at the time the application was made. The records show that he made four premiums to cover the insurance at that time. After the application was rejected, the Division of Veterans' Affairs credited the account of Mr. Garza for the premiums which had been paid. No premiums are being transmitted to the Aetna Life and Casualty Insurance Company, who are the carriers of the life insurance group that covers the mortgage amounts.

In your second paragraph, you mention and ask if we have any suggestions concerning insurance for the types of cases which we have just talked about. This particular occasion is so rare that I would question the validity of considering a program for only the rare exceptions. Perhaps a person could look forward to carrying this with HB 41 or some other feature. This would have to be explored extensively.

If there is any more that we can do in regard to these matters, please let us know.

Sincerely,


Charles R. Webber
Commissioner

CRW/jarA20

BILL SHEFFIELD, GOVERNOR

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

DIVISION OF ACCOUNTING AND COLLECTIONS

POUCH D
JUNEAU, ALASKA 99811
PHONE: (907) 465-2555
(907) 465-2510

May 18, 1983

Minnesota Mutual Life Ins. Co.
345 Cedar Street
St. Paul, Minnesota 55101

Attn. Dept. of Mortgage Insurance

Gentlemen:

One of our borrowers, Mr. Roberto G. Garza, has asked me to write to you to verify the fact that he and his wife, Myrina G. Garza has an active loan with U.S. office.

Mr. & Mrs. Garza took a loan out with this division on Sept. 19, 1977 in the amount of \$68,200.00, enclosed in a copy of the Deed of Trust. The current balance as of today is \$60,424.89. I would like to add that since this loan originated Mr. Garza has never made a late payment.

Please send all necessary insurance forms to either myself at the above address or directly to Mr. & Mrs. Garza.

If you have any questions please contact me at (907) 465-2555. Thank you for your help.

Mr. Roberto G. Garza
Box 6774
Ketchikan, Alaska
99901

Sincerely,
Chip Mixson
Chip Mixson
Escrow Section

Paul Arnold, Division Director
Division of Business Loans and
Veterans' Affairs
Department of Commerce and
Economic Development

June 21, 1983

Kevin T. Bruce
Special Assistant
to the Governor

Bob Garza

In early June I asked your Division for information on a
veteran's home loan (#01 20 101 5100) to Mr. Bob Garza of
Ketchikan. Your office was kind enough to let me know why
Mr. Garza was unable to acquire mortgage life insurance for
his home.

I am interested in knowing how many individuals that have
home loans with the State are similarly situated. I realize
the majority of loans are now financed through AHFC,
however, I am primarily interested in loans with your
Division. Is it possible to have the insurance carrier
establish a group rate for high risk individuals? Mr. Garza,
of course, is concerned that his death will leave his family
homeless. While I am aware that this is not the case, as
long as payments are met, I understand his concerns and I am
sure they are shared by others.

Thank you for your assistance.

bcc: Bob Garza

KKB/blc

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

July 12, 1983

Mr. Bob Garza
4160 Tongass
Ketchikan, AK 99901

Dear Bob:

Please find enclosed a memorandum that I have received from Commerce discussing your problem.

I have encouraged Mr. Arnoldt to expedite his search for a high risk group plan, and provided him the insurance carrier's name that you mentioned earlier.

I will keep you posted on future developments.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Bruce".

Kevin K. Bruce
Special Assistant
to the Governor

Enclosure

MEMORANDUM


State of Alaska

TO: Kevin K. Bruce
Special Assistant
Office of the Governor

DATE: June 28, 1983

FILE NO:

TELEPHONE NO:

FROM: 
Paul B. Arnoldt, Director
Division of Investments
Department of Commerce and
Economic Development

SUBJECT: Bob Garza

The Division of Investments currently has 4,542 veterans' loans on the books, of which 1,866 have mortgage life coverage. We do not keep statistics on the number of applicants which were denied coverage versus those which opted not to request the coverage.

We checked with James E. Hickey of Aetna Life and Casualty, our underwriter, concerning a group plan for high risk individuals and he indicated that, to his knowledge, no group plan exists in the insurance industry. Mr. Hickey said that he would do some further checking and contact us if he found a high risk group plan.

It appears that Mr. Garza's only option is to contact an insurance company on an individual basis for coverage.

PRB/jarH32
62883a

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

POUCH D
JUNEAU, ALASKA 99811
PHONE (907) 465-2555

DIVISION OF ACCOUNTING AND COLLECTIONS

December 13, 1983

Mr. & Mrs. Roberto G. Garza
4160 Tongass Avenue
Ketchikan, Alaska 99901

Dear Mr. & Mrs. Garza:

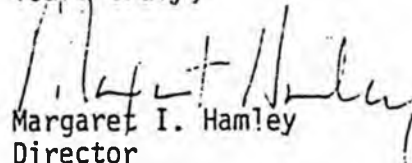
Re: Loan #01-220-1015100
Mortgage Life Insurance

After I called you last week to give you the names of the two life insurance agents in Anchorage who write high risk life insurance (Dave Straton at 243-1155 and Bruce Moore at 276-6662), I did some further checking with the State's Division of Insurance. I also called Mr. Straton myself to find out whether he thought some sort of group policy might be possible.

He recommended that we send a letter to several of the companies that write a large volume of life insurance in Alaska, and ask them whether such a group policy would be feasible. (As you know, we are not able to offer group high risk mortgage life insurance at this time.) We hope to hear from them within six to eight weeks; if a high risk group policy appears feasible based on their responses, we'll put together a "request for proposal." We'll keep you informed as we proceed with this plan.

Also, as I mentioned on the first and on the eighth, I would appreciate a note from you with your next payment to let me know whether either Mr. Straton or Mr. Moore was able to be of help.

Yours truly,


Margaret I. Hamley
Director

MIH/mst2/2
121383a

cc: Laurie Herman, Office of the Governor
Bernadette Campbell, Office of the Governor



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.


Signature of Camera Operator


Date