

31A-22-506 Creditor groups to insure debtors.

- (1) To insure debtors of a creditor, a group life insurance policy may be issued to a policyholder who is any of the following:
- (a) the creditor;
 - (b) the creditor's parent holding company; or
 - (c) trustees or agents designated by two or more creditors.
- (2) A policy described in Subsection (1) is subject to the requirements of this Subsection (2).
- (a)
 - (i) The persons eligible for insurance are:
 - (A) all of the debtors of the creditors; or
 - (B) all of any classes of debtors.
 - (ii) The policy may provide that "debtors" includes:
 - (A) borrowers of money, or purchasers or lessees of goods, services, property, rights, or privileges for which payment is arranged through a credit transaction; and
 - (B) the debtors of one or more affiliated corporations, proprietorships, or partnerships under common control with the policyholder.
 - (b)
 - (i) The premiums shall be paid by the policyholder, from:
 - (A) the creditor's funds;
 - (B) charges collected from the insured debtors; or
 - (C) from both Subsections (2)(b)(i)(A) and (B).
 - (ii) Except as provided under Section 31A-22-512, a policy on which no part of the premium is contributed by insured debtors specifically for their insurance shall insure all eligible debtors.
 - (c)
 - (i) To the extent of the creditor's interest, the insurance may be payable to the creditor or to any successor to the right, title, and interest of the creditor.
 - (ii) The payment shall reduce or extinguish the obligation of the debtor to the extent of the payment.
 - (iii) When the amount of insurance exceeds the debt, the excess is payable to a beneficiary other than the creditor named by the debtor, or to the debtor's estate.
 - (d) Group policies issued under this section are not subject to Sections 31A-22-516 through 31A-22-521.

Amended by Chapter 125, 2005 General Session