

Part 2 Consumer Credit Insurance

70C-6-201 Term of insurance.

- (1) Consumer credit insurance provided by a creditor may be subject to the furnishing of evidence of insurability satisfactory to the insurer. Whether or not this evidence is required, the term of the insurance shall commence no later than when the debtor becomes obligated to the creditor or when the debtor applies for the insurance, whichever is later, except as follows:
 - (a) if any required evidence of insurability is not furnished until more than 30 days after the term would otherwise commence, the term may commence on the date when the insurer determines the evidence to be satisfactory; or
 - (b) if the creditor provides insurance not previously provided covering debts previously created, the term may commence on the effective date of the policy.
- (2) With respect to a closed-end credit agreement, the originally scheduled term of the insurance shall extend at least until the due date of the last scheduled payment of the debt, but may not extend more than 15 days after the originally scheduled due date of the last scheduled payment of the debt unless:
 - (a) it is extended without additional cost to the debtor;
 - (b) it is extended in connection with a deferral, refinancing, or consolidation; or
 - (c) if the debtor is advised in writing that the insurance will be written for a specified shorter time, the term need extend only until the end of the specified time.
- (3) With respect to an open-end credit agreement, if the creditor agrees to provide consumer credit insurance, the creditor shall provide sufficient insurance to pay the unpaid balance in the open-end account at any point in time up to the limit of the line of credit granted, unless the parties to the credit agreement specifically agree in writing the insurance provided may be for a definite or limited term, and may be for a maximum amount less than the unpaid balance in the account at any time or less than the maximum amount of credit authorized.

Enacted by Chapter 159, 1985 General Session

70C-6-202 Maximum amount of insurance.

- (1) With respect to a closed-end credit agreement:
 - (a) in the case of consumer credit insurance providing life coverage, the amount of insurance may not initially exceed the debt and, if the debt is payable in installments, may not at any time exceed the greater of the scheduled or actual amount of the debt; and
 - (b) in the case of any other consumer credit insurance, the total amount of periodic benefits payable may not exceed the total of scheduled unpaid installments of the debt, and the amount of any periodic benefit may not exceed the original amount of debt divided by the number of periodic installments in which it is payable.
- (2) With respect to an open-end credit agreement:
 - (a) in the case of consumer credit insurance providing life coverage, the amount of insurance may not exceed the unpaid balance in the account at any point in time; and
 - (b) in the case of any other consumer credit insurance, the total amount of periodic benefits payable may not exceed the total of scheduled installments to pay the unpaid balance of the debt at any point in time.

Enacted by Chapter 159, 1985 General Session

70C-6-203 Filing and approval of rates and forms.

- (1) A creditor may use a form or a schedule of premium rates or charges concerning consumer credit insurance only if the form or schedule has been on file with the Insurance Department for at least 30 days and has not been disapproved by the Insurance Department or has been specifically approved by the Insurance Department at any time after filing.
- (2) Except as provided in Subsection (3), all policies, certificates of insurance, notices of proposed insurance, applications for insurance, endorsements and riders relating to consumer credit insurance delivered or issued for delivery in this state, and the schedules of premium rates or charges pertaining to them, shall be filed by the insurer with the Insurance Department. Within 30 days after the filing of any form or schedule, the Insurance Department shall disapprove it if the premium rates or charges are unreasonable in relation to the benefits provided under the form, or if the form contains provisions which are unjust, unfair, inequitable, or deceptive, or encourages misrepresentation, or are contrary to any provisions of this title, or Title 31A, Chapter 22, Part 8, Credit Life and Accident and Health Insurance, or of any rule adopted under that act or this title.
- (3) If a group policy has been delivered in another state, the forms to be filed by the insurer with the Insurance Department are the group certificates and notices of proposed insurance. The Insurance Department shall approve those certificates and notices if:
 - (a) they provide the information that would be required if the group policy were delivered in this state; and
 - (b) the applicable premium rates or charges do not exceed those established by the Insurance Department's rules.

Amended by Chapter 90, 2004 General Session