

Part 3

Property and Liability Insurance

70C-6-301 Property insurance.

- (1) A creditor may not contract for or receive a separate charge for insurance against loss of or damage to property related to the credit transaction unless:
- (a) the insurance covers a significant risk of loss of or damage to the property;
 - (b) the amount, terms, and conditions of the insurance are reasonable in relation to the character and value of the property insured or to be insured; and
 - (c) the term of the insurance is reasonable in relation to the terms of credit.
- (2) The term of insurance is reasonable if it is customary and does not extend substantially beyond a scheduled maturity.

Enacted by Chapter 159, 1985 General Session

70C-6-302 Insurance on creditor's interest only.

If a creditor contracts for or receives a separate charge for insurance against loss of or damage to property, the risk of loss or damage not willfully caused by the debtor is on the debtor only to the extent of any deficiency in the effective coverage of the insurance, even though the insurance covers only the interest of the creditor.

Enacted by Chapter 159, 1985 General Session

70C-6-303 Liability insurance.

A creditor may not contract for or receive a separate charge for insurance against liability arising out of the ownership or use of property related to the credit transaction, unless the insurance covers a significant risk of liability.

Enacted by Chapter 159, 1985 General Session

70C-6-304 Cancellation by creditor.

A creditor may not request cancellation of a policy of property or liability insurance except after the debtor's default or in accordance with a written authorization by the debtor, and in either case the cancellation does not take effect until written notice is delivered to the debtor or mailed to him at his address as stated by him. The notice shall state that the policy may be cancelled on a date not less than 10 days after the notice is delivered, or, if the notice is mailed, not less than 13 days after it is mailed.

Enacted by Chapter 159, 1985 General Session