

CONSUMER CREDIT INSURANCE MODEL (CE 0 Tw (-o<)-.2 CTT1 1 Tf 0 Tc 7.9

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- (c) Insurance for which no identifiable charge is made to the debtor.
- (d) Insurance on accounts receivable.

B. Definitions

For the purpose of this Act:

- (1) "Commissioner" means the insurance supervisory authority of the state;

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- (c) The amount of insurance may be a constant percentage of the amount determined by Paragraph (2) of this subsection;
 - (d) The amount of insurance may be a constant percentage of the amount determined by Paragraph (3) of this subsection; or
 - (e) In the absence of any preexisting condition exclusions, the amount of insurance payable in the event of death due to natural causes may be limited to the balance as it existed six (6) months prior to the date of death if:
 - (i) There has been one or more increase in the outstanding balance during the six-month period, other than those due to the accrued interest or late charges; and
 - (ii) Evidence of individual insurability has not been required during the six-month period.
- (8) Other patterns of insurance may be used which are not 2.5 (t)1.7 (o)-3.1 (r)9 (r)-1.82 (eq)-6

Section 5. Term of Consumer Credit Insurance

A. Effective Date of Coverage

- (1) For consumer credit insurance made available to and elected by the debtor before or contemporaneous with a credit transaction to which the insurance relates, the term of the insurance shall, subject to acceptance by the insurer, commence on the date when the debtor becomes obligated to the creditor except that when evidence of individual insurability is required and such evidence is furnished more than thirty (30) days after the date when the debtor becomes obligated to the creditor, the term of the credit insurance may commence on the date on which the insurance company determines the evidence to be satisfactory.
- (2) For insurance coverage made available to and elected by the debtor on a date subsequent to the date of the consumer credit transaction to which the insurance relates, the insurance shall, subject to acceptance by the insurer, commence on a date not earlier than the date the election is made by the debtor nor later than thirty (30) days following the date on which the insurance company accepts the risk for coverage, according to an objective method such as one related to a particular date within a billing or repayment cycle or a calendar month.

Drafting Note: A state may wish to review its existing laws to determine if prompt underwriting action is required of insurers when evidence of insurability is submitted. If no other law imposes such a requirement, one may be inserted as a new paragraph in Subsection 5A.

- (3) Notwithstanding the provisions of Paragraphs (1) and (2) of this subsection, when a group policy provides coverage with respect to debts existing on the policy effective date, the insurance relating to the debt shall not commence before the effective date of the group policy.
- (4) In no event shall a charge for insurance be made to the debtor and retained by the creditor or insurer for any time prior to commencement of the consumer credit

- (4) In all cases of termination of insurance prior to the scheduled termination of the insurance, an appropriate refund or credit to the debtor shall be made of any unearned insurance charge paid by the debtor for a term of insurance after the date of the termination, except that no refund is required of a charge made for insurance if the insurance is terminated by performance of the insurer's obligation with respect to the insurance.
- (5) An insured debtor may terminate consumer credit insurance at any time by providing advance request to the insurer. The individual policy or group certificate may require that the request be in writing or that the debtor surrender the individual policy or group certificate, or both. The debtor's right to terminate coverage may also be subject to the terms of the credit transaction contract.

Section 6. Disclosure to Debtors and Provisions of Policies and Certificates of Insurance

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