

State of Arizona
House of Representatives
Forty-fifth Legislature
Second Regular Session
2002

CHAPTER 236

HOUSE BILL 2135

AN ACT

CHANGING THE DESIGNATION OF TITLE 20, CHAPTER 6, ARTICLE 10, ARIZONA REVISED STATUTES, TO "CONSUMER CREDIT INSURANCE"; REPEALING SECTION 20-1601, ARIZONA REVISED STATUTES; AMENDING SECTIONS 20-1602 AND 20-1603, ARIZONA REVISED STATUTES; REPEALING SECTION 20-1604, ARIZONA REVISED STATUTES; AMENDING TITLE 20, CHAPTER 6, ARTICLE 10, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 20-1604; AMENDING SECTIONS 20-1605 AND 20-1606, ARIZONA REVISED STATUTES; AMENDING TITLE 20, CHAPTER 6, ARTICLE 10, ARIZONA REVISED STATUTES, BY ADDING SECTION 20-1606.01; AMENDING SECTION 20-1607, ARIZONA REVISED STATUTES; REPEALING SECTION 20-1608, ARIZONA REVISED STATUTES; AMENDING TITLE 20, CHAPTER 6, ARTICLE 10, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 20-1608; AMENDING SECTIONS 20-1609 THROUGH 20-1615, ARIZONA REVISED STATUTES; REPEALING SECTION 20-1616, ARIZONA REVISED STATUTES; AMENDING TITLE 20, CHAPTER 6, ARTICLE 10, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 20-1616 AND SECTION 20-1616.01; AMENDING TITLE 20, CHAPTER 6, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 10.1; RELATING TO CREDIT INSURANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Heading change

3 The article heading of title 20, chapter 6, article 10, Arizona Revised
4 Statutes, is changed from "CREDIT LIFE INSURANCE AND CREDIT DISABILITY
5 INSURANCE" to "CONSUMER CREDIT INSURANCE".

6 Sec. 2. Repeal

7 Section 20-1601, Arizona Revised Statutes, is repealed.

8 Sec. 3. Section 20-1602, Arizona Revised Statutes, is amended to read:
9 20-1602. Scope and repeal

10 A. All ~~life~~ CONSUMER CREDIT insurance and all disability insurance
11 issued, SOLD or made effective in connection with a loan or other credit
12 transaction of ~~not more than fifteen years' duration shall be~~ FOR PERSONAL,
13 FAMILY OR HOUSEHOLD PURPOSES IS subject to this article and to all other
14 provisions of this title not inconsistent herewith, ~~except that an insurer's~~
15 ~~issuance of any such insurance as an isolated transaction, not pursuant to~~
16 ~~an agreement or a plan insuring debtors of the creditor, shall not be subject~~
17 ~~to~~ WITH this article. Any provision of other law, general or special, THAT
18 IS inconsistent herewith WITH THIS ARTICLE is repealed to the extent of such
19 THE inconsistency. In addition, all CONSUMER credit ~~life~~ insurance and
20 ~~credit disability insurance~~ issued or made effective relative to consumer
21 lender loans under title 6, chapter 5 shall ~~be~~ IS subject to this article.

22 B. THE FOLLOWING CONSUMER CREDIT INSURANCE TRANSACTIONS ARE NOT
23 SUBJECT TO THIS ARTICLE:

24 1. INSURANCE ON CREDIT TRANSACTIONS OF MORE THAN FIFTEEN YEARS
25 DURATION.

26 2. INSURANCE WRITTEN IN CONNECTION WITH A CREDIT TRANSACTION THAT IS
27 SECURED BY A FIRST MORTGAGE OR DEED OF TRUST AND MADE TO FINANCE THE PURCHASE
28 OF REAL PROPERTY OR THE CONSTRUCTION OF A DWELLING OR TO REFINANCE A PRIOR
29 CREDIT TRANSACTION MADE FOR SUCH A PURPOSE.

30 3. INSURANCE SOLD AS AN ISOLATED TRANSACTION ON THE PART OF THE
31 INSURER AND NOT RELATED TO AN AGREEMENT OR A PLAN FOR INSURING DEBTORS OF THE
32 CREDITOR.

33 4. INSURANCE FOR WHICH NO IDENTIFIABLE CHARGE IS MADE TO THE DEBTOR.

34 Sec. 4. Section 20-1603, Arizona Revised Statutes, is amended to read:
35 20-1603. Definitions

36 In this article, unless the context otherwise requires:

37 1. "CONSUMER CREDIT INSURANCE" MEANS ANY ONE OR A COMBINATION OF THE
38 FOLLOWING:

39 (a) CREDIT LIFE INSURANCE.

40 (b) CREDIT DISABILITY INSURANCE.

41 (c) CREDIT UNEMPLOYMENT INSURANCE.

42 ~~1.~~ 2. "Credit disability insurance" means insurance on a debtor to
43 provide indemnity for payments becoming due OR OUTSTANDING on a specific loan
44 or other credit transaction while the debtor is disabled as defined in the
45 policy OR CERTIFICATE.

1 2. 3. "Credit life insurance" means insurance on the life of a debtor
2 pursuant to or in connection with a specific loan or other credit transaction
3 THAT PROVIDES FOR THE SATISFACTION OF A DEBT, IN WHOLE OR IN PART, ON THE
4 DEATH OF AN INSURED DEBTOR.

5 4. "CREDIT PROPERTY INSURANCE" HAS THE SAME MEANING PRESCRIBED IN
6 SECTION 20-1621.01.

7 5. "CREDIT UNEMPLOYMENT INSURANCE" MEANS CASUALTY INSURANCE ON A
8 DEBTOR TO PROVIDE INDEMNITY FOR PAYMENTS OR DEBT BECOMING DUE ON A SPECIFIC
9 LOAN OR OTHER CREDIT TRANSACTION WHILE THE DEBTOR IS INVOLUNTARILY UNEMPLOYED
10 AS DEFINED IN THE POLICY.

11 3. 6. "Creditor" means the lender of money or vendor or lessor of
12 goods, services, property, rights or privileges, including a lessor under a
13 lease intended as a security, where payment is arranged through a credit
14 transaction. "Creditor" means also any successor to the right, title or
15 interest of any such lender, vendor or lessor or an affiliate, associate or
16 subsidiary of any of them or any director, officer or employee of any of them
17 or any other person in any way associated with any of them.

18 4. 7. "Debtor" means a borrower of money or a person possessing a
19 commitment for a loan of certain funds or a purchaser or lessee of goods,
20 services, property, rights or privileges for which payment is arranged
21 through a credit transaction.

22 5. 8. "Director" means the director of insurance.

23 6. ~~"Indebtedness" means the total amount payable by a debtor to a~~
24 ~~creditor in connection with a loan, loan commitment or other credit~~
25 ~~transaction.~~

26 9. "GROSS DEBT" MEANS THE SUM OF THE REMAINING PAYMENTS THAT A DEBTOR
27 OWES A CREDITOR.

28 10. "IDENTIFIABLE CHARGE" MEANS A CHARGE FOR A TYPE OF CONSUMER CREDIT
29 INSURANCE THAT IS MADE TO DEBTORS HAVING THAT INSURANCE AND NOT MADE TO
30 DEBTORS NOT HAVING THE INSURANCE, AND THAT INCLUDES A CHARGE FOR INSURANCE
31 THAT IS DISCLOSED IN THE CREDIT OR OTHER INSTRUMENT FURNISHED TO THE DEBTOR
32 THAT STATES THE FINANCIAL ELEMENTS OF THE CREDIT TRANSACTION AND ANY
33 DIFFERENCE IN THE FINANCE, INTEREST, SERVICE OR OTHER SIMILAR CHARGE MADE TO
34 DEBTORS IN LIKE CIRCUMSTANCES EXCEPT FOR THE INSURED OR NONINSURED STATUS OF
35 THE DEBTOR OR OF THE PROPERTY USED AS SECURITY FOR THE CREDIT TRANSACTION.

36 7. 11. "Loan" means an advance or commitment of certain funds
37 pursuant to a repayment agreement.

38 12. "NET DEBT" MEANS THE AMOUNT NECESSARY TO LIQUIDATE A DEBT IN A
39 SINGLE LUMP SUM PAYMENT, EXCLUDING ALL UNEARNED INTEREST AND OTHER UNEARNED
40 FINANCE CHARGES.

41 Sec. 5. Repeal

42 Section 20-1604, Arizona Revised Statutes, is repealed.

1 Sec. 6. Title 20, chapter 6, article 10, Arizona Revised Statutes, is
2 amended by adding a new section 20-1604, to read:

3 20-1604. Types of consumer credit insurance

4 THE TYPES OF CONSUMER CREDIT INSURANCE MAY EACH BE WRITTEN SEPARATELY
5 OR IN COMBINATION ON AN INDIVIDUAL POLICY OR GROUP POLICY BASIS. THE
6 DIRECTOR MAY PROHIBIT OR LIMIT ANY COMBINATION BY RULE.

7 Sec. 7. Section 20-1605, Arizona Revised Statutes, is amended to read:

8 20-1605. Maximum amount of credit life insurance

9 A. ~~The initial amount of credit LIFE insurance upon the life of a~~
10 ~~debtor in connection with any loan or credit transaction shall not exceed the~~
11 ~~total amount repayable under the contract of indebtedness GROSS DEBT.~~

12 B. ~~In cases where an indebtedness~~ IF A DEBT is repayable in
13 substantially equal installments, the amount of insurance shall at no time
14 exceed the scheduled or actual amount of unpaid ~~indebtedness~~ THE GROSS DEBT,
15 whichever is greater.

16 C. Notwithstanding the ~~provisions of~~ subsections A and B, credit LIFE
17 insurance in connection with a loan not exceeding one year in duration, or
18 pursuant to a bank or financial institution loan checking account or
19 revolving line of credit plan, may be issued or made effective on a
20 nondecreasing or level term plan in an amount not in excess of the loan.
21 Credit LIFE insurance on an educational transaction commitment may be issued
22 or made effective in an amount which includes that portion of such THE
23 commitment not yet advanced by the creditor.

24 Sec. 8. Section 20-1606, Arizona Revised Statutes, is amended to read:

25 20-1606. Maximum amount of credit disability insurance and
26 credit unemployment insurance

27 A. The total amount of PERIODIC indemnity payable by credit disability
28 insurance in the event of disability, as defined in the policy, OR CREDIT
29 UNEMPLOYMENT INSURANCE, IN THE EVENT OF UNEMPLOYMENT, AS DEFINED IN THE
30 POLICY, shall NOT exceed ~~neither the aggregate of the periodic scheduled~~
31 ~~unpaid installments of the indebtedness nor GROSS DEBT OR~~, with respect to
32 group insurance where the indebtedness is repayable in installments, the
33 maximum sum permitted by section 20-1401. The amount of each periodic
34 indemnity payment shall not exceed the original ~~indebtedness~~ GROSS DEBT
35 divided by the number of periodic installments.

36 B. NOTWITHSTANDING SUBSECTION A OF THIS SECTION:

37 1. FOR CREDIT DISABILITY INSURANCE OR CREDIT UNEMPLOYMENT INSURANCE
38 WRITTEN IN CONNECTION WITH AN OPEN-END CREDIT AGREEMENT, THE AMOUNT OF
39 INSURANCE SHALL NOT EXCEED THE GROSS DEBT WHICH WOULD ACCRUE ON THAT AMOUNT
40 USING THE PERIODIC INDEMNITY. SUBJECT TO ANY POLICY MAXIMUMS, THE PERIODIC
41 INDEMNITY SHALL NOT BE LESS THAN THE CREDITOR'S MINIMUM REPAYMENT SCHEDULE.

42 2. AN INSURER MAY OFFER CREDIT DISABILITY INSURANCE WITH A PERIODIC
43 OR LUMP SUM INDEMNITY THAT EXCEEDS THE CREDITOR'S MINIMUM REPAYMENT SCHEDULE
44 IF NO SINGLE INDEMNITY EXCEEDS THE NET DEBT.

1 Sec. 9. Title 20, chapter 6, article 10, Arizona Revised Statutes, is
2 amended by adding section 20-1606.01, to read:

3 20-1606.01. Credit unemployment insurance; provisions

4 A. A CREDIT UNEMPLOYMENT INSURANCE POLICY SHALL CONTAIN BENEFITS THAT
5 ARE AT LEAST AS FAVORABLE TO INSUREDS AS THE FOLLOWING PROVISIONS:

6 1. THE POLICY SHALL PROVIDE COVERAGE FOR UNEMPLOYMENT FOR ANY REASON,
7 EXCEPT THAT COVERAGE MAY BE EXCLUDED FOR UNEMPLOYMENT DUE TO:

8 (a) VOLUNTARY FORFEITURE OF SALARY, WAGE OR OTHER EMPLOYMENT INCOME.

9 (b) RESIGNATION.

10 (c) RETIREMENT.

11 (d) GENERAL STRIKE.

12 (e) ILLEGAL WALK OUT.

13 (f) WAR.

14 (g) SEPARATION FROM THE MILITARY.

15 (h) WILLFUL MISCONDUCT, CRIMINAL MISCONDUCT OR UNLAWFUL BEHAVIOR.

16 (i) DISABILITY CAUSED BY INJURY, SICKNESS OR PREGNANCY.

17 2. FOR CREDIT UNEMPLOYMENT INSURANCE THAT PROVIDES A MONTHLY BENEFIT,
18 BENEFITS SHALL START AFTER A WAITING PERIOD OF NO MORE THAN THIRTY DAYS, BUT
19 NEED NOT BE RETROACTIVE TO THE FIRST DAY OF UNEMPLOYMENT AND SHALL HAVE A
20 MAXIMUM BENEFIT PERIOD OF AT LEAST SIX MONTHS.

21 B. A CREDIT UNEMPLOYMENT INSURANCE POLICY SHALL NOT CONTAIN
22 ELIGIBILITY REQUIREMENTS MORE RESTRICTIVE THAN THE FOLLOWING:

23 1. THE POLICY MAY EXCLUDE FROM QUALIFICATION FOR COVERAGE:

24 (a) A SELF-EMPLOYED INDIVIDUAL.

25 (b) A WORKER IN A SEASONAL OR TEMPORARY JOB. FOR THE PURPOSES OF THIS
26 SUBDIVISION, "SEASONAL OR TEMPORARY JOB" MEANS A JOB DESIGNED TO LAST NO MORE
27 THAN SIX CONSECUTIVE MONTHS.

28 (c) A DEBTOR WHO HAS BEEN NOTIFIED IN WRITING OF ANY LAYOFF OR
29 EMPLOYMENT TERMINATION THAT IS TO OCCUR WITHIN SIXTY DAYS OF THE DATE
30 COVERAGE BEGINS.

31 2. THE POLICY SHALL NOT HAVE AN EMPLOYMENT REQUIREMENT MORE
32 RESTRICTIVE THAN REQUIRING A DEBTOR TO BE EMPLOYED FULL-TIME ON THE EFFECTIVE
33 DATE OF COVERAGE FOR AT LEAST SIX CONSECUTIVE MONTHS BEFORE THE EFFECTIVE
34 DATE OF COVERAGE. FOR THE PURPOSES OF THIS PARAGRAPH, "FULL-TIME" MEANS A
35 REGULAR WORK WEEK OF NOT LESS THAN THIRTY HOURS.

36 Sec. 10. Section 20-1607, Arizona Revised Statutes, is amended to
37 read:

38 20-1607. Term of insurance

39 A. SUBJECT TO ACCEPTANCE BY THE INSURER, the term of any CONSUMER
40 credit life insurance or ~~credit disability insurance shall, subject to~~
41 ~~acceptance by the insurer,~~ SHALL commence on the date when the debtor becomes
42 obligated to the creditor, ~~except that, where.~~

43 B. NOTWITHSTANDING SUBSECTION A OF THIS SECTION, THE TERM OF a policy
44 THAT provides coverage with respect to FOR an existing obligation, ~~the term~~
45 ~~of any such insurance~~ shall commence on the effective date of the policy and

1 where evidence of insurability is required and such THE evidence is furnished
2 more than thirty days after the date when the debtor becomes obligated to the
3 creditor, the term of the insurance shall commence on the date on which the
4 insurer determines the evidence to be satisfactory and in such event,
5 respecting collections from or charges to the debtor for earlier coverage,
6 there shall be an appropriate refund or adjustment.

7 ~~B.~~ C. Except where the creditor grants an extension of time for
8 repayment of an ~~indebtedness~~ A DEBT, the term of such ANY CONSUMER CREDIT
9 insurance shall not extend more than fifteen days beyond the scheduled
10 maturity date of the ~~indebtedness~~ DEBT unless done without additional cost
11 to the debtor. If the ~~indebtedness~~ DEBT is discharged due to renewal or
12 refinancing prior to the scheduled maturity date, the insurance in force
13 shall be terminated before any new insurance may be issued in connection with
14 the renewed or refinanced ~~indebtedness~~ DEBT. In each case of termination
15 prior to scheduled maturity, a refund shall be paid or credited as provided
16 in section 20-1611.

17 Sec. 11. Repeal

18 Section 20-1608, Arizona Revised Statutes, is repealed.

19 Sec. 12. Title 20, chapter 6, article 10, Arizona Revised Statutes,
20 is amended by adding a new section 20-1608, to read:

21 20-1608. Policy provisions and disclosures

22 A. BEFORE A DEBTOR ELECTS TO PURCHASE CONSUMER CREDIT INSURANCE, THE
23 FOLLOWING INFORMATION SHALL BE DISCLOSED TO THE DEBTOR IN THE MANNER PROVIDED
24 IN SUBSECTION C OF THIS SECTION:

25 1. PURCHASE OF CONSUMER CREDIT INSURANCE IS OPTIONAL AND NOT A
26 CONDITION OF OBTAINING CREDIT APPROVAL.

27 2. IF MORE THAN ONE KIND OF CONSUMER CREDIT INSURANCE IS BEING MADE
28 AVAILABLE TO THE DEBTOR, WHETHER THE DEBTOR CAN PURCHASE EACH KIND SEPARATELY
29 OR THE MULTIPLE COVERAGES ONLY AS A PACKAGE.

30 3. THE CONDITIONS OF ELIGIBILITY.

31 4. IF THE CONSUMER HAS OTHER LIFE OR DISABILITY INSURANCE, THE
32 CONSUMER MAY NOT WANT OR NEED CREDIT INSURANCE.

33 5. WITHIN THE FIRST THIRTY DAYS AFTER RECEIVING THE INDIVIDUAL POLICY
34 OR GROUP CERTIFICATE, THE DEBTOR MAY CANCEL THE COVERAGE AND HAVE ALL
35 PREMIUMS PAID BY THE DEBTOR REFUNDED OR CREDITED.

36 6. A DESCRIPTION OF:

37 (a) THE AMOUNT.

38 (b) THE TERM IF LESS THAN THE TERM OF THE LOAN OR EXTENSION OF CREDIT.

39 (c) THE PREMIUM RATE FOR EACH COVERAGE OR FOR ALL COVERAGES IN A
40 PACKAGE.

41 7. IF THE PREMIUM OR INSURANCE CHARGE IS FINANCED, IT WILL BE SUBJECT
42 TO FINANCE CHARGES AT THE RATE APPLICABLE TO THE CREDIT TRANSACTION.

43 B. A PERSON MAY COMBINE THE DISCLOSURES REQUIRED BY SUBSECTION A OF
44 THIS SECTION WITH OTHER DISCLOSURES REQUIRED BY THE LAWS OF THIS STATE OR THE
45 FEDERAL GOVERNMENT.

1 C. THE DISCLOSURES REQUIRED UNDER SUBSECTION A OF THIS SECTION SHALL
2 BE PROVIDED IN THE FOLLOWING MANNER:

3 1. FOR CONSUMER CREDIT INSURANCE OFFERED CONTEMPORANEOUSLY WITH THE
4 EXTENSION OF CREDIT OR OFFERED THROUGH DIRECT MAIL ADVERTISEMENTS, THE
5 DISCLOSURES SHALL BE MADE IN WRITING AND PRESENTED TO THE CONSUMER IN A CLEAR
6 AND CONSPICUOUS MANNER.

7 2. FOR CONSUMER CREDIT INSURANCE OFFERED AFTER THE EXTENSION OF CREDIT
8 BY OTHER THAN DIRECT MAIL ADVERTISEMENTS, THE DISCLOSURES REQUIRED BY
9 SUBSECTION A, PARAGRAPHS 1, 6 AND 7 OF THIS SECTION MAY BE PROVIDED ORALLY
10 OR ELECTRONICALLY IF BOTH OF THE FOLLOWING OCCUR:

11 (a) THE FOLLOWING ORAL DISCLOSURE IS ALSO MADE TO A DEBTOR WHO ELECTS
12 TO PURCHASE ANY CONSUMER CREDIT INSURANCE:

13 "YOU WILL BE RECEIVING IMPORTANT WRITTEN INFORMATION ABOUT
14 THE INSURANCE YOU HAVE CHOSEN TO PURCHASE AND YOUR RIGHTS. WE
15 RECOMMEND THAT YOU READ AND CAREFULLY REVIEW THIS INFORMATION AS
16 SOON AS YOU RECEIVE IT."

17 (b) WRITTEN DISCLOSURE OF ALL INFORMATION REQUIRED BY SUBSECTION A OF
18 THIS SECTION IS PROVIDED TO THE DEBTOR NO LATER THAN THE EARLIER OF EITHER:

19 (i) TEN DAYS AFTER THE DEBTOR ELECTS COVERAGE.

20 (ii) THE DATE ANY OTHER WRITTEN MATERIAL IS PROVIDED TO THE DEBTOR.

21 D. ALL CONSUMER CREDIT INSURANCE SHALL BE EVIDENCED BY AN INDIVIDUAL
22 POLICY OR A GROUP CERTIFICATE OF INSURANCE THAT SHALL BE DELIVERED TO THE
23 DEBTOR.

24 E. IN ADDITION TO OTHER REQUIREMENTS OF LAW, THE INDIVIDUAL POLICY OR
25 GROUP CERTIFICATE SHALL STATE ALL OF THE FOLLOWING:

26 1. THE NAME AND HOME OFFICE ADDRESS OF THE INSURER.

27 2. THE NAME OF THE DEBTOR, OR, IN THE CASE OF A GROUP CERTIFICATE, THE
28 IDENTITY BY NAME OR OTHERWISE OF THE DEBTOR.

29 3. THE PREMIUM OR AMOUNT OF PAYMENT BY THE DEBTOR SEPARATELY FOR EACH
30 KIND OF COVERAGE OR FOR ALL COVERAGES IN A PACKAGE, EXCEPT THAT, FOR OPEN-END
31 LOANS, THE PREMIUM RATE AND THE BASIS OF THE PREMIUM CALCULATION, SUCH AS
32 AVERAGE DAILY BALANCE AND PRIOR MONTHLY BALANCE, SHALL BE SPECIFIED.

33 4. A FULL DESCRIPTION OF THE COVERAGE OR COVERAGES, INCLUDING THE
34 AMOUNT AND TERM AND ANY EXCEPTIONS, LIMITATIONS AND EXCLUSIONS.

35 5. A STATEMENT THAT THE BENEFITS SHALL BE PAID TO THE CREDITOR TO
36 REDUCE OR EXTINGUISH THE UNPAID DEBT AND, WHENEVER THE AMOUNT OF INSURANCE
37 BENEFIT EXCEEDS THE UNPAID DEBT, THAT ANY EXCESS SHALL BE PAYABLE TO A
38 BENEFICIARY, OTHER THAN THE CREDITOR, NAMED BY THE DEBTOR OR TO THE DEBTOR'S
39 ESTATE.

40 6. IF THE SCHEDULED TERM OF INSURANCE IS LESS THAN THE SCHEDULED TERM
41 OF THE CREDIT TRANSACTION, A STATEMENT TO THAT EFFECT ON THE FACE OF THE
42 INDIVIDUAL POLICY OR GROUP CERTIFICATE IN NOT LESS THAN TEN POINT BOLD FACE
43 TYPE.

44 F. UNLESS THE INDIVIDUAL POLICY OR GROUP CERTIFICATE OF INSURANCE IS
45 DELIVERED TO THE DEBTOR AT THE TIME THE DEBT IS INCURRED, OR AT SUCH OTHER

1 TIME THAT THE DEBTOR ELECTS TO PURCHASE COVERAGE, A COPY OF THE APPLICATION
2 FOR THE POLICY THAT IS SIGNED BY THE DEBTOR OR A NOTICE OF PROPOSED INSURANCE
3 THAT SETS FORTH THE NAME AND HOME OFFICE ADDRESS OF THE INSURER, THE NAME OF
4 THE DEBTOR, THE PREMIUM RATE OR AMOUNT OF PAYMENT BY THE DEBTOR FOR THE
5 INSURANCE AND THE AMOUNT, TERM AND A BRIEF DESCRIPTION OF THE COVERAGE
6 PROVIDED SHALL BE DELIVERED TO THE DEBTOR AT THE TIME THE DEBT IS INCURRED
7 OR THE ELECTION TO PURCHASE COVERAGE IS MADE. THE COPY OF THE APPLICATION
8 FOR, OR NOTICE OF PROPOSED INSURANCE, SHALL ALSO REFER EXCLUSIVELY TO
9 INSURANCE COVERAGE AND SHALL BE SEPARATE AND APART FROM THE LOAN, SALE OR
10 OTHER CREDIT STATEMENT OF ACCOUNT, INSTRUMENT OR AGREEMENT, UNLESS THE
11 INFORMATION REQUIRED BY THIS SUBSECTION IS PROMINENTLY SET FORTH THEREIN. ON
12 ACCEPTANCE OF THE INSURANCE BY THE INSURER AND WITHIN THIRTY DAYS OF THE DATE
13 ON WHICH THE DEBT IS INCURRED OR THE ELECTION TO PURCHASE COVERAGE IS MADE,
14 THE INSURER SHALL CAUSE THE INDIVIDUAL POLICY OR GROUP CERTIFICATE OF
15 INSURANCE TO BE DELIVERED TO THE DEBTOR. THE APPLICATION OR NOTICE OF
16 PROPOSED INSURANCE SHALL STATE THAT ON ACCEPTANCE BY THE INSURER, THE
17 INSURANCE SHALL BECOME EFFECTIVE AS PROVIDED IN SECTION 20-1607.

18 G. THE APPLICATION, NOTICE OF PROPOSED INSURANCE OR CERTIFICATE MAY
19 BE USED TO FULFILL ALL OF THE REQUIREMENTS OF SUBSECTION A OF THIS SECTION
20 AND SUBSECTION E OF THIS SECTION IF IT CONTAINS ALL OF THE INFORMATION
21 REQUIRED BY THOSE SUBSECTIONS.

22 H. THE DEBTOR HAS THIRTY DAYS FROM THE DATE THAT THE DEBTOR RECEIVES
23 EITHER THE INDIVIDUAL POLICY OR THE GROUP CERTIFICATE TO REVIEW THE COVERAGE
24 PURCHASED. AT ANY TIME WITHIN THE THIRTY-DAY PERIOD, THE DEBTOR MAY CONTACT
25 THE CREDITOR OR INSURER ISSUING THE POLICY OR CERTIFICATE AND REQUEST THAT
26 THE COVERAGE BE CANCELLED. THE INDIVIDUAL POLICY OR GROUP CERTIFICATE MAY
27 REQUIRE THE REQUEST TO BE IN WRITING OR THAT THE POLICY OR CERTIFICATE BE
28 RETURNED TO THE INSURER, OR BOTH. WITHIN THIRTY DAYS OF THE REQUEST, THE
29 DEBTOR SHALL RECEIVE A FULL REFUND OR CREDIT OF ALL PREMIUMS OR INSURANCE
30 CHARGES PAID BY THE DEBTOR.

31 I. IF THE INSURER IS NOT WILLING TO INSURE THE PARTICULAR RISK,
32 ANOTHER INSURER MAY AGREE TO ACCEPT THE RISK AND BE SUBSTITUTED FOR THE
33 ORIGINAL INSURER. A SUBSTITUTE INSURER SHALL PROVIDE THE DEBTOR WITH A
34 POLICY OR CERTIFICATE OF INSURANCE STATING THE NAME AND HOME OFFICE ADDRESS
35 OF THE SUBSTITUTED INSURER AND THE AMOUNT OF THE PREMIUM TO BE CHARGED. IF
36 THE AMOUNT OF PREMIUM IS LESS THAN THAT STATED IN THE NOTICE OF PROPOSED
37 INSURANCE, AN APPROPRIATE REFUND SHALL BE MADE WITHIN THIRTY DAYS. IF NO
38 INSURER ACCEPTS THE RISK, THEN ALL PREMIUMS PAID SHALL BE REFUNDED OR
39 CREDITED WITHIN THIRTY DAYS OF APPLICATION TO THE PERSON ENTITLED TO THE
40 REFUND.

41 J. FOR THE PURPOSE OF SUBSECTION F OF THIS SECTION, AN INDIVIDUAL
42 POLICY OR GROUP CERTIFICATE DELIVERED IN CONJUNCTION WITH AN OPEN-END
43 CONSUMER CREDIT AGREEMENT OR ANY CONSUMER CREDIT INSURANCE REQUESTED BY THE
44 DEBTOR AFTER THE DATE OF THE DEBT IS DEEMED TO BE DELIVERED AT THE TIME THE

1 DEBT IS INCURRED OR ELECTION TO PURCHASE COVERAGE IS MADE IF THE DELIVERY
2 OCCURS WITHIN THIRTY DAYS OF THE DATE THE INSURANCE IS EFFECTIVE.

3 K. AN INDIVIDUAL POLICY OR GROUP CERTIFICATE DELIVERED IN CONJUNCTION
4 WITH AN OPEN-END CREDIT AGREEMENT CONTINUES FROM ITS EFFECTIVE DATE THROUGH
5 THE TERM OF THE AGREEMENT UNLESS THE INDIVIDUAL POLICY OR GROUP CERTIFICATE
6 IS TERMINATED ACCORDING TO ITS TERMS AT AN EARLIER DATE.

7 Sec. 13. Section 20-1609, Arizona Revised Statutes, is amended to
8 read:

9 20-1609. Filing, approval and withdrawal of forms

10 ~~A. Each policy, certificate of insurance, application for insurance,~~
11 ~~endorsement and rider that relates to credit life insurance or credit~~
12 ~~disability insurance and is delivered or issued for delivery in this state~~
13 ~~shall be filed with the director and shall not be issued or used until~~
14 ~~expiration of thirty days thereafter unless the director gives written~~
15 ~~approval.~~

16 A. A PERSON SHALL NOT USE OR ISSUE FOR DELIVERY IN THIS STATE A
17 POLICY, CERTIFICATE OF INSURANCE, APPLICATION FOR INSURANCE, ENDORSEMENT OR
18 RIDER THAT RELATES TO CONSUMER CREDIT INSURANCE UNLESS THE PERSON HAS FIRST
19 FILED THE FORM WITH THE DIRECTOR AND THE DIRECTOR HAS APPROVED THE
20 FORM. UNLESS THE DIRECTOR ISSUES AN ORDER AFFIRMATIVELY APPROVING OR
21 DISAPPROVING THE FORM WITHIN THIRTY DAYS AFTER THE FILING, THE FORM IS DEEMED
22 APPROVED. ON WRITTEN NOTICE GIVEN WITHIN THE THIRTY DAY PERIOD TO THE PERSON
23 MAKING THE FILING, THE DIRECTOR MAY EXTEND THE PERIOD FOR REVIEW UP TO
24 FIFTEEN ADDITIONAL DAYS.

25 B. ~~The director shall, within thirty days after the filing of any~~
26 ~~policy, certificate of insurance, application for insurance, endorsement and~~
27 ~~rider, disapprove any such form FILED PURSUANT TO SUBSECTION A if in the~~
28 ~~director's opinion the form contains provisions that are unjust, unfair,~~
29 ~~inequitable, misleading, AMBIGUOUS OR deceptive, or that encourage~~
30 ~~misrepresentations of the coverage or which THAT are contrary to any~~
31 ~~provision of this title or of any rule adopted pursuant to this title.~~

32 C. If the director disapproves any form or determines that approval
33 once given should be withdrawn, ~~he shall not issue the form and~~ THE DIRECTOR
34 shall notify the insurer. ~~In the notice the director shall specify~~ OF the
35 reason for the decision and advise the insurer of the hearing procedure
36 prescribed by title 41, chapter 6, article 10.

37 ~~D. With respect to any group policy of credit life insurance or credit~~
38 ~~disability insurance which has been delivered in this state before June 23,~~
39 ~~1961 or has been or is delivered to another state before or after June 23,~~
40 ~~1961, the insurer shall be required to file with the director its schedule~~
41 ~~of applicable premium rates and the group certificate. A group certificate~~
42 ~~shall be approved by the director if it conforms with the requirements~~
43 ~~specified in section 20-1608, subsection C and if the schedule of premium~~
44 ~~rates applicable to the insurance evidenced by the certificate is not in~~
45 ~~excess of the insurer's schedule of premium rates filed with the director,~~

1 ~~provided any premium rate in effect on existing group policies may be~~
2 ~~continued until the first policy anniversary date following June 23, 1961.~~

3 Sec. 14. Section 20-1610, Arizona Revised Statutes, is amended to
4 read:

5 20-1610. Premiums

6 A. ~~The amount charged to a debtor for CONSUMER credit life insurance~~
7 ~~or credit disability insurance neither CHARGE TO THE DEBTOR shall NOT exceed~~
8 ~~the premium for the particular coverage that is specified in the INSURER'S~~
9 ~~RATE schedule of rates then on file with the director. nor, If the premium~~
10 ~~be IS less than that specified in the RATE schedule, THE INSURER shall it~~
11 ~~exceed CHARGE the LESSER amount actually charged by the insurer.~~

12 B. ~~Each schedule of premium rates and revision thereof pertaining to~~
13 ~~the sale or provision in Arizona of any credit life insurance or credit~~
14 ~~disability insurance shall be filed with the director by each insurer~~
15 ~~engaging in these transactions and shall not be used until the expiration of~~
16 ~~thirty days thereafter unless the director shall give written approval. A~~
17 ~~PERSON SHALL NOT USE IN THIS STATE A SCHEDULE OF PREMIUM RATES OR ANY~~
18 ~~REVISION OF THE SCHEDULE FOR CONSUMER CREDIT INSURANCE UNLESS THE PERSON HAS~~
19 ~~FIRST FILED THE SCHEDULE OR REVISION WITH THE DIRECTOR AND THE DIRECTOR HAS~~
20 ~~APPROVED THE SCHEDULE OR REVISION. UNLESS THE DIRECTOR ISSUES AN ORDER~~
21 ~~AFFIRMATIVELY APPROVING OR DISAPPROVING THE SCHEDULE OR REVISION WITHIN~~
22 ~~THIRTY DAYS AFTER FILING, THE SCHEDULE OR REVISION IS DEEMED APPROVED. ON~~
23 ~~WRITTEN NOTICE GIVEN WITHIN THE THIRTY DAY PERIOD TO THE PERSON MAKING THE~~
24 ~~FILING, THE DIRECTOR MAY EXTEND THE PERIOD FOR REVIEW UP TO FIFTEEN~~
25 ~~ADDITIONAL DAYS. The director shall disapprove the schedule OR REVISION if~~
26 ~~in the director's opinion the premium rates charged or to be charged are~~
27 ~~excessive in relation to benefits that may be awarded. In determining~~
28 ~~whether to disapprove the schedule OR REVISION the director shall accord due~~
29 ~~consideration to past and prospective loss experience within and outside~~
30 ~~Arizona THIS STATE, to underwriting practice and judgment and to all other~~
31 ~~factors relevant to the relationship between premium rates and benefits.~~

32 C. RATES FOR CREDIT UNEMPLOYMENT INSURANCE ARE SUBJECT TO SECTION
33 20-1621.05.

34 ~~C.~~ D. If the director disapproves any schedule of premium rates or
35 determines that approval once given should be withdrawn, the director shall
36 so notify the insurer and thereafter the schedule shall not be used. The
37 notice issued by the director shall specify the reason for the decision and
38 advise the insurer of the hearing procedure prescribed by title 41, chapter
39 6, article 10.

40 ~~D.~~ E. Premiums in accordance with a schedule of rates filed with and
41 approved by the director for CONSUMER credit life insurance ~~or credit~~
42 ~~disability insurance shall be deemed not interest or as an amount in excess~~
43 ~~of permitted charges in connection with a loan or credit transaction, and any~~
44 ~~gain or advantage to a creditor arising from a premium or commission in the~~
45 ~~sale or provision of this insurance shall be deemed not interest or charges.~~

1 Sec. 15. Section 20-1611, Arizona Revised Statutes, is amended to
2 read:

3 20-1611. Refunds

4 A. Each individual policy or group certificate of CONSUMER credit life
5 insurance ~~or credit disability insurance~~ shall provide that, in the event of
6 termination of insurance prior to the scheduled maturity date of the
7 indebtedness DEBT, any refund of an amount paid by the debtor for insurance
8 shall be remitted or credited promptly to the person entitled thereto,
9 ~~provided that~~ TO THE REFUND OR CREDIT. The director shall prescribe a
10 minimum refund, which shall be not less than ~~one dollar~~ FIVE DOLLARS. ~~and~~
11 ~~no AN INSURER IS NOT REQUIRED TO refund need be made which would be ANY~~
12 AMOUNT THAT IS less than such THE minimum. The formula to be used in
13 computing refunds shall be filed with the director and shall be subject to
14 his THE DIRECTOR'S approval.

15 B. If a creditor requires a debtor to make any payment for CONSUMER
16 credit life insurance ~~or credit disability insurance~~ and an individual policy
17 or group certificate is not issued, the creditor shall immediately give
18 written notice to such THE debtor and shall promptly make an appropriate
19 refund to him THE DEBTOR or credit to his THE DEBTOR'S account.

20 Sec. 16. Section 20-1612, Arizona Revised Statutes, is amended to
21 read:

22 20-1612. Authorization for issuance of policies

23 A. Each policy, certificate of insurance, application for insurance,
24 endorsement and rider of CONSUMER credit life insurance ~~or credit disability~~
25 insurance delivered or issued for delivery in this state shall be by an
26 insurer authorized by the director to transact insurance in Arizona.

27 B. In any transaction where a premium is collected from, or a payment
28 made by, a debtor for CONSUMER credit life insurance ~~or credit disability~~
29 insurance, each policy, certificate of insurance, application for insurance,
30 endorsement and rider shall be solicited by and placed through a holder of
31 a license issued by the director in accordance with chapter 2, article 3 of
32 this title. Nothing in this section requires a creditor to be licensed as an
33 insurance agent PRODUCER solely because the creditor enrolls individuals in
34 or administers a subsisting contract of group insurance.

35 Sec. 17. Section 20-1613, Arizona Revised Statutes, is amended to
36 read:

37 20-1613. Reporting and settlement of claims

38 A. In accordance with the terms of the applicable insurance contract,
39 each claim shall be promptly reported to the insurer or to its designated
40 claim representative and once reported shall be settled as soon as
41 practicable.

42 B. Each claim shall be paid either by draft drawn upon the insurer,
43 BY ELECTRONIC FUNDS TRANSFER or by check of the insurer to the order of the
44 claimant to whom payment of benefits is due pursuant to UNDER the policy
45 provisions or upon his THE CLAIMANT'S direction paid to another.

1 C. No plan or arrangement shall be used whereby any person, firm or
2 corporation, other than the insurer or its designated claim representative,
3 shall be authorized to settle or adjust claims. The creditor shall not be
4 designated as claim representative for the insurer in adjusting claims.

5 Sec. 18. Section 20-1614, Arizona Revised Statutes, is amended to
6 read:

7 20-1614. Debtor's option in satisfying security

8 When CONSUMER credit life insurance or ~~credit disability insurance~~ is
9 required as a condition to a loan or credit transaction or as security for
10 ~~any indebtedness~~ A DEBT, IF SO PERMITTED BY LAW, the debtor, upon request to
11 the creditor, shall have the option of satisfying the requirements by
12 furnishing existing policies of insurance in sufficient amount owned or
13 controlled by him THE DEBTOR or by procuring the necessary coverage from any
14 insurer authorized by the director.

15 Sec. 19. Section 20-1615, Arizona Revised Statutes, is amended to
16 read:

17 20-1615. Rules

18 In the manner prescribed by section 20-143, the director may make such
19 reasonable rules and regulations as he THE DIRECTOR deems appropriate for
20 proper administration of this article.

21 Sec. 20. Repeal

22 Section 20-1616, Arizona Revised Statutes, is repealed.

23 Sec. 21. Title 20, chapter 6, article 10, Arizona Revised Statutes,
24 is amended by adding a new section 20-1616 and section 20-1616.01, to read:

25 20-1616. Cease and desist order; hearing

26 ON FINDING THAT A PERSON HAS VIOLATED THIS ARTICLE OR A RULE ADOPTED
27 PURSUANT TO THIS ARTICLE, THE DIRECTOR MAY ISSUE AN ORDER DIRECTING THAT THE
28 PERSON CEASE AND DESIST FROM COMMITTING THE VIOLATION. ON THE ISSUANCE OF AN
29 ORDER TO CEASE AND DESIST, THE PERSON MAY REQUEST A HEARING PURSUANT TO
30 SECTION 20-161 AND TITLE 41, CHAPTER 6, ARTICLE 10.

31 20-1616.01. Penalties

32 IN ADDITION TO ANY OTHER PENALTIES AUTHORIZED BY THIS TITLE, AFTER
33 NOTICE AND A HEARING, THE DIRECTOR MAY IMPOSE ON AN INSURER THAT VIOLATES AN
34 ORDER OF THE DIRECTOR THAT IS ISSUED PURSUANT TO THIS ARTICLE OR ANY RULE
35 ADOPTED PURSUANT TO THIS ARTICLE A CIVIL PENALTY OF NOT MORE THAN ONE
36 THOUSAND DOLLARS FOR EACH VIOLATION BUT NOT TO EXCEED AN AGGREGATE PENALTY
37 OF ONE HUNDRED THOUSAND DOLLARS, EXCEPT THAT, IF THE VIOLATION WAS COMMITTED
38 FLAGRANTLY IN A CONSCIOUS DISREGARD OF THIS ARTICLE, THE CIVIL PENALTY SHALL
39 NOT BE MORE THAN TWENTY-FIVE THOUSAND DOLLARS FOR EACH VIOLATION BUT NOT TO
40 EXCEED AN AGGREGATE PENALTY OF TWO HUNDRED FIFTY THOUSAND DOLLARS.

1 Sec. 22. Title 20, chapter 6, Arizona Revised Statutes, is amended by
2 adding article 10.1, to read:

3 ARTICLE 10.1. CREDIT PROPERTY INSURANCE

4 20-1621. Scope of article

5 A. THIS ARTICLE APPLIES TO AN INSURER OR PRODUCER TRANSACTING CREDIT
6 PROPERTY INSURANCE.

7 B. ALL CREDIT PROPERTY INSURANCE WRITTEN IN CONNECTION WITH CREDIT
8 TRANSACTIONS FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES IS SUBJECT TO THIS
9 ARTICLE, EXCEPT:

10 1. INSURANCE RESULTING FROM TRANSACTIONS INVOLVING EXTENSIONS OF
11 CREDIT PRIMARILY FOR BUSINESS OR COMMERCIAL PURPOSES.

12 2. INSURANCE ON MOBILE HOMES.

13 3. INSURANCE WRITTEN IN CONNECTION WITH A CREDIT TRANSACTION THAT IS
14 SECURED BY A REAL ESTATE MORTGAGE OR DEED OF TRUST.

15 4. CREDITOR-PLACED INSURANCE.

16 5. TITLE INSURANCE.

17 6. NONRECORDING INSURANCE.

18 7. INSURANCE PURCHASED BY A CREDITOR AFTER REPOSSESSION OR A SIMILAR
19 EVENT WHERE THE CREDITOR GAINS POSSESSION OF THE PROPERTY.

20 C. ALL CREDIT PROPERTY INSURANCE ISSUED OR MADE EFFECTIVE RELATIVE TO
21 CONSUMER LENDER LOANS UNDER TITLE 6, CHAPTER 5 IS SUBJECT TO THIS ARTICLE.

22 D. ALL OTHER PROVISIONS OF THIS TITLE NOT INCONSISTENT WITH THIS
23 ARTICLE APPLY TO TRANSACTION OF CREDIT PROPERTY INSURANCE.

24 20-1621.01. Definitions

25 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

26 1. "CLOSED-END CREDIT" MEANS A CREDIT TRANSACTION THAT DOES NOT MEET
27 THE DEFINITION OF OPEN-END CREDIT.

28 2. "COLLATERAL" MEANS PERSONAL PROPERTY IN WHICH A PURCHASE MONEY
29 SECURITY INTEREST IS RETAINED OR THAT IS PLEDGED AS SECURITY FOR THE
30 SATISFACTION OF A DEBT.

31 3. "COMPENSATION" MEANS COMMISSION, SERVICE FEE, BROKERAGE OR ANY
32 OTHER VALUABLE CONSIDERATION THAT IS PAID TO A PERSON AS A RESULT OF THE SALE
33 OF CREDIT INSURANCE.

34 4. "CONSUMER CREDIT INSURANCE" HAS THE SAME MEANING PRESCRIBED IN
35 SECTION 20-1603.

36 5. "CREDIT AGREEMENT" MEANS A WRITTEN DOCUMENT THAT SETS FORTH THE
37 TERMS OF A CREDIT TRANSACTION AND INCLUDES THE SECURITY AGREEMENT.

38 6. "CREDIT PROPERTY INSURANCE" MEANS A POLICY OF INSURANCE THAT COVERS
39 PERILS TO GOODS PURCHASED THROUGH A CREDIT TRANSACTION OR USED AS COLLATERAL
40 FOR A CREDIT TRANSACTION AND THAT CONCERNS A CREDITOR'S INTEREST IN THE
41 PURCHASED GOODS OR PLEDGED COLLATERAL EITHER IN WHOLE OR IN PART.

42 7. "CREDIT TRANSACTION" MEANS A TRANSACTION IN WHICH THE REPAYMENT OF
43 MONEY LOANED OR CREDIT COMMITMENT MADE OR PAYMENT OF GOODS, SERVICES OR
44 PROPERTIES SOLD OR LEASED IS TO BE MADE AT A FUTURE DATE.

1 8. "CREDITOR" MEANS THE LENDER OF MONEY OR THE VENDOR OR LESSOR OF
2 GOODS, SERVICES, PROPERTY, RIGHTS OR PRIVILEGES FOR WHICH PAYMENT IS ARRANGED
3 THROUGH A CREDIT TRANSACTION, OR ANY SUCCESSOR TO THE RIGHT, TITLE OR
4 INTEREST OF A LENDER, VENDOR OR LESSOR AND AN AFFILIATE, ASSOCIATE OR
5 SUBSIDIARY OF ANY OF THEM, ANY DIRECTOR, OFFICER OR EMPLOYEE OF ANY OF THEM
6 OR ANY PERSON IN ANY WAY ASSOCIATED WITH ANY OF THEM.

7 9. "CREDITOR-PLACED INSURANCE" MEANS INSURANCE THAT:

8 (a) A CREDITOR UNILATERALLY PURCHASES AFTER THE DATE OF A CREDIT
9 TRANSACTION.

10 (b) NAMES THE CREDITOR AS THE INSURED.

11 (c) PROVIDES COVERAGE AGAINST LOSS, EXPENSE OR DAMAGE TO
12 COLLATERALIZED PERSONAL PROPERTY AS A RESULT OF FIRE, THEFT, COLLISION OR
13 OTHER RISKS OF LOSS THAT WOULD EITHER IMPAIR THE CREDITOR'S INTEREST OR
14 ADVERSELY AFFECT THE VALUE OF COLLATERAL COVERED BY DUAL INTEREST INSURANCE.

15 (d) IS PURCHASED ACCORDING TO THE TERMS OF THE CREDIT AGREEMENT
16 BECAUSE OF THE DEBTOR'S FAILURE TO PROVIDE REQUIRED INSURANCE AND THE COST
17 OF WHICH COVERAGE IS CHARGED TO THE DEBTOR.

18 (e) IS EITHER SINGLE INTEREST INSURANCE OR DUAL INTEREST INSURANCE.

19 10. "DEBTOR" MEANS THE BORROWER OF MONEY OR A PURCHASER OR LESSEE OF
20 GOODS, SERVICES, PROPERTY, RIGHTS OR PRIVILEGES FOR WHICH PAYMENT IS ARRANGED
21 THROUGH A CREDIT TRANSACTION.

22 11. "DUAL INTEREST INSURANCE" MEANS A CREDIT PERSONAL PROPERTY
23 INSURANCE COVERING A SELLER'S OR CREDITOR'S INTEREST AND AT LEAST PARTIALLY
24 THE BORROWER'S INTEREST IN THE GOODS PURCHASED THROUGH THE CREDIT TRANSACTION
25 OR PLEDGED AS COLLATERAL FOR THE CREDIT TRANSACTION.

26 12. "EXPERIENCE" MEANS EARNED PREMIUMS AND INCURRED LOSSES DURING THE
27 EXPERIENCE PERIOD.

28 13. "EXPERIENCE PERIOD" MEANS THE MOST RECENT PERIOD OF TIME FOR WHICH
29 EARNED PREMIUMS AND INCURRED LOSSES ARE REPORTED, NOT TO EXCEED A PERIOD OF
30 THREE YEARS.

31 14. "FINANCE CHARGE" MEANS ANY CHARGE PAYABLE DIRECTLY OR INDIRECTLY
32 TO A LENDER AS AN INCIDENT TO OR AS A CONDITION OF THE EXTENSION OF CREDIT,
33 INCLUDING INTEREST, TIME PRICE DIFFERENTIALS, AMOUNTS PAYABLE UNDER A
34 DISCOUNT SYSTEM OF ADDITIONAL CHARGES, SERVICE, TRANSACTION OR CARRYING
35 CHARGES, LOAN FEES, POINTS OR SIMILAR CHARGES, APPRAISAL FEES, OR CHARGES
36 INCURRED FOR INVESTIGATING THE CREDIT WORTHINESS OF A CONSUMER, BUT DOES NOT
37 INCLUDE CHARGES AS A RESULT OF DEFAULT, TAXES, LICENSE FEES, DELINQUENCY
38 CHARGES OR FILING FEES.

39 15. "GROSS DEBT" MEANS THE SUM OF THE REMAINING PAYMENTS OWED TO A
40 CREDITOR BY A DEBTOR, INCLUDING COMPENSATION, FINANCE CHARGES, INTEREST OR
41 ANY OTHER CHARGES.

42 16. "INCURRED LOSSES" MEANS TOTAL CLAIMS PAID DURING THE EXPERIENCE
43 PERIOD PLUS ANY CHANGE IN CLAIM AND CLAIM ADJUSTMENT EXPENSE RESERVES AND
44 CLAIM ADJUSTMENT EXPERIENCES.

1 17. "LOSS RATIO" MEANS INCURRED LOSSES DIVIDED BY THE SUM OF EARNED
2 PREMIUMS.

3 18. "NET DEBT" MEANS THE AMOUNT NECESSARY TO LIQUIDATE THE REMAINING
4 DEBT IN A SINGLE LUMP SUM PAYMENT, EXCLUDING ALL UNEARNED INTEREST AND OTHER
5 UNEARNED FINANCE CHARGES.

6 19. "NONRECORDING INSURANCE" MEANS INSURANCE THAT PROTECTS A CREDITOR
7 IF THE CREDITOR SUFFERS A LOSS AS A RESULT OF ITS FAILURE TO PERFECT ITS
8 SECURITY INTEREST IN COLLATERAL BY FAILURE TO FILE A LIEN OR RECORD A
9 SECURITY INTEREST IN THE COLLATERAL AS REQUIRED BY LAW FOR PERFECTION OF A
10 SECURITY INTEREST.

11 20. "OPEN-END CREDIT" MEANS CREDIT EXTENDED BY A CREDITOR UNDER AN
12 AGREEMENT IN WHICH:

13 (a) THE CREDITOR REASONABLY CONTEMPLATES REPEATED TRANSACTIONS.

14 (b) THE CREDITOR IMPOSES A FINANCE CHARGE FROM TIME TO TIME ON AN
15 OUTSTANDING UNPAID BALANCE.

16 (c) THE AMOUNT OF CREDIT THAT MAY BE EXTENDED TO THE DEBTOR DURING THE
17 TERM OF THE AGREEMENT, UP TO ANY LIMIT SET BY THE CREDITOR, IS GENERALLY MADE
18 AVAILABLE TO THE EXTENT THAT ANY OUTSTANDING BALANCE IS REPAYED.

19 21. "PERSONAL PROPERTY" MEANS ALL TANGIBLE PROPERTY NOT CLASSIFIED AS
20 REAL PROPERTY.

21 22. "POLICY" MEANS A POLICY, CONTRACT, ENDORSEMENT, BINDER, CERTIFICATE
22 OR EVIDENCE OF CREDIT PROPERTY INSURANCE, BY WHATEVER NAME CALLED, AND
23 INCLUDES ALL ATTACHED OR INCORPORATED CLAUSES, ENDORSEMENTS AND PAPERS.

24 23. "PRODUCER" MEANS A PERSON OR ENTITY THAT RECEIVES A COMMISSION FOR
25 INSURANCE WRITTEN OR THAT, ON BEHALF OF AN INSURER OR CREDITOR, SOLICITS,
26 NEGOTIATES, EFFECTS, PROCURES, DELIVERS, RENEWS, CONTINUES OR BINDS CREDIT
27 INSURANCE TO WHICH THIS ARTICLE APPLIES.

28 24. "SINGLE INTEREST INSURANCE" MEANS CREDIT PROPERTY INSURANCE
29 COVERING ONLY A SELLER'S OR CREDITOR'S INTEREST IN THE GOODS PURCHASED
30 THROUGH THE CREDIT TRANSACTION OR PLEDGED AS COLLATERAL IN THE CREDIT
31 TRANSACTION.

32 20-1621.02. Amount; term; coverage; prohibited practices

33 A. FOR CREDIT PROPERTY INSURANCE SOLD IN CONJUNCTION WITH A CLOSED-END
34 TRANSACTION, AN INSURER SHALL NOT:

35 1. ISSUE CREDIT PROPERTY INSURANCE COVERAGE UNLESS THE AMOUNT FINANCED
36 EXCEEDS ONE HUNDRED DOLLARS.

37 2. ISSUE CREDIT PROPERTY INSURANCE IN AN AMOUNT THAT EXCEEDS THE
38 AMOUNT OF THE UNDERLYING CREDIT TRANSACTION UNLESS OTHERWISE REQUIRED BY THE
39 LAWS OF THIS STATE.

40 3. SELL CREDIT PROPERTY INSURANCE WITH A TERM THAT EXCEEDS IN DURATION
41 THE SCHEDULED TERM OF THE UNDERLYING CREDIT TRANSACTION.

42 B. AT A MINIMUM, CREDIT PROPERTY INSURANCE COVERAGE SHALL INCLUDE THE
43 COVERAGES IN THE STANDARD FIRE POLICY PRESCRIBED IN SECTION 20-1503 WITH
44 COVERAGE ATTACHMENT AND EXTENDED COVERAGE ENDORSEMENT.

1 C. CREDIT PROPERTY INSURANCE SHALL COVER THE POSSIBILITY OF AN ACTUAL
2 AND SUBSTANTIAL RISK OF LOSS OF OR DAMAGE TO THE PROPERTY RELATED TO THE
3 CREDIT TRANSACTION.

4 D. AN INSURER MAY NOT REQUIRE THE BUNDLING OF ANY OTHER CONSUMER
5 CREDIT INSURANCE COVERAGE WITH THE PURCHASE OF CREDIT PROPERTY INSURANCE
6 COVERAGE. A DEBTOR MAY CHOOSE TO PURCHASE CREDIT PROPERTY INSURANCE COVERAGE
7 SEPARATE FROM ANY OTHER CONSUMER CREDIT INSURANCE COVERAGE.

8 E. AN INSURER SHALL NOT USE GROSS DEBT AS AN EXPOSURE RATING BASE IN
9 DETERMINING CREDIT PROPERTY INSURANCE PREMIUMS.

10 20-1621.03. Disclosure to debtors; provisions of policies;
11 certificates of insurance

12 A. BEFORE A DEBTOR ELECTS TO PURCHASE CREDIT PROPERTY INSURANCE, THE
13 FOLLOWING INFORMATION SHALL BE DISCLOSED TO THE DEBTOR IN WRITING:

14 1. PURCHASE OF CREDIT PROPERTY INSURANCE THROUGH THE CREDITOR IS
15 OPTIONAL AND NOT A CONDITION OF OBTAINING CREDIT APPROVAL.

16 2. IF MORE THAN ONE KIND OF CREDIT INSURANCE IS BEING MADE AVAILABLE
17 TO THE DEBTOR, THE DEBTOR CAN PURCHASE CREDIT PROPERTY INSURANCE SEPARATELY.

18 3. IF THE DEBTOR HAS OTHER INSURANCE THAT COVERS THE PROPERTY, THE
19 DEBTOR MAY NOT WANT OR NEED CREDIT PROPERTY INSURANCE.

20 4. WITHIN THE FIRST THIRTY DAYS OF INSURANCE COVERAGE, THE DEBTOR MAY
21 CANCEL THE COVERAGE AND RECEIVE A REFUND OR CREDIT OF ALL PREMIUM THE DEBTOR
22 HAS PAID.

23 5. THE PREMIUM OR PREMIUM RATE FOR EACH TYPE OF COVERAGE.

24 6. IF THE PREMIUM OR INSURANCE CHARGE IS FINANCED, THAT IT WILL BE
25 SUBJECT TO FINANCE CHARGES AT THE RATE APPLICABLE TO THE CREDIT TRANSACTION.

26 B. A PERSON MAY COMBINE THE DISCLOSURES REQUIRED BY SUBSECTION A WITH
27 OTHER DISCLOSURES REQUIRED BY THE LAWS OF THIS STATE OR BY FEDERAL LAW.

28 C. THE DISCLOSURES REQUIRED BY SUBSECTION A SHALL BE PROVIDED IN THE
29 FOLLOWING MANNER:

30 1. FOR CREDIT PROPERTY INSURANCE OFFERED CONTEMPORANEOUSLY WITH THE
31 EXTENSION OF CREDIT OR OFFERED THROUGH DIRECT MAIL ADVERTISEMENTS, THE
32 DISCLOSURES SHALL BE MADE IN WRITING AND PRESENTED TO THE CONSUMER IN A CLEAR
33 AND CONSPICUOUS MANNER.

34 2. FOR CREDIT PROPERTY INSURANCE OFFERED AFTER THE EXTENSION OF CREDIT
35 BY OTHER THAN DIRECT MAIL ADVERTISEMENTS, THE DISCLOSURES REQUIRED BY
36 SUBSECTION A, PARAGRAPHS 1, 5 AND 6 MAY BE PROVIDED ORALLY OR ELECTRONICALLY
37 IF BOTH OF THE FOLLOWING OCCUR:

38 (a) THE FOLLOWING ORAL DISCLOSURE IS ALSO MADE TO A DEBTOR WHO ELECTS
39 TO PURCHASE ANY CONSUMER CREDIT INSURANCE:

40 YOU WILL BE RECEIVING IMPORTANT WRITTEN INFORMATION ABOUT
41 THE INSURANCE YOU HAVE CHOSEN TO PURCHASE AND YOUR RIGHTS. WE
42 RECOMMEND THAT YOU READ AND CAREFULLY REVIEW THIS INFORMATION AS
43 SOON AS YOU RECEIVE IT.

44 (b) WRITTEN DISCLOSURE OF ALL INFORMATION REQUIRED BY SUBSECTION A OF
45 THIS SECTION IS PROVIDED TO THE DEBTOR NO LATER THAN THE EARLIER OF:

1 (i) TEN DAYS AFTER THE DEBTOR ELECTS COVERAGE.

2 (ii) THE DATE ANY OTHER WRITTEN MATERIAL IS PROVIDED TO THE DEBTOR.

3 D. AN OFFER TO EXTEND CREDIT PROPERTY INSURANCE COVERAGE FOR AN
4 OPEN-END CONSUMER TRANSACTION SHALL INCLUDE, AT THE TIME OF THE INVITATION
5 TO CONTRACT, THE WRITTEN DISCLOSURE PRESCRIBED BELOW IN AT LEAST TEN-POINT
6 TYPE. IF THE SOLICITATION IS MADE BY TELEPHONE, THE WRITTEN DISCLOSURE SHALL
7 BE MAILED WITHIN TEN DAYS OF ENROLLMENT.

8 THIS COVERAGE MAY DUPLICATE EXISTING COVERAGE IF YOU HAVE
9 A RESIDENTIAL PROPERTY INSURANCE POLICY. IT APPLIES TO ANY ITEM
10 OF COVERED PROPERTY ON WHICH YOU OWE A DEBT. THIS COVERAGE IS
11 PRIMARY, SO IT IS THE FIRST SOURCE TO BE USED IN THE EVENT OF A
12 LOSS ON PROPERTY IT COVERS. YOU MAY CANCEL THIS COVERAGE AT ANY
13 TIME BY CALLING THE INSURER AT THE TELEPHONE NUMBER PROVIDED TO
14 YOU OR BY WRITING TO THE INSURER. WE ARE CHARGING YOU A PREMIUM
15 THAT MAY BE BASED ON THINGS FOR WHICH A CLAIM CANNOT BE MADE,
16 SUCH AS SERVICES, MEALS OR OTHER CONSUMABLES, ENTERTAINMENT,
17 FINANCE OR SERVICE FEES, LOAN INTEREST, DELIVERY CHARGES OR
18 OTHER INSURANCE PREMIUMS.

19 E. ALL CREDIT PROPERTY INSURANCE SHALL BE EVIDENCED BY AN INDIVIDUAL
20 POLICY OR A CERTIFICATE OF INSURANCE THAT SHALL BE DELIVERED TO THE DEBTOR.

21 F. IN ADDITION TO OTHER REQUIREMENTS OF LAW, THE INDIVIDUAL POLICY OR
22 CERTIFICATE OF INSURANCE SHALL CONTAIN ALL OF THE FOLLOWING INFORMATION:

23 1. THE NAME AND HOME OFFICE ADDRESS OF THE INSURER.

24 2. THE NAME OF EACH DEBTOR, OR, IN THE CASE OF A CERTIFICATE OF
25 INSURANCE, THE IDENTITY BY NAME OR OTHERWISE OF EACH DEBTOR.

26 3. THE PREMIUM OR AMOUNT OF PAYMENT BY THE DEBTOR, EXCEPT THAT, FOR
27 OPEN-END LOANS, THE PREMIUM RATE AND BALANCE TO WHICH THE RATE APPLIES SHALL
28 BE SPECIFIED.

29 4. A FULL DESCRIPTION OF THE COVERAGE OR COVERAGES, INCLUDING THE
30 AMOUNT AND TERM AND ANY EXCEPTIONS, LIMITATIONS AND EXCLUSIONS.

31 5. A STATEMENT THAT THE BENEFITS SHALL BE PAID TO THE CREDITOR TO
32 REDUCE OR EXTINGUISH THE UNPAID DEBT OR, FOR CREDIT PERSONAL PROPERTY
33 INSURANCE COVERAGE, TO REPAIR OR REPLACE THE PROPERTY AND, WHENEVER THE
34 AMOUNT OF LOSS PAYMENT EXCEEDS THE UNPAID DEBT, THAT ANY EXCESS PAYMENT IS
35 PAYABLE TO THE DEBTOR.

36 6. IF THE SCHEDULED TERM OF THE INSURANCE IS LESS THAN THE SCHEDULED
37 TERM OF THE CREDIT TRANSACTION, A STATEMENT TO THAT EFFECT ON THE FACE OF THE
38 INDIVIDUAL POLICY OR CERTIFICATE OF INSURANCE IN NOT LESS THAN TWELVE-POINT
39 BOLD FACE TYPE.

40 G. POLICIES ISSUED TO COVER OPEN-END CONSUMER TRANSACTIONS SHALL
41 PROVIDE THAT THE POLICYHOLDER OR CERTIFICATE HOLDER WILL BE FURNISHED THE
42 FOLLOWING DISCLOSURE NOTICE WITH THE ACCOUNT STATEMENT AT LEAST ANNUALLY IN
43 NO SMALLER THAN TEN-POINT TYPE:

44 YOU ARE PAYING CREDIT PROPERTY INSURANCE PREMIUMS BASED ON
45 THE OUTSTANDING BALANCE OF THIS ACCOUNT. YOU MAY CANCEL THIS

1 COVERAGE AT ANY TIME BY CALLING THE INSURER AT THE TELEPHONE
2 NUMBER THE INSURER HAS PROVIDED TO YOU OR BY WRITING TO THE
3 INSURER. YOUR PREMIUM MAY BE BASED ON THINGS FOR WHICH A CLAIM
4 CANNOT BE MADE, SUCH AS SERVICES, MEALS OR OTHER CONSUMABLES,
5 ENTERTAINMENT, FINANCE OR SERVICE FEES, LOAN INTEREST, DELIVERY
6 CHARGES OR OTHER INSURANCE PREMIUMS.

7 H. THE POLICY SHALL BE DELIVERED TO THE DEBTOR WHEN THE INSURER
8 ACCEPTS THE INSURANCE, EXCEPT THAT A POLICY ISSUED IN CONJUNCTION WITH AN
9 OPEN-END CREDIT AGREEMENT OR REQUESTED AFTER THE DATE THE INDEBTEDNESS IS
10 INCURRED MAY BE DELIVERED WITHIN THIRTY DAYS OF THE DATE THE DEBTOR REQUESTS
11 INSURANCE.

12 20-1621.04. Rates and forms; filing; approval; withdrawal of
13 approval

14 A. A PERSON SHALL NOT DELIVER, OR ISSUE FOR DELIVERY IN THIS STATE,
15 ANY CREDIT PROPERTY INSURANCE POLICY OR RATE UNLESS THE PERSON HAS FIRST
16 FILED THE FORM OR RATE WITH THE DIRECTOR AND THE DIRECTOR HAS APPROVED THE
17 FORM OR RATE. UNLESS THE DIRECTOR ISSUES AN ORDER AFFIRMATIVELY APPROVING
18 OR DISAPPROVING THE FORM OR RATE WITHIN THIRTY DAYS AFTER FILING, THE FORM
19 OR RATE IS DEEMED APPROVED. ON WRITTEN NOTICE GIVEN TO THE INSURER WITHIN
20 THE THIRTY DAY PERIOD, THE DIRECTOR MAY EXTEND THE THIRTY DAY REVIEW PERIOD
21 FOR UP TO FIFTEEN ADDITIONAL DAYS.

22 B. THE DIRECTOR SHALL DISAPPROVE A RATE OR FORM IF EITHER:

23 1. THE RATE IS INADEQUATE, UNFAIRLY DISCRIMINATORY OR EXCESSIVE OR NOT
24 REASONABLE IN RELATION TO THE COVERAGE PROVIDED.

25 2. THE FORM CONTAINS PROVISIONS THAT ARE UNJUST, UNFAIR, INEQUITABLE,
26 AMBIGUOUS, MISLEADING OR DECEPTIVE, THAT ENCOURAGE MISREPRESENTATION OF THE
27 COVERAGE OR THAT ARE CONTRARY TO THIS TITLE OR OF ANY RULE ADOPTED PURSUANT
28 TO THIS TITLE.

29 C. IF THE DIRECTOR DISAPPROVES A RATE OR FORM, THE DIRECTOR SHALL SEND
30 THE INSURER A WRITTEN NOTICE SPECIFYING THE REASON FOR DISAPPROVAL. THE
31 INSURER MAY REQUEST A HEARING PURSUANT TO TITLE 41, CHAPTER 6, ARTICLE 10 TO
32 CONTEST THE DISAPPROVAL. IT IS UNLAWFUL FOR THE INSURER TO ISSUE OR USE A
33 RATE OR FORM THAT HAS BEEN DISAPPROVED.

34 D. AT ANY TIME AFTER NOTICE AND FOR CAUSE SHOWN, THE DIRECTOR MAY
35 ISSUE AN ORDER WITHDRAWING APPROVAL OF ANY FORM OR RATE FOR ANY REASON LISTED
36 IN SUBSECTION B. THE INSURER MAY REQUEST A HEARING PURSUANT TO TITLE 41,
37 CHAPTER 6, ARTICLE 10 TO CONTEST THE DIRECTOR'S ORDER.

38 E. AN INSURER SHALL NOT ISSUE OR USE A RATE OR FORM AFTER THE
39 EFFECTIVE DATE OF AN ORDER WITHDRAWING APPROVAL.

40 F. AN INSURER SHALL NOT ISSUE ANY CREDIT PROPERTY INSURANCE POLICY FOR
41 WHICH THE RATES HAVE NOT BEEN FILED WITH THE DIRECTOR.

1 COUNTRYWIDE EXPERIENCE. THE FILING SHALL BE MADE IN ACCORDANCE WITH AND NO
2 LATER THAN THE DUE DATE IN THE INSTRUCTIONS TO THE ANNUAL STATEMENT.

3 20-1621.07. Cancellation and refund of unearned premium

4 ON CANCELLATION FOR ANY REASON, THE DEBTOR IS ENTITLED TO A REFUND OF
5 UNEARNED PREMIUMS CALCULATED ON A DAILY PRO RATA BASIS, EXCEPT THAT AN
6 INSURER IS NOT REQUIRED TO MAKE ANY REFUND OF LESS THAN FIVE DOLLARS.

7 20-1621.08. Claims

8 A. A CREDITOR SHALL PROMPTLY REPORT ALL CLAIMS TO THE INSURER OR ITS
9 DESIGNATED CLAIM REPRESENTATIVE.

10 B. ALL CLAIMS SHALL BE PAID EITHER BY DRAFT DRAWN ON THE INSURER, BY
11 ELECTRONIC FUNDS TRANSFER, BY CHECK OF THE INSURER TO THE ORDER OF THE
12 CLAIMANT TO WHOM PAYMENT OF THE CLAIM IS DUE PURSUANT TO THE POLICY
13 PROVISIONS OR ON DIRECTION OF THE CLAIMANT TO THE PARTY SPECIFIED BY THE
14 CLAIMANT.

15 C. A PERSON SHALL NOT AUTHORIZE A PERSON, FIRM OR CORPORATION, OTHER
16 THAN THE INSURER OR ITS DESIGNATED CLAIM REPRESENTATIVE, TO SETTLE OR ADJUST
17 CLAIMS. THE CREDITOR SHALL NOT BE DESIGNATED AS CLAIM REPRESENTATIVE FOR THE
18 INSURER IN ADJUSTING CLAIMS, EXCEPT THAT ONCE THE AMOUNT IS DETERMINED, A
19 GROUP POLICYHOLDER, BY ARRANGEMENT WITH THE GROUP INSURER, MAY DRAW DRAFTS,
20 CHECKS OR ELECTRONIC TRANSFERS IN PAYMENT OF CLAIMS DUE TO THE GROUP
21 POLICYHOLDER SUBJECT TO AUDIT AND REVIEW BY THE INSURER.

22 D. A PERSON SHALL NOT DENY A CLAIM BECAUSE THE DEBTOR WAS INELIGIBLE
23 FOR COVERAGE LATER THAN NINETY DAYS AFTER THE INITIATION OF COVERAGE UNLESS
24 THE DEBTOR MISREPRESENTED A MATERIAL FACT. IF A CLAIM IS DENIED BECAUSE THE
25 DEBTOR WAS INELIGIBLE FOR COVERAGE WITHIN NINETY DAYS OF INITIATION OF
26 COVERAGE OR BECAUSE THE DEBTOR MISREPRESENTED A MATERIAL FACT FOR COVERAGE,
27 THE INSURER SHALL REFUND TO THE DEBTOR ALL PREMIUMS PAID AND THE CREDITOR
28 SHALL REFUND ANY FINANCE CHARGE PAID ON THE PREMIUMS.

29 20-1621.09. Cease and desist order; hearing

30 ON FINDING THAT A PERSON HAS VIOLATED THIS ARTICLE OR A RULE ADOPTED
31 PURSUANT TO THIS ARTICLE, THE DIRECTOR MAY ISSUE AN ORDER DIRECTING THAT THE
32 PERSON CEASE AND DESIST FROM COMMITTING THE VIOLATION. ON THE ISSUANCE OF AN
33 ORDER TO CEASE AND DESIST, THE PERSON MAY REQUEST A HEARING PURSUANT TO
34 SECTION 20-161 AND TITLE 41, CHAPTER 6, ARTICLE 10.

35 20-1621.10. Rules

36 THE DIRECTOR MAY ADOPT ANY RULES REASONABLY NECESSARY TO CARRY OUT AND
37 EFFECTUATE THIS ARTICLE.

38 20-1621.11. Penalties

39 IN ADDITION TO ANY OTHER PENALTIES AUTHORIZED BY THIS TITLE, AFTER
40 NOTICE AND A HEARING, THE DIRECTOR MAY IMPOSE ON AN INSURER THAT VIOLATES AN
41 ORDER OF THE DIRECTOR THAT IS ISSUED PURSUANT TO THIS ARTICLE OR ANY RULE
42 ADOPTED PURSUANT TO THIS ARTICLE A CIVIL PENALTY OF NOT MORE THAN ONE
43 THOUSAND DOLLARS FOR EACH VIOLATION BUT NOT TO EXCEED AN AGGREGATE PENALTY
44 OF ONE HUNDRED THOUSAND DOLLARS, EXCEPT THAT, IF THE VIOLATION WAS COMMITTED
45 FLAGRANTLY IN A CONSCIOUS DISREGARD OF THIS ARTICLE, THE CIVIL PENALTY SHALL

1 NOT BE MORE THAN TWENTY-FIVE THOUSAND DOLLARS FOR EACH VIOLATION BUT NOT TO
2 EXCEED AN AGGREGATE PENALTY OF TWO HUNDRED FIFTY THOUSAND DOLLARS.

3 Sec. 23. Legislative purpose

4 The legislature intends by this act to promote the public welfare by
5 regulating consumer credit insurance and credit property insurance, to create
6 a legal framework within which the insurance may be written in this state to
7 help maintain the separation between creditors and insurers and to minimize
8 the possibilities of unfair competitive practices in the sale of the
9 insurance. Nothing in this act is intended to prohibit or discourage
10 reasonable competition.

11 Sec. 24. Effective date

12 This act is effective from and after December 31, 2002.

APPROVED BY THE GOVERNOR MAY 20, 2002.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 20, 2002.

Passed the House April 3, 2002,

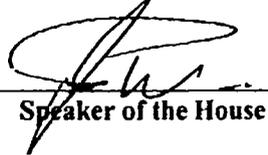
Passed the Senate April 24, 2002

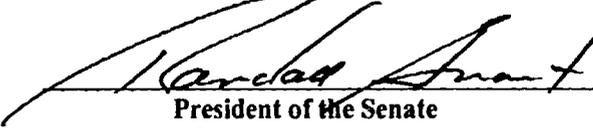
by the following vote: 57 Ayes,

by the following vote: 29 Ayes,

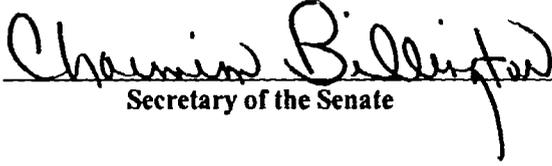
0 Nays, 3 Not Voting

0 Nays, 1 Not Voting


Speaker of the House


President of the Senate


Chief Clerk of the House


Secretary of the Senate

**EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR**

This Bill was received by the Governor this
_____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary to the Governor

Approved this _____ day of

_____, 20____,

at _____ o'clock _____ M.

Governor of Arizona

**EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE**

This Bill was received by the Secretary of State
this _____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary of State

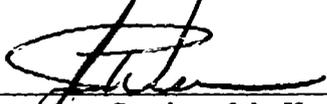
H.B. 2135

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

May 15, 2002,

by the following vote: 58 Ayes,

0 Nays, 2 Not Voting



Speaker of the House



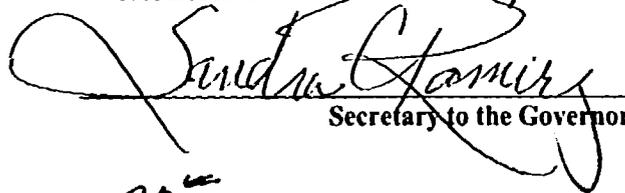
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

15 day of May, 2002

at 3:00 o'clock P M.



Secretary to the Governor

Approved this 20th day of

May, 2002,

at 10:16 o'clock A M.



Governor of Arizona

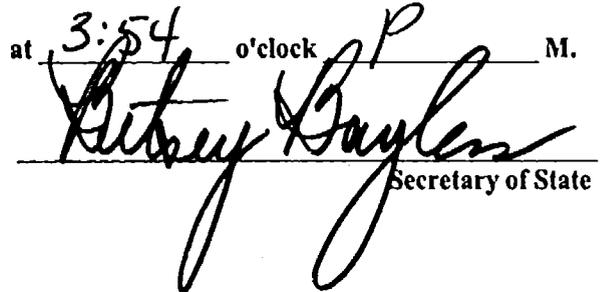
H.B. 2135

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 20 day of May, 2002,

at 3:54 o'clock P M.



Secretary of State