

**§2859. Premium rates; refunds; accounts credited when insurance not issued**

**1. Rates filed; life and health.** Any insurer may revise its schedules of premium rates from time to time, and shall file such revised schedules with the superintendent; however, no upward revision in insurance charges to debtors may be made in connection with closed-end credit that would apply to debtors whose credit insurance is already in force. In the case of open-end credit, the debtor must be given a 31-day notice prior to an upward revision unless a waiver of that notice is obtained from the superintendent, in which case the notice of the upward revision must be given at the next regular billing cycle. An insurer may not issue any credit life insurance policy or credit health insurance policy for which the premium rate exceeds that determined by the schedules of such insurer as then on file with the superintendent.

[PL 2001, c. 138, §12 (AMD).]

**1-A. Rates filed; property and casualty.** All rates charged in connection with credit property insurance or credit involuntary unemployment insurance must be filed in accordance with section 2304-A. An insurer may not issue any credit property insurance or credit involuntary unemployment insurance policy for which the premium rate exceeds those rates then on file with the superintendent.

[PL 2001, c. 138, §12 (NEW).]

**1-B. Rating standards.** The superintendent may by rules adopted pursuant to section 2865 or chapter 40-A establish specific rating standards for particular types of consumer credit insurance.

[PL 2001, c. 138, §12 (NEW).]

**2. Refund.** Each individual policy or group certificate shall provide that in the event of termination of the insurance prior to the scheduled maturity date of the indebtedness, any refund of an amount paid by the debtor for insurance must be paid or credited promptly to the debtor. The superintendent shall prescribe a minimum refund and no refund that would be less than such minimum need be made. The formula to be used in computing such refund must be filed with and approved by the superintendent.

[PL 2001, c. 138, §12 (AMD).]

**3. Accounts credited where insurance not issued.** If a creditor requires a debtor to make any payment for consumer credit insurance and an individual policy or group certificate of insurance is not issued, the creditor shall immediately give written notice to such debtor and shall promptly make an appropriate credit to the account.

[PL 2001, c. 138, §12 (AMD).]

**4. Termination.** Any policy for consumer credit insurance issued subsequent to the enactment of this section must contain a provision that the insurance provided for may be terminated under only the following conditions:

A. The date the indebtedness is discharged, renewed or refinanced; [PL 1977, c. 672, §4 (NEW).]

B. Upon written request of a debtor; [PL 1977, c. 672, §4 (NEW).]

C. When a debtor is insured under an individual or group policy, nonpayment by such a debtor of any required premium over 31 days past due, provided that at least 10 days prior to termination the debtor has been given a notice of the right to cure in substantially the same form required by Title 9-A, section 5-110, subsection 3; [PL 1993, c. 149, §1 (AMD).]

D. In the case where debtors are insured under group policies, the group policy may be terminated after 31 days prior notice to the debtor from the creditor:

(1) In a noncontributory policy, at the option of the creditor;

(2) At the time the insurance risk is transferred to a succeeding insurance carrier; or

(3) If the group policyholder fails to pay the premium; [PL 2001, c. 138, §12 (AMD).]

E. In the case where credit is extended on open-ended basis:

(1) At attainment by the debtor of an age determined in advance by the contract of insurance;  
or

(2) If the creditor elects to terminate all insurance on credit extended on an open-ended basis;  
[PL 2001, c. 138, §12 (AMD).]

F. If credit is extended on a closed-end basis, coverage for an individual insured under the policy may be terminated upon expiration of the term of the loan or term for which a charge was paid; or  
[PL 1993, c. 149, §2 (AMD).]

G. When consumer credit insurance is paid for by the debtor in a single premium at the inception of the debt, if the debt is placed in charged-off status by the creditor because the debt is uncollectible, the insurance coverage may be terminated by the creditor and any refund of premium must be applied against any outstanding indebtedness. The creditor shall give notice of the termination of insurance coverage to the debtor at the debtor's last known address. [PL 2001, c. 138, §12 (AMD).]

[PL 2001, c. 138, §12 (AMD).]

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1973, c. 585, §12 (AMD). PL 1977, c. 672, §§3,4 (AMD). PL 1979, c. 127, §§156B-156D (AMD). PL 1993, c. 149, §§1-3 (AMD). PL 2001, c. 138, §12 (AMD).

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