

**§2857. Policy provisions; delivery or disclosure to debtors**

**1. Policy or certificate delivered.** All consumer credit insurance must be evidenced by an individual policy, or in the case of group insurance by a certificate of insurance, which individual policy or group certificate of insurance must be delivered to the debtor.

[PL 2001, c. 138, §10 (AMD).]

**2. Content of policy or certificate.** Each individual policy or group certificate of consumer credit insurance must, in addition to other requirements of law, set forth the name and home office address of the insurer, the name or names of the debtor, or, in the case of a certificate under a group policy, the identity by name or otherwise of the debtor; the premium or amount of payment, if a separate identifiable charge is paid by the debtor separately for consumer credit insurance; a description of the coverage, including the amount and term of the coverage, and any exceptions, limitations and restrictions, including conditions under which the policy may be terminated, which must be highlighted in bold print; and must state that the benefit is paid to the creditor to reduce or extinguish the unpaid indebtedness and, wherever the amount of insurance may exceed the unpaid indebtedness, that any excess is payable to a beneficiary, other than the creditor, named by the debtor or to the debtor's estate. During the 30 days immediately following the commencement date, the debtor may cancel the insurance and request in writing a full refund of premium for any reason.

[PL 2001, c. 138, §10 (AMD).]

**3. When delivered.** The individual policy or group certificate of insurance must be delivered to the insured debtor at the time the indebtedness is incurred, except as otherwise provided.

[PL 2001, c. 138, §10 (AMD).]

**4. Notice of proposed insurance.** If the individual policy or group certificate of insurance is not delivered to the debtor at the time indebtedness is incurred, a copy of the application for such policy or a notice of proposed insurance, signed by the debtor and setting forth the name and home office address of the insurer, the name or names of the debtor, the premium or amount of payment by the debtor, if a separate identifiable charge is made separately for consumer credit insurance, the amount, term and a brief description of the coverage provided, must be delivered to the debtor at the time such indebtedness is incurred. Failure to comply with the foregoing requirement precludes the use of such application as evidence in any action brought against the insured. The copy of the application for, or notice of proposed insurance, must refer exclusively to insurance coverage, and must be separate and apart from the loan, sale or other credit statement of account, instrument or agreement, unless the information required by this subsection is prominently set forth therein. Upon acceptance of the insurance by the insurer and within 30 days of the date upon which the indebtedness is incurred, the insurer shall cause the individual policy or group certificate of insurance to be delivered to the debtor. The application or notice of proposed insurance must state that upon acceptance by the insurer the insurance becomes effective as provided in section 2856.

[PL 2001, c. 138, §10 (AMD).]

**5. Risk not accepted.** If the named insurer does not accept the risk, the debtor must receive a policy or certificate of insurance setting forth the name and home office address of the substituted insurer and the amount of the premium to be charged, and if the amount of premium is less than that set forth in the notice of proposed insurance, an appropriate refund must be made.

[PL 2001, c. 138, §10 (AMD).]

**SECTION HISTORY**

PL 1969, c. 132, §1 (NEW). PL 1995, c. 238, §1 (AMD). PL 2001, c. 138, §10 (AMD).

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