

**§4-301. Property insurance**

The following provisions apply to insurance provided or to be provided in relation to a consumer credit transaction: [PL 1997, c. 315, §6 (NEW).]

1. A creditor may not contract for or receive a separate charge for insurance against loss of or damage to property unless:

A. The insurance covers a substantial risk of loss of or damage to property related to the credit transaction; [PL 1973, c. 762, §1 (NEW).]

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; [PL 1973, c. 762, §1 (NEW).]

C. The term of the insurance is reasonable in relation to the term of credit. [PL 1973, c. 762, §1 (NEW).]

[PL 1975, c. 368, §1 (AMD).]

2. The term of the insurance is reasonable if it is customary and does not extend substantially beyond a scheduled maturity.

[PL 1973, c. 762, §1 (NEW).]

3. With respect to a transaction, except pursuant to open-end credit, a creditor may not contract for or receive a separate charge for insurance against loss of or damage to property, unless the amount financed exclusive of charges for the insurance is \$1,400 or more and the cash price of the item or property is \$1,400 or more.

[PL 1997, c. 727, Pt. B, §15 (AMD).]

4. With respect to a transaction pursuant to open-end credit, the administrator may adopt rules consistent with the principles set out in subsections 1 and 2 prescribing whether, and the conditions under which, a creditor may contract for or receive a separate charge for insurance against loss of or damage to property.

[PL 1975, c. 368, §2 (NEW).]

5.

[PL 1997, c. 727, Pt. B, §16 (RP).]

**SECTION HISTORY**

PL 1973, c. 762, §1 (NEW). PL 1975, c. 368, §§1,2 (AMD). PL 1985, c. 763, §A40 (AMD). PL 1997, c. 315, §6 (AMD). PL 1997, c. 727, §§B15,16 (AMD).

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