**Section 160.170 Insurance**

a) Credit Life, Health and Accident:

Licensees, at their option, may provide, but not require, decreasing term credit life insurance and credit accident and health insurance and make a charge to the obligor, providing the obligor has indicated in a specific dated and separately signed statement that the coverage is not required by seller and obligor desires the insurance coverage which is included as a charge or paid by the obligor.

1) The licensee may provide joint credit life or joint credit accident and health insurance if both insured are obligated for the debt.

2) The maximum charge for credit life and credit accident and health insurance shall be as prescribed by the State of Illinois Department of Insurance.

3) When an account is prepaid in full the obligor shall receive a refund of the unearned credit life, health and accident insurance charges. The required refund shall be computed according to the actuarial method. When the refund of either credit life or credit accident and health premiums is less than $1.00, no refund is required.

4) If the obligor dies during the term of the transaction, the life insurance, if any, shall pay the benefits due according to the terms of the policy. The obligor's estate shall be paid the difference between the net unpaid balance and the insurance benefit paid. Evidence of this payment shall be maintained by the licensee.

5) For death claims on account of credit life insurance, the account cards shall indicate the date of death and the refunds of finance charge and unearned insurance premiums paid to the estate. The refund check or voucher number shall be available on demand.

6) Credit life and credit accident and health insurance provided by a licensee may be cancelled within 15 days after the date of the loan by written request of all parties to the obligation. In the event of cancellation, the entire premium cost, if any, shall be refunded to the obligors and insurance shall then be void from its inception.

b) Property Insurance:

1) Insurance against loss or damage to property, or liability arising out of ownership may be required of an obligor by the licensee.

2) The amount of insurance shall be only in the amount sufficient to cover the cash price of the item being financed.

c) All insurance provided by a licensee for an obligor must be issued by insurance companies licensed to do business in the State of Illinois and in compliance with the applicable provisions of the Illinois Insurance Code and the administrative rules of the Department of Insurance.

1) No obligor shall be required to purchase any policy of insurance from any company, agent, broker or person as a condition precedent to the extension or renewal of an obligation.

2) Insurance for a period less than the full term may be agreed upon between the parties which agreement may be a part of the contract or separate instrument.

3) No licensee shall decline new or existing insurance which meets the standards set forth in the federal and State law or prevent any obligor from obtaining insurance coverage from other sources. If insurance is included in a transaction by the seller, the licensee shall upon prepayment by the obligor notify the obligor and seller of the possibility of rebate due by reason of such prepayment and the amount of rebate so due.

4) It shall be the licensee's responsibility to explain clearly to the obligor the type, cost, benefits and limitations of any insurance requested by licensee after acquisition of the account.

5) The licensee shall also deliver or cause to be delivered to the obligor a copy of the policy, or policies, certificate, or other evidence thereof acquired by the licensee in connection with the indebtedness.

d) In the event of a judgment prior to maturity of the loan, the judgment shall be decreased by the amount equal to any unearned premium. Evidence of this payment shall be maintained by the licensee.

(Source: Amended at 47 Ill. Reg. 9324, effective June 20, 2023)