**Section 110.170 Insurance** **and Other Products**

a) Licensees may provide insurances to the obligor provided the obligor has indicated in a specific, dated and separately signed statement that the obligor desires the insurance coverage. The purchase of any policy of insurance from or through the licensee shall not be a condition precedent to a loan. The insurance shall comply with the Illinois Insurance Code and all lawful requirements of the Director of the Department of Insurance related to that insurance.

b) The licensee may provide joint credit life or joint credit accident and health insurance if both insureds are obligated for the loan; however, this coverage shall not be a requirement precedent to the extension of credit.

c) When a loan is prepaid in full, the obligor shall receive a refund of the insurance charges. When the refund of any insurance premium is less than $1.00, no refund is required.

d) It shall be the licensee's responsibility to explain clearly to the obligor the benefits and limitations of any insurance requested in connection with any loan or loan extensions.

e) The licensee shall also deliver or cause to be delivered to the obligor a copy of the policy, or policies, certificate, or other evidence at the time the loan is made, and all obligors shall sign and receive a copy of a separate agreement clearly and conspicuously disclosing the limits of coverage.

f) No obligor shall be required to purchase any policy of insurance from any certain company, agent, broker, or person as a condition precedent to a loan. No licensee shall decline new or existing insurance that is approved by the Director of the Department of Insurance or prevent any obligor from obtaining the insurance from any other source.

g) When the loan is made, the insurance charges shall be computed for no more than the term of the loan contract on an amount that does not exceed the total amount required to pay the combined total of principal and interest charges.

h) The obligor's estate shall be paid the amount due between the unpaid balance and the insurance benefit paid. Evidence of this payment shall be maintained by the licensee.

i) In the case of a precomputed contract, the amount of the net unpaid balance shall be the unpaid balance of the note less any required rebate for prepayment in full on the date of the borrower's death, plus accrued but unpaid delinquency charges. In the case of an interest-bearing contract, the amount of the net unpaid balance shall be the principal balance plus accrued interest to the date of the borrower's death.

j) Account records shall indicate the date of death and the refunds of interest or loan charges and unearned insurance premiums paid to the estate. The refund check or voucher shall be available on demand.

k) Insurance against loss or damage to real or personal property given as security for a loan or liability arising out of ownership may be required of an obligor.

l) Property insurance provided by a licensee shall be consistent with the amount and term of the loan and shall not extend beyond the maturity of the loan unless the loan is delinquent when it may be extended 30 days beyond the original expiration date without charge to the obligor.

m) Upon cancellation of the loan by prepayment or refinancing, the obligor shall be entitled to a refund not less than the unearned insurance premium in any amount exceeding $1.00.

n) The licensee or affiliate may receive compensation for the sale of any insurance or debt cancellation contract or other such product purchased pursuant to the loan made or held by the licensee, provided the licensee discloses to the obligor that either the licensee or an affiliate may receive something of value in connection with the purchase by the obligor. This must be prominently disclosed in the loan contract.

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

p) If the Director has authorized a licensee to offer debt cancellation products, when a loan is prepaid in full, cancelled, renewed, refinanced, or reduced to judgment prior to maturity, the obligor shall be entitled to a refund of any unearned debt cancellation premium, calculated by the actuarial method.

(Source: Amended at 47 Ill. Reg. 9271, effective June 20, 2023)