

WAC 284-34-250 What information must be disclosed to debtors?

(1) If a debtor buys consumer credit insurance in connection with a credit transaction, the creditor must disclose this information to the debtor in writing:

(a) The debtor does not have to buy consumer credit insurance.

(b) The debtor may not need consumer credit insurance if the debtor has other insurance that covers the risk.

(c) The debtor does not have to buy consumer credit insurance to obtain credit approval.

(d) If the creditor offers more than one type of consumer credit insurance to debtors, whether the debtor can buy each type of insurance separately.

(e) The insurer may decide to deny coverage. This statement must list all factors that may cause the insurer to deny or limit coverage, including:

(i) Underwriting standards;

(ii) Exceptions to coverage;

(iii) Limitations and exclusions to coverage;

(iv) Eligibility criteria; and

(v) The date coverage will be effective.

(f) The debtor can cancel coverage within the first thirty days after receiving an individual policy or group certificate. The insurer or creditor must promptly refund or credit to the debtor's account all amounts charged for insurance or obtaining it.

(g) The debtor may cancel coverage at any time during the term of the loan if the:

(i) Debtor buys other insurance that covers the risk; or

(ii) Credit agreement does not require the debtor to buy consumer credit insurance.

(h) If the debtor cancels coverage, the insurer or creditor must promptly pay or credit to the debtor's account a refund of all unearned premium.

(i) That the debtor provide evidence of alternative insurance acceptable to the creditor at the time of cancellation only if insurance is a requirement for the extension of credit.

(j) A brief description of the coverage, including a description of:

(i) The amount of insurance;

(ii) The term of insurance;

(iii) Insured events;

(iv) Any waiting or elimination period;

(v) Any applicable waiver of premium provision;

(vi) To whom the benefits would be paid; and

(vii) The rate for each type of coverage.

(k) If the premium or insurance charge(s) are financed, they are subject to finance charges at the rate applicable to the credit transaction.

(2) An individual policy or group certificate must, in addition to other requirements of RCW 48.34.090, state the following:

(a) Closed-end credit: The premium or amount of payment by the debtor separately for each kind of coverage.

(b) Open-end credit: The premium rate and the basis of premium calculation (e.g., average daily balance, prior monthly balance).

(c) If the scheduled term of insurance is less than the scheduled term of the credit transaction, the face of each individual policy or group certificate must display a prominent notice explaining that the insurance coverage will end before the loan ends.

(d) Each individual policy or group certificate must display a prominent notice of any exceptions, restrictions, limitations or exclusions.

[Statutory Authority: RCW 48.02.060, 48.30.010, 48.34.100, and 48.34.110. WSR 05-02-076 (Matter No. R 2002-02), § 284-34-250, filed 1/4/05, effective 4/1/05.]