

(2) Except as provided in paragraph (3) of this subsection, if the indebtedness is repayable in one sum to the creditor, the insurance on the life of a debtor may not be in effect for more than 18 months.

(3) On default, extension, or recasting of the debt, the insurance may be continued for up to 6 months beyond the 18 months specified in paragraph (2) of this subsection.

(f) (1) The insurance shall be payable to the creditor.

(2) The payment shall be used to reduce or extinguish the unpaid indebtedness of the debtor to the extent of the payment.]

17-206.

(A) SUBJECT TO THE REQUIREMENTS OF THIS SECTION, A POLICY MAY BE ISSUED TO A CREDITOR OR ITS PARENT HOLDING COMPANY OR TO A TRUSTEE OR TRUSTEES OR AGENT DESIGNATED BY TWO OR MORE CREDITORS, WHICH CREDITOR, HOLDING COMPANY, AFFILIATE, TRUSTEE, TRUSTEES, OR AGENT SHALL BE DEEMED THE POLICYHOLDER, TO INSURE DEBTORS OF THE CREDITOR, OR CREDITORS.

(B) (1) THE DEBTORS ELIGIBLE FOR INSURANCE UNDER THE POLICY SHALL BE ALL OF THE DEBTORS OF THE CREDITOR OR CREDITORS, OR ALL OF ANY CLASS OR CLASSES OF DEBTORS.

(2) THE POLICY MAY PROVIDE THAT THE TERM "DEBTORS" SHALL INCLUDE:

(I) BORROWERS OF MONEY OR PURCHASERS OR LESSEES OF GOODS, SERVICES, OR PROPERTY FOR WHICH PAYMENT IS ARRANGED THROUGH A CREDIT TRANSACTION;

(II) THE DEBTORS OF ONE OR MORE SUBSIDIARY CORPORATIONS;
AND

(III) THE DEBTORS OF ONE OR MORE AFFILIATED CORPORATIONS, PROPRIETORSHIPS, OR PARTNERSHIPS IF THE BUSINESS OF THE POLICYHOLDER AND OF THE AFFILIATED CORPORATIONS, PROPRIETORSHIPS, OR PARTNERSHIPS IS UNDER COMMON CONTROL.

(C) (1) THE PREMIUM FOR THE POLICY SHALL BE PAID EITHER FROM THE CREDITOR'S FUNDS, OR FROM CHARGES COLLECTED FROM THE INSURED DEBTORS, OR FROM BOTH.

(2) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, A POLICY ON WHICH NO PART OF THE PREMIUM IS TO BE DERIVED FROM THE FUNDS CONTRIBUTED BY INSURED DEBTORS SPECIFICALLY FOR THEIR INSURANCE MUST INSURE ALL ELIGIBLE DEBTORS.

(3) AN INSURER MAY EXCLUDE ANY DEBTORS AS TO WHOM EVIDENCE OF INDIVIDUAL INSURABILITY IS NOT SATISFACTORY TO THE INSURER.