

(a) Subject to the provisions of this section, a lender may collect from the borrower, at the option of the borrower, the premiums paid [to insure] FOR:

[(1) Real or personal property securing a loan; or

(2) The life of any person obligated on a loan.]

(1) INSURANCE COVERING ANY REAL OR PERSONAL PROPERTY PLEDGED AS SECURITY FOR THE LOAN;

(2) ACCIDENT AND HEALTH INSURANCE COVERING ANY ONE BORROWER, IF THE INSURANCE DOES NOT PROVIDE FOR BENEFITS EXCEEDING THE ACTUAL PERIOD OF DISABILITY; AND

(3) CREDIT LIFE INSURANCE:

(I) COVERING ANY ONE BORROWER FOR ANY LOAN UNDER \$700 IN VALUE OR AMOUNT; OR

(II) COVERING ANY ONE OR MORE BORROWERS FOR ANY LOAN OF \$700 OR MORE IN VALUE OR AMOUNT.

(B) (1) A LENDER MAY NOT REQUIRE THAT THE INSURANCE BE PURCHASED THROUGH A PARTICULAR BROKER, AGENT, OR INSURANCE COMPANY.

(2) THE LENDER MAY:

(I) ASSIST AN APPLICANT OR ACT WITH HIM IN FORWARDING AN APPLICATION TO A BROKER OR AGENT; AND

(II) RECEIVE AND TRANSMIT PREMIUMS OR OTHER IDENTIFIABLE CHARGES FOR THE INSURANCE.

(3) AT THE OPTION OF THE BORROWER, A LENDER MAY BE COINSURED OR PROTECTED TO THE EXTENT OF HIS INTEREST BY A MORTGAGE CLAUSE.

(C) [(b)] (1) The amount of property insurance may not exceed EITHER the reasonable value of the property insured[, and the type of insurance coverage shall bear a reasonable relation to the existing risk of loss.

(2) The amount of life insurance may not exceed] OR the originally scheduled total of payments under the loan contract. THE TERMS AND CONDITIONS OF THE PROPERTY INSURANCE POLICY SHALL BE FILED WITH AND APPROVED BY THE INSURANCE COMMISSIONER. PROPERTY INSURANCE MAY NOT BE PROVIDED IF, TO THE LENDER'S KNOWLEDGE, THE BORROWER AT THE TIME THE LOAN IS MADE HAS VALID AND COLLECTIBLE INSURANCE COVERING THE PROPERTY TO BE INSURED.

(2) ACCIDENT AND HEALTH INSURANCE SHALL PROVIDE FOR:

(I) BENEFITS NOT EXCEEDING THE THEN SCHEDULED UNPAID