

[17-206.

(a) (1) Subject to the requirements of this section, the lives of a group of individuals may be insured under a policy issued to a creditor to cover debtors of the creditor.

(2) The creditor to which the policy is issued is deemed the policyholder.

(b) (1) All debtors of the creditor whose indebtedness is repayable in installments or in one sum at the end of a period not exceeding 18 months after the initial date of the debt, or all of any class or classes of debtors determined by conditions pertaining to the indebtedness or the purchase giving rise to the indebtedness, are eligible for insurance under a policy issued in accordance with this section.

(2) The policy may provide that the term "debtor" includes:

(i) a debtor of one or more subsidiary corporations; and

(ii) a debtor of one or more affiliated corporations, proprietorships, or partnerships if the business of the creditor and of the affiliates is under common control.

(3) A debtor is not eligible for insurance under the policy unless the indebtedness is an irrevocable obligation to repay and is binding on the debtor during the debtor's lifetime on and after the date the insurance becomes effective on the debtor's life.

(4) The policy may exclude from the classes eligible for insurance classes of debtors determined by age.

(c) (1) The creditor shall pay the premium for the policy:

(i) wholly from the funds of the creditor;

(ii) wholly from charges collected from insured debtors; or

(iii) partly from the funds of the creditor and partly from charges collected from insured debtors.

(2) A policy on which the premium is to be paid wholly or partly from the collection from insured debtors of identifiable charges not required of uninsured debtors may not include, in the class or classes of debtors eligible for insurance, debtors under obligations outstanding at its date of issue without evidence of individual insurability unless at least 75% of the eligible debtors elect to pay the required charges.

(3) A policy on which no part of the premium is paid from the collection of identifiable charges not required of uninsured debtors must insure:

(i) all eligible debtors; or

(ii) all eligible debtors other than those who have evidence of individual insurability that is unsatisfactory to the insurer.