

(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.

(d) The policy may be issued only if:

(1) the policy reserves to the insurer the right to require evidence of individual insurability if less than 75% of the new entrants become insured; and

(2) the group of eligible debtors:

(i) is receiving new entrants at the rate of at least 100 individuals yearly; or

(ii) may reasonably be expected to receive at least 100 new entrants during the first policy year.

(e) (1) The amount of insurance on the life of a debtor may not exceed the lesser of:

(i) the amount the debtor owes to the creditor; and

(ii) \$50,000.