

16a-4-301. (UCC) Property insurance. (1) A creditor may not contract for or receive a separate charge for insurance against loss of or damage to property unless:

- (a) The insurance covers a substantial risk of loss of or damage to property related to the credit transaction;
- (b) the amount, terms, and conditions of the insurance are reasonable in relation to the character and value of the property insured or to be insured; and
- (c) the term of the insurance is reasonable in relation to the terms of credit.

(2) The term of the insurance is reasonable if it is customary and does not extend substantially beyond a scheduled maturity.

(3) A creditor may not contract for or receive a separate charge for insurance against loss of or damage to property unless property is purchased pursuant to a credit card or in a transaction pursuant to open end credit, or unless the amount financed exclusive of charges for the insurance is \$900 or more, and the value of the property is \$900 or more.

History: L. 1973, ch. 85, § 76; L. 1999, ch. 107, § 24; July 1.