

VIRGINIA ACTS OF ASSEMBLY -- 1995 SESSION

CHAPTER 167

An Act to amend and reenact §§ 38.2-233, 38.2-1800, 38.2-1814, 38.2-1824, 38.2-3727 and 38.2-3737 of the Code of Virginia, relating to credit insurance.

[H 1901]

Approved March 10, 1995

Be it enacted by the General Assembly of Virginia:

1. That §§ 38.2-233, 38.2-1800, 38.2-1814, 38.2-1824, 38.2-3727 and 38.2-3737 of the Code of Virginia are amended and reenacted as follows:

§ 38.2-233. Credit involuntary unemployment insurance; disclosure and readability.

A. If a creditor makes available to the debtors more than one plan of credit involuntary unemployment insurance as defined in § 38.2-122.1, all debtors must be informed of all such plans for which they are eligible.

B. When elective credit involuntary unemployment insurance is offered, the borrower shall be given written disclosure that purchase of credit involuntary unemployment insurance is not required and is not a factor in granting credit. The disclosure shall also include notice that the borrower has the right to use alternative coverage or to buy insurance elsewhere.

C. If the debtor is given a contract which includes a single premium payment to be charged for elective credit involuntary unemployment insurance, the debtor shall be given:

1. A contract which does not include the elective credit involuntary unemployment insurance premium; or

2. A disclosure form which shall clearly disclose the difference in premiums charged for a contract with credit involuntary unemployment insurance and one without credit involuntary unemployment insurance. This disclosure shall include the difference between the amount financed, the monthly payment and the charge for insurance. The form shall be signed and dated by the debtor and the agent soliciting the application or the creditor's representative soliciting the enrollment request. A copy of this disclosure shall be given to the debtor and a copy shall be made a part of the creditor's loan file.

D. If credit involuntary unemployment insurance is required as security for any indebtedness, the debtor shall have the option of (i) furnishing the required amount of insurance through existing policies of insurance owned or controlled by him or (ii) procuring and furnishing the required coverage through any insurer authorized to transact insurance in this Commonwealth. The creditor shall inform the debtor of this option in writing and shall obtain the debtor's signature acknowledging that he understands this option.

E. The disclosure requirements set forth in subsections A, B, C and D shall be separately disclosed in another form or forms approved by the Commission. Notwithstanding the provisions of § 38.2-1921, when credit involuntary unemployment insurance is offered with credit life insurance or credit accident and sickness insurance, the disclosure requirements set forth in subsections A, B, C and D of § 38.2-233 and the disclosure requirements set forth in subsections A, B, C and D of § 38.2-3735 may be disclosed together in a form which shall be approved by the Commission.

F. ~~Readability.~~ The Commission shall not approve any form providing credit involuntary unemployment insurance unless the policy or certificate is written in nontechnical, readily understandable language, using words of common everyday usage:

1. Each insurer is required to test the readability of its policies or certificates by use of the Flesch Readability Formula, as set forth in Rudolf Flesch, *The Art of Readable Writing* (1949, as revised 1974);

2. A total readability score of forty or more on the Flesch score is required; and

3. All policies or certificates within the scope of this section shall be filed with the Commission, accompanied by a certificate setting forth the Flesch score and certifying compliance with the guidelines set forth in this section.

G. ~~Truncated coverage.~~ A credit involuntary unemployment insurance policy or certificate which provides truncated or critical period coverage, or any other type of similar coverage that does not provide benefits or coverage for the entire term or amount of the indebtedness, shall be subject to the following requirements:

1. The credit involuntary unemployment insurance policy or certificate shall include a statement printed on the face of the policy or first page of the certificate which clearly describes the limited nature of the insurance. The statement shall be printed in capital letters and in bold twelve-point or larger type; and

2. The credit involuntary unemployment insurance policy or certificate shall not include any benefits or coverage other than truncated or critical period coverage or any other type of similar coverage that

does not provide benefits or coverage for the entire term or amount of the indebtedness.

H. A portion of the premium charged for credit involuntary unemployment insurance may be allowed by the insurer to the creditor for providing and furnishing such insurance, and no such allowance shall be deemed a rebate of premium or as interest charges or consideration or an amount in excess of permitted charges in connection with the loan or other credit transaction.

I. All of the acts necessary to provide and service credit involuntary unemployment insurance may be performed within the same place of business in which is transacted the business giving rise to the loan or other credit transaction.

J. Subsections A, B, C, D, E and K shall not apply to credit involuntary unemployment insurance that will insure open end monthly outstanding balance credit transactions if the following criteria are met:

1. Credit involuntary unemployment insurance that will insure the open end monthly outstanding balance credit transaction is offered to the debtor after the loan or credit transaction it will insure has been approved by the creditor and has been effective at least ~~twenty-five~~ *seven* days;

2. The solicitation for the insurance is by mail or telephone. The person making the solicitation shall not condition the future use or continuation of the open end credit upon the purchase of credit involuntary unemployment insurance;

3. The creditor makes available only one plan of credit involuntary unemployment insurance to the debtor;

4. The debtor is provided written confirmation of the insurance coverage within thirty days of the effective date of such coverage. The effective date of such coverage shall begin on the date the solicitation is accepted; and

5. The individual policy or certificate has printed on it a notice stating that if, during a period of at least thirty days from the date the policy or certificate is delivered to the policy owner or certificate holder, the policy or certificate is surrendered to the insurer or its agent with a written request for cancellation, the policy or certificate shall be void from the beginning and the insurer shall refund any premium paid for the policy or certificate. This statement shall be prominently located on the face page of the policy or certificate, and shall be printed in capital letters and in bold face twelve-point or larger type.

K. Subsections A, B, C, D, E and J shall not apply to open end credit transactions by mail, telephone or brochure solicitations that are not excluded from the requirements of subsections A, B, C, D and E by subsection J where the insurer is offering only one plan of credit involuntary unemployment insurance and the following criteria are met:

1. The following disclosures shall be included in solicitations, whether as part of the application or enrollment request or separately:

- a. The name and address of the insurer(s) and creditor; and

- b. A description of the coverage offered, including the amount of coverage, the premium rate for each plan of insurance offered, and a description of any exceptions, limitations or restrictions applicable to such coverage.

2. The application or enrollment requests shall comply as follows:

- a. Notwithstanding requirements set forth elsewhere, the application and enrollment request shall be printed in a type size of not less than eight-point type, one-point leaded;

- b. The application or enrollment request shall contain a prominent statement that the insurance offered is optional, voluntary or not required;

- c. The application or enrollment request shall contain no questions relating to insurability other than the debtor's age or date of birth and active employment status; and

- d. If the disclosures required by subdivision 1 of this subsection are not included in the application or enrollment request, the application and enrollment request shall make reference to such disclosures with sufficient information to assist the reader in locating such disclosures within separate solicitation material.

3. Each insurer proposing to utilize an application or enrollment request in such transactions shall file such form for approval by the Commission. If the insurer anticipates utilizing such application or enrollment form in more than one solicitation, the insurer shall submit, as part of its filing of such form, a certification signed by an officer of the insurer, stating that any such subsequent use of the application or enrollment form will utilize the same form number and will not vary in substance from the wording and format in which the form is submitted for approval. Upon approval of such application or enrollment form by the Commission, the insurer shall be permitted to utilize such form in various solicitation materials provided that the application or enrollment form, when incorporated into such solicitation materials, has the same form number and wording substantially identical to that contained on the approved application or enrollment form. Notwithstanding the provisions of § 38.2-1921, when credit involuntary unemployment insurance is offered with credit life insurance or credit accident and sickness insurance, insurers may file one common form which shall be approved by the Commission and shall incorporate the requirements of subsection K of § 38.2-233 and subsection F of § 38.2-3737, according to the requirements stated in this paragraph and in *subdivision F 3 of § 38.2-3737* ~~§ 3~~.

§ 38.2-1800. Definitions.

As used in this chapter:

"Agent" or "insurance agent," when used without qualification, means an individual, partnership, limited liability company, or corporation that solicits, negotiates, procures or effects contracts of insurance or annuity in this Commonwealth.

"Licensed agent" or "licensed insurance agent," when used without qualification, means an individual, partnership, limited liability company, or corporation licensed in this Commonwealth to solicit, negotiate, procure or effect contracts of insurance or annuity of the classes authorized within the scope of such license.

"Appointed agent" or "appointed insurance agent," when used without qualification, means an individual, partnership, limited liability company, or corporation licensed in this Commonwealth to solicit, negotiate, procure, or effect contracts of insurance or annuity of the classes authorized within the scope of such license and who is appointed by a company licensed in this Commonwealth to solicit, negotiate, procure, or effect in its behalf contracts of insurance of the classes authorized within the scope of such license and, if authorized by the company, may collect premiums on those contracts.

"Cooperative nonprofit life benefit insurance agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect life insurance, accident and sickness insurance or annuities on behalf of insurers licensed under Chapter 38 (§ 38.2-3800 et seq.) of this title.

"Bail bond agent" means an agent licensed in this Commonwealth for the sole purpose of writing appearance bonds as surety, as defined in subdivision 3 of § 38.2-121.

"Burial insurance agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect burial insurance on behalf of insurers licensed under Chapter 40 (§ 38.2-4000 et seq.) of this title.

"Credit life and health insurance agent" means an agent licensed in this Commonwealth exclusively to solicit, negotiate, procure, or effect credit life insurance and credit accident and sickness insurance on behalf of insurers licensed in this Commonwealth, but only to the extent authorized in Chapter 37.1 (§ 38.2-3717 et seq.) of this title.

"Credit property insurance agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect insurance against direct physical damage to personal household property used as security for a loan or other credit transaction. Such insurance may insure the creditor as sole beneficiary or may insure both the creditor and the debtor with the creditor as primary beneficiary and the debtor as beneficiary of proceeds not paid to the creditor. As used in this definition, "household personal property" does not include motor vehicles, mobile homes, or watercraft.

"Dental services agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect dental services plan contracts on behalf of dental services plans licensed under Chapter 45 (§ 38.2-4500 et seq.) of this title.

"Filed" means received by the Commission.

"Health agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect applications and coverage on behalf of corporations licensed in this Commonwealth under Chapter 42 (§ 38.2-4200 et seq.) of this title or for health maintenance organizations licensed in this Commonwealth under Chapter 43 (§ 38.2-4300 et seq.) of this title. Nothing in this chapter prohibits any person licensed in this Commonwealth as a life and health agent from also acting as a health agent.

"Legal services agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect legal services plan contracts on behalf of legal services plans licensed under Chapter 44 (§ 38.2-4400 et seq.) of this title.

"Life and health insurance agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect life insurance, annuity contracts, and accident and sickness insurance as defined in §§ 38.2-102, 38.2-103, 38.2-104, 38.2-106, 38.2-108 and 38.2-109, respectively, and variable contracts as defined in §§ 38.2-105 and 38.2-107, if so qualified, on behalf of insurers licensed in this Commonwealth. Except as otherwise provided, limitations or restrictions as to methods of compensation imposed by this title on agents shall not apply to life and health insurance agents.

"Mortgage accident and sickness insurance agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect mortgage accident and sickness insurance on behalf of insurers licensed in this Commonwealth.

"Mortgage guaranty insurance agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect mortgage guaranty insurance on behalf of insurers licensed in this Commonwealth.

"Mortgage redemption insurance agent" means an employee of a lending institution, whether or not the institution accepts deposits from the public, licensed in this Commonwealth to solicit, negotiate, procure, or effect mortgage redemption insurance and mortgage accident and sickness insurance. "Mortgage redemption insurance" means a nonrenewable, nonconvertible, decreasing term life insurance policy written in connection with a mortgage transaction for a period of time coinciding with the term of the mortgage. The initial sum shall not exceed the amount of the indebtedness outstanding at the time the insurance becomes effective, rounded up to the next \$1,000.

"Mutual assessment life and health insurance agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect mutual assessment life and accident and sickness insurance on behalf of insurers licensed under Chapter 39 (§ 38.2-3900 et seq.) of this title.

"Mutual assessment property and casualty insurance agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect mutual assessment property and casualty insurance on behalf of insurers licensed under Chapter 25 (§ 38.2-2500 et seq.) of this title.

"Ocean marine insurance agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect those classes of insurance classified in § 38.2-126, except those kinds specifically classified as inland marine insurance, on behalf of insurers licensed in this Commonwealth.

"Optometric services agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect optometric services plan contracts on behalf of optometric services plans licensed under Chapter 45 (§ 38.2-4500 et seq.) of this title.

"Property and casualty insurance agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect insurance as defined in §§ 38.2-110 through 38.2-122.1, and §§ 38.2-124 through 38.2-134 on behalf of insurers licensed in this Commonwealth.

"Resident" means (i) an individual domiciled and residing in Virginia; (ii) a partnership duly formed and recorded in Virginia; (iii) a corporation incorporated and existing under the laws of Virginia; or (iv) a limited liability company organized and existing under the laws of Virginia.

"Single interest insurance agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect single interest insurance on behalf of insurers licensed in this Commonwealth.

"Solicit, negotiate, procure, or effect" means and includes the selling or attempted selling, placing or attempted placing of insurance or coverage, whether directly or indirectly, in this Commonwealth, and for which action the agent receives, or would receive, direct or indirect compensation in the form of commissions, fees, or other inducements or benefits.

"Title insurance agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect title insurance on behalf of title insurance companies licensed under Chapter 46 (§ 38.2-4600 et seq.) of this title.

"Travel accident insurance agent" means an individual at transportation terminal buildings, or a ticket-selling agent of a railroad, steamship company, air carrier, or public bus carrier, who is licensed in this Commonwealth solely to act as an agent in the sale of travel accident insurance to individuals.

"Travel baggage insurance agent" means the ticket-selling agent of a railroad or steamship company, air carrier, or public bus carrier who is licensed in this Commonwealth solely to act as an agent in the sale of travel baggage insurance to individuals.

"Variable contract agent" means an agent licensed in this Commonwealth to solicit, negotiate, procure, or effect variable contracts on behalf of insurers licensed in this Commonwealth.

§ 38.2-1814. License required of resident property and casualty insurance agent.

No individual who is a resident of this Commonwealth shall obtain a license as a property and casualty insurance agent from the Commission unless he has passed a written examination prescribed by the Commission. However, any individual may obtain a license as a bail bond agent, *credit property insurance agent*, mortgage guaranty insurance agent, ocean marine insurance agent, or travel baggage insurance agent without taking a written examination. Mutual assessment property and casualty insurance agents shall be licensed without examination only within the limitations of § 38.2-2525.

§ 38.2-1824. Kinds of agents' licenses and appointments issued.

A. The Commission shall issue the following kinds of agents' license and appointments: life and health insurance, property and casualty insurance, cooperative nonprofit life benefit insurance, bail (appearance) bonds, burial insurance, credit life and health insurance, *credit property insurance*, dental services insurance, health insurance, legal services insurance, mortgage accident and sickness insurance, mortgage guaranty insurance, mortgage redemption insurance, mutual assessment property and casualty insurance, mutual assessment life and health insurance, ocean marine insurance, optometric services insurance, title insurance, travel accident insurance, travel baggage insurance, and variable contract insurance.

B. All individuals and agencies who on July 1, 1987, held limited licenses to write accident and sickness insurance, or automobile insurance, or casualty insurance, or fidelity and surety bonds, or fire insurance, or life insurance and annuities, may remain licensed under such limited licenses, but no such license which has lapsed or been revoked shall be reinstated, and no new or additional licenses for any of the categories enumerated above shall be issued.

§ 38.2-3727. Credit accident and sickness insurance rates.

A. The Commission shall, based on a morbidity study, promulgate seven-, fourteen- and thirty-day retroactive and nonretroactive credit accident and sickness insurance premium rates which will reasonably be expected to produce the loss ratio as required by § 38.2-3725 E. These prima facie rates will be published by the Commission no later than September 1, 1992, and will be effective on or after January 1, 1993. After this date, the premium charged in connection with any credit accident and sickness insurance policy or certificate issued in this Commonwealth may not exceed the then-published prima facie rate as set forth in this section and as may be adjusted pursuant to § 38.2-3730.

The morbidity study shall be based on policies and certificates issued in this Commonwealth for the past three years, the premiums charged for those contracts and the experience produced by those contracts. The Commission may also take into consideration the reserves held on these contracts and the methods used to produce those reserves and any other information which the Commission in its discretion may consider necessary to produce a credible morbidity study.

B. The benefits provided by any credit accident and sickness insurance form shall be deemed reasonable in relation to the premium charged or to be charged if the rates do not exceed the rates initially published by the Commission pursuant to subsection A of this section, except as such rates are modified pursuant to the requirements of § 38.2-3730.

C. If premiums are paid on the basis of a premium rate per month per \$1,000 of outstanding insured indebtedness, they shall be computed according to the following formula or according to a formula approved by the Commission which produces rates actuarially equivalent to the single premium rates:

$$\text{Opn} = \frac{20}{n+1} \text{Spn}$$

Where Spn = Single Premium Rate per \$100 of initial insured indebtedness repayable in n equal monthly installments.

Op = Monthly Outstanding Balance Premium Rate per \$1,000.

n = Original repayment period, in months.

D. A credit accident and sickness insurance form may not be issued with a waiting period, retroactive or nonretroactive, which differs from the waiting periods set forth in this section.

E. The premium rates in subsection B shall apply to policies providing credit accident and sickness insurance to be issued with or without evidence of insurability, to be offered to all eligible debtors, and containing:

1. No provision excluding or denying a claim for disability resulting from preexisting conditions except for those conditions for which the insured debtor received medical advice, diagnosis or treatment within six (6) months preceding the effective date of the debtor's coverage and which caused loss within the six months following the effective date of coverage. The effective date of coverage for each part of the insurance attributable to a different advance or charge to an open-end credit account is the date on which the advance or charge is posted to the plan account.

2. No other provision which excludes or restricts liability in the event of disability caused in a specific manner except that it may contain provisions excluding or restricting coverage in the event of normal pregnancy and intentionally self-inflicted injuries.

3. No actively-at-work requirement more restrictive than one requiring that the debtor be actively at work at a full-time gainful occupation on the effective date of coverage. "Full-time" means a regular work week of not less than thirty hours. A debtor shall be deemed to be actively at work if absent from work due solely to regular day off, holiday or paid vacation.

4. No age restrictions, or only age restrictions making ineligible for coverage debtors sixty-five or over at the time the indebtedness is incurred or debtors who will have attained age sixty-six or over on the maturity date of the indebtedness.

5. A daily benefit equal in amount to one-thirtieth of the monthly benefit payable under the policy for the indebtedness.

6. A definition of "disability" which provides that during the first twelve months of disability the insured shall be unable to perform the duties of his occupation at the time the disability occurred, and thereafter the duties of any occupation for which the insured is reasonably fitted by education, training or experience.

7. A provision written in connection with an open-end credit plan which may provide for the cessation of insurance or reduction in the amount of insurance upon attainment of an age not less than sixty-five.

F. Joint coverage on any of the bases in this section shall not exceed 165 percent of the rates applicable to that type of coverage.

§ 38.2-3737. Application.

A. No contract of insurance upon a debtor shall be made or effectuated unless at the time of the contract, the debtor, being of lawful age and competent to contract for insurance, applies for the insurance in writing on a form approved by the Commission.

B. The application or enrollment request shall be required to:

1. Contain the name and signature of the agent who solicited the application or enrollment request;

2. Contain the name and address of the insurer and creditor; the name and age of the debtor(s); the premium, rate or amount payable by the debtor separately for credit life insurance and credit accident and sickness insurance; the type of insurance coverage provided; the date of application; and separately, the amount and term, including the effective and cancellation dates, of the insurance and loan contracts; and

3. Include the disclosure requirements set forth in subsections A, B, C and D of § 38.2-3735 unless such requirements have been separately disclosed in another form or forms approved by the

Commission.

C. The application or enrollment request form shall be separate and apart from the loan or credit transaction papers and will refer exclusively to insurance coverage.

D. No individual or group credit life insurance or credit accident and sickness insurance application form shall contain a question of general good health unless the application form contains appropriate specific questions concerning the applicant's health history or medical treatment history.

E. Neither this section nor subsection B of § 38.2-3735 shall apply to credit life or credit accident and sickness insurance that will insure open-end monthly outstanding balance credit transactions if the following criteria are met:

1. The credit life insurance and credit accident and sickness insurance that will insure the open-end monthly outstanding balance credit transaction are offered to the debtor after the loan or credit transaction that it will insure has been approved by the creditor and has been effective at least ~~twenty-five~~ seven days;

2. The solicitation for the insurance is by mail or telephone. The person making the solicitation shall not condition the future use or continuation of the open-end credit upon the purchase of credit life or credit accident and sickness insurance;

3. The creditor makes available only one plan of credit life insurance and one plan of credit accident and sickness insurance to the debtor;

4. The debtor is provided written confirmation of the insurance coverage within thirty days of the effective date of such coverage. The effective date of coverage shall begin on the date the solicitation is accepted; and

5. The individual policy or certificate has printed on it a notice stating that if, during a period of at least thirty days from the date that the policy or certificate is delivered to the policyowner or certificate holder, the policy or certificate is surrendered to the insurer or its agent with a written request for cancellation, the policy or certificate shall be void from the beginning and the insurer shall refund any premium paid for the policy or certificate. This statement shall be prominently included on the face page of the policy or certificate, and shall be printed in capital letters and in bold 12-point or larger type.

F. The following shall be applicable to open-end credit transactions by mail, telephone, or brochure solicitations, that are not excluded from the requirements of this section and of subsection B of § 38.2-3735 by subsection E, where the insurer is offering only one plan of credit life insurance or one plan of credit accident and sickness insurance:

1. Section 38.2-3735 shall not apply to such transactions, provided that the following disclosures are included in such solicitations, whether as part of the application or enrollment request or separately:

a. The name and address of the insurer(s) and creditor; and

b. A description of the coverage offered, including the amount of coverage, the premium rate for each plan of insurance offered, and a description of any exceptions, limitations, or restrictions applicable to such coverage.

2. Subsections B and D of this section shall not apply to such transactions, provided that the application or enrollment request utilized as part of such transaction:

a. Is printed in a type size of not less than eight-point type, one point leaded, notwithstanding the requirements set forth in subdivision D 5 of § 38.2-3724 regarding minimum type size for policies and certificates;

b. Contains a prominent statement that the insurance offered is optional, voluntary, or not required;

c. Contains no questions relating to insurability other than the debtor's age or date of birth and, if applicable, active employment status; and

d. If the disclosures required by subdivision 1 of this subsection are not included in the application or enrollment request, makes reference to such disclosures with sufficient information so as to assist the reader in locating such disclosures within the solicitation.

3. Each insurer proposing to utilize an application or enrollment request in such transactions shall file such form for approval by the Commission. If the insurer anticipates utilizing such application or enrollment form in more than one solicitation, the insurer shall submit, as part of its filing of such form, a certification signed by an officer of the insurer, stating that any such subsequent use of the application or enrollment form will utilize the same form number and will not vary in substance from the wording and format in which the form is submitted for approval. Upon approval of such application or enrollment form by the Commission, the insurer shall be permitted to utilize such form in various solicitation materials, provided that the application or enrollment form, when incorporated into such solicitation materials, has the same form number and wording substantially identical to that contained on the approved application or enrollment form.

G. Notwithstanding the provisions of subsection A, a contract of insurance may be made or effectuated in connection with a credit transaction between a creditor regulated pursuant to Chapter 4.01 (§ 6.1-225.1, et seq.) of Title 6.1 or 12 U.S.C. § 1751 et seq. and a debtor who is of lawful age, competent to contract for the insurance and a member of the creditor if:

1. The credit transaction and the solicitation for such insurance is effected by mail, telephone or other electronic means;

2. The purchase of credit insurance is not required by the creditor and is not a factor in granting the credit;

3. The creditor or insurer, within three business days after the credit transaction is effected, transmits to the debtor, either separately or with the documents that pertain to the credit transaction, an application or enrollment request form approved by the Commission which includes or to which is attached a prominent notice that clearly advises the debtor that unless he mails the completed and signed application or enrollment request to the creditor within forty-five days following the date of the credit transaction, all such coverage requested in connection with the credit transaction will be void from the beginning; and

4. In the event the debtor does not transmit the completed and signed application or enrollment request to the creditor within the time specified in subdivision 3, the full amount of the premium charged for the insurance is returned to or credited to the account of the debtor and written notice thereof is sent to the debtor within fifteen days of the date the policy or certificate is cancelled.