
By Mr. Foley, a petition (accompanied by bill, Senate, No. 550) of Daniel J. Foley for legislation to limit the charges for credit life and credit accident and health insurance for certain loans. Insurance.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Seventy-eight.

AN ACT LIMITING THE CHARGES FOR CREDIT LIFE AND CREDIT ACCIDENT AND HEALTH INSURANCE FOR CERTAIN LOANS.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

- 1 SECTION 1. Section 12G of Chapter 255 of the General Laws
2 is hereby repealed and reenacted as follows: —
- 3 *Section 12G.* Except as otherwise provided in section ten
4 of chapter two hundred and fifty-five B, section fourteen A of
5 chapter two hundred and fifty-five C and subsection C of sec-
6 tion twenty-six of chapter two hundred and fifty-five D, in the
7 event the charge or any portion thereof for insurance on the
8 life of the borrower, issued under clause c) of the first para-
9 graph of section one hundred and thirty-three or accident and
10 health insurance issued under clause (j) of subdivision (A) of
11 section one hundred and ten, both of chapter one hundred and
12 seventy-five, which shall be the only credit life insurance or
13 accident and health insurance authorized in connection with
14 a loan for personal, family or household purposes, except in
15 the case of a loan secured by a first lien on real property, is
16 paid by such borrower to the creditor, the premium shall not
17 exceed fifty cents per one hundred dollars per year of the total
18 of payments contracted to be paid and proportionately at such
19 rates for greater or lesser periods and for greater or lesser
20 amounts of each such life insurance, and shall not exceed
21 eighty cents per one hundred dollars per year of the total of
22 such payments for the first three years of accident and health
23 coverage and for each additional year of such coverage shall
24 not exceed fifty cents per one hundred dollars per year of such
25 payments, regardless of the cost of such insurance to the

26 creditor. In the event of pre-payment of the note there shall
27 be a refund of the charge for such insurance made under the
28 so-called sums of the digits method. If the prepayment is made
29 other than on an instalment due date it shall be deemed to
30 have been made on the first instalment due date if the pre-
31 payment is before that date, and in any other case it shall be
32 deemed to have been made on the next preceding or next suc-
33 ceeding instalment due date, whichever is nearer to the date of
34 prepayment. The amount of death benefit payable shall be
35 compared as of the date of death, as follows: In the case of
36 precomputation, the amount shall at no time be less than the
37 unextinguished debt, including unearned charges. In the case
38 of interest bearing loans other than precomputed loans, the
39 amount shall be the unpaid principal balance plus the differ-
40 ence between the original total planned interest and the amount
41 of interest actually earned. Any such unearned charges shall
42 be refunded to the estate of the borrower. No group accident
43 and health insurance policy shall have a waiting period in ex-
44 cess of thirty days.

1 SECTION 2. Section 10 of Chapter 255F of the General Laws
2 as appearing in Chapter 823 of the acts of 1967, is hereby
3 amended by striking out the words "or accident and health
4 coverage" in line 24, and inserting in place thereof the
5 words: — "and shall not exceed eighty cents per one hundred
6 dollars per year of the total of such payments for the first
7 three years of accident and health coverage and for each ad-
8 ditional year of such coverage shall not exceed fifty cents per
9 one hundred dollars per year of such total payment,"

1 SECTION 3. Subsection C of Section 26 of chapter 255D of
2 said laws, as appearing in section 2 of chapter 416 of the acts
3 of 1967, is hereby amended by striking out the words, "or ac-
4 cident and health coverage" in line 12, and inserting in place
5 thereof the following words: — "and shall not exceed eighty
6 cents per one hundred dollars per year of the total of such pay-
7 ments for the first three years of accident and health coverage
8 and for each additional year of such coverage shall not exceed
9 fifty cents per one hundred dollars per year of such total pay-
10 ments,"