

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 799

Short Title: Credit Accident and Health Insurance.

(Public)

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Sponsors: Representatives McMahan; Beall, Hensley, Lemmond, and Mercer.

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Referred to: Insurance.

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April 10, 1995

A BILL TO BE ENTITLED

AN ACT TO MODIFY THE DEFINITION OF CREDIT ACCIDENT AND HEALTH INSURANCE.

The General Assembly of North Carolina enacts:

Section 1. G.S. 58-57-5 reads as rewritten:

**"§ 58-57-5. Definitions.**

As used in this Article, unless the context requires otherwise, the following words or terms shall have the meanings herein ascribed to them, respectively:

(1) Repealed by Session Laws 1991, c. 720, s. 6.

(2) 'Credit accident and health insurance' means insurance on a debtor to provide indemnity for payments becoming due on a specific loan or other credit transaction as defined in ~~G.S. 58-51-100;~~ G.S. 58-51-100, with or without insurance against death by accident.

(2a) 'Credit insurance agent' means an agent of an insurance company licensed in this State who is authorized to solicit, negotiate or effect credit life insurance, credit accident and health insurance, credit unemployment insurance, credit property insurance, or any of them, but only to the extent as is authorized and limited in this ~~Article;~~ Article.

- 1 (3) 'Credit life insurance' means insurance on the life of a debtor pursuant to  
2 or in connection with a specific loan or other credit transaction as  
3 defined in ~~G.S. 58-58-10;~~ G.S. 58-58-10.
- 4 (4) Recodified as G.S. § 58-57-5(2a) (See Note.)
- 5 (4a) 'Credit transaction' means any transaction by the terms of which the  
6 repayment of money loaned or loan commitment made, or payment for  
7 goods, services, or properties sold or leased, is to be made at a future  
8 date or ~~dates;~~ dates.
- 9 (4b) 'Credit unemployment insurance' means insurance on a debtor in  
10 connection with a specified loan or other credit transaction to provide  
11 payment to a creditor of the debtor for the installment payments or other  
12 periodic payment becoming due while the debtor is involuntarily  
13 unemployed as defined in the ~~policy;~~ policy.
- 14 (5) 'Creditor' means any lender of money or vendor or lessor of goods,  
15 services, property, rights or privileges, including any person that  
16 directly or indirectly provides credit in connection with any such sale or  
17 lease, for which payment is arranged through a credit-related  
18 transaction; or any successor to the right, title or interest of any such  
19 lender, vendor, lessor, or person extending credit, and an affiliate,  
20 associate, or subsidiary of any of them, or any director, officer, or  
21 employee of any of them or any other person in any way associated with  
22 any of ~~them;~~ them.
- 23 (6) 'Debtor' means a borrower of money or a purchaser or lessee of goods,  
24 services, property, rights or privileges for which payment is arranged  
25 through a credit ~~transaction;~~ transaction.
- 26 (7) 'Indebtedness' means the total amount payable for the term of the loan  
27 by debtor to creditor in connection with a loan or other credit  
28 transaction, including principal, interest, allowable charges, and any  
29 premiums authorized ~~hereunder;~~ hereunder.
- 30 (7a) 'Joint accident and health coverage' means credit accident and health  
31 insurance covering two or more debtors; provided that only one monthly  
32 benefit, as defined in G.S. 58-57-15(b), shall be payable each month on  
33 a specific indebtedness regardless of the number of debtors ~~insured;~~  
34 insured.
- 35 (8) 'Joint life coverage' means credit life insurance covering two or more  
36 lives, the entire amount of insurance being payable upon the death of the  
37 first insured debtor to ~~die;~~ die.
- 38 (9) 'Lease' means a contract whereby the lessee of a 'motor vehicle,' as  
39 defined in G.S. 20-4.01(23), contracts to pay as compensation for use a  
40 sum substantially equivalent to or in excess of the aggregate value of the  
41 property, but not exceeding the term of years in G.S. 58-57-1.
- 42 (10) 'Open-end credit' means credit extended by a creditor under an  
43 agreement in which:

- 1                   a.     The creditor reasonably contemplates repeated transactions;  
2                   b.     The creditor imposes a finance charge from time to time on an  
3                         outstanding unpaid balance; and  
4                   c.     The amount of credit that may be extended to the debtor during  
5                         the term of the agreement (up to any limit set by the creditor) is  
6                         generally made available to the extent that any outstanding  
7                         balance is repaid.  
8                   'Open-end credit' includes credit card balances.  
9           (11) 'Truncated coverage' means a credit insurance benefit with a term of  
10               insurance coverage that is less than the term of the credit ~~transaction~~;  
11               transaction."  
12           Sec. 2. This act is effective upon ratification.