

515F.5A Collateral insurance and forced placement.

1. The commissioner shall review all collateral insurance forms and rates to assure that the rates are not excessive in comparison to the benefits provided to consumers.

2. The commissioner may adopt by rule procedures and restrictions to protect consumers from abusive practices in forced placement or collateral insurance. Rules may include, but are not limited to, the following:

a. Notice requirements, to assure that consumers have an opportunity to exercise reasonable choice in the placement, of a collateral insurance policy.

b. A prohibition or limitation on the receipt of a sales commission or other fee by the person making a forced placement, or the person's employer.

3. For purposes of this section, unless the context otherwise requires:

a. "*Collateral insurance*" means an insurance policy solely or primarily intended to provide security for a loan or to insure collateral for a loan.

b. "*Forced placement*" means the purchase of an insurance policy by a third person when the law or a contract obligates another person to pay the insurance premium.

92 Acts, ch 1162, §13