

**536.26 Insured loans.**

1. A licensee shall not, directly or indirectly, sell or offer for sale any life or accident and health insurance in connection with a loan made under [this chapter](#) except as and to the extent authorized by [this section](#). Life, accident and health insurance, or any of them, may be written by a licensed insurance producer upon or in connection with any loan for a term not extending beyond the final maturity date of the loan contract, but only upon one obligor on any one loan contract.

2. The amount of life insurance shall at no time exceed the unpaid balance of principal and interest combined which are scheduled to be outstanding under the terms of the loan contract or the actual amount unpaid on the loan contract, whichever is greater.

3. Accident and health insurance shall provide benefits not in excess of the unpaid balance of principal and interest combined which are scheduled to be outstanding under the terms of the loan contract and the amount of each periodic benefit payment shall not exceed the total amount payable divided by the number of installments and shall provide that if the insured obligor is disabled, as defined in the policy, for a period of more than fourteen days, benefits shall commence as of the first day of disability.

4. The premium, which shall be the only charge for the insurance, shall not exceed that approved by the commissioner of insurance of the state of Iowa as filed in the office of such commissioner. Such charge, computed at the time the loan is made for the full term of the loan contract on the total amount required to pay principal and interest.

5. If a borrower procures insurance by or through a licensee, the licensee shall cause to be delivered to the borrower a copy of the policy within fifteen days from the date such insurance is procured. No licensee shall decline new or existing insurance which meets the standards set out in [this section](#) nor prevent any obligor from obtaining such insurance coverage from other sources.

6. If the loan contract is prepaid in full by cash, a new loan, or otherwise, except by the insurance, any life, accident, and health insurance procured by or through a licensee shall be canceled and the unearned premium shall be refunded. The amount of the refund shall represent at least as great a proportion of the insurance premium or identifiable charge as the sum of the consecutive monthly balances of principal and interest of the loan contract originally scheduled to be outstanding after the installment date nearest the date of prepayment bears to the sum of all such monthly balances of the loan contract originally scheduled to be outstanding.

[C66, 71, 73, 75, 77, 79, 81, §536.26]

[85 Acts, ch 158, §7; 2001 Acts, ch 16, §33, 37; 2016 Acts, ch 1011, §106; 2023 Acts, ch 66, §138](#)

Subsection 5 amended