

**61—20.6(537) Disclosures.** Creditors may offer for sale noncredit property insurance only after the following disclosures have been made.

**20.6(1) *Initial disclosures.*** Creditors must comply with the following initial disclosure requirements prior to preparing any written documents related to the sale of noncredit property insurance.

*a.* The creditor must first inquire about existing property insurance held by the borrower. Should the borrower indicate that he or she already owns property insurance covering the property at issue, all sales efforts must cease and the creditor may not sell the borrower any noncredit property insurance products. For the purpose of this rule, credit property insurance insuring collateral used to secure any ongoing loan or credit sale transaction is considered existing property insurance and the creditor is forbidden to sell additional noncredit property insurance to insure such property.

*b.* The creditor must inform the borrower that the purchase of this insurance is completely voluntary and is unrelated to any other loan or credit sale transactions which might have occurred between the creditor and borrower.

*c.* The creditor must explain the insurance coverage for every available noncredit insurance plan the borrower is eligible for that the creditor is authorized to sell. The creditor must also separately disclose the costs of the insurance, including both the premium cost and the finance charge applied. If more than one credit insurance plan is available to the borrower, then the borrower must be informed of the nature and costs of each such plan.

**20.6(2) *Written disclosures.*** After the initial disclosures in subrule 20.6(1) have been made, the creditor may prepare final documents for the sale of noncredit property insurance. The written disclosures required by this rule must be made on the front side of the disclosure form.

*a.* The disclosure form must contain the following notice in 12-point bold-faced type. The heading must be in uppercase.

**NOTICE TO CONSUMERS:  
PURCHASE OF THIS INSURANCE IS VOLUNTARY**

1. The creditor is offering to sell you insurance on your personal property that is not used as collateral or security on a loan.

2. You do not need to purchase this insurance to obtain a separate loan from a creditor and loan approval will not depend on whether you buy this insurance.

3. Under Iowa law a creditor may not offer to sell you this property insurance until you have received your loan.

4. If you already have property insurance the creditor cannot sell you additional property insurance that duplicates the coverage of your existing policy.

*b.* The creditor must clearly and conspicuously disclose the premium cost of the insurance and any finance charges associated with the premium. Disclosures made in accordance with the Truth-in-Lending Act meet this requirement.

*c.* The creditor must maintain at least one copy of the disclosure form for the period required by the record retention requirements of the Truth-in-Lending Act. The consumer must receive at least one copy of the disclosure form and all other insurance documents referred to or associated with the sale.