

**DISTRICT OF COLUMBIA**  
**OFFICIAL CODE**

**TITLE 31.**  
**INSURANCE AND SECURITIES.**

**CHAPTER 51.**  
**CREDIT LIFE, ACCIDENT, AND HEALTH**  
**INSURANCE.**

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**DISTRICT OF COLUMBIA OFFICIAL CODE**  
**CHAPTER 51. CREDIT LIFE, ACCIDENT, AND**  
**HEALTH INSURANCE.**

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# CHAPTER 51. CREDIT LIFE, ACCIDENT, AND HEALTH INSURANCE.

## § 31-5101. SHORT TITLE; APPLICABILITY OF PROVISIONS.

(a) This chapter regulating credit life insurance and credit accident and health insurance in the District of Columbia may be cited as "The Act for the Regulation of Credit Life Insurance and Credit Accident and Health Insurance."

(b) All life insurance and all accident and health insurance in connection with loans or other credit transactions of less than 5 years duration in the District of Columbia shall be subject to the provisions of this chapter. Such insurance written in connection with a loan or other credit transaction of 5 years duration or more shall not be subject to the provisions of this chapter, nor shall such insurance be subject to the provisions of this chapter if the issuance of the insurance is an isolated transaction on the part of the insurer not related to a plan or regular course of conduct for insuring debtors of the creditor.

(c) Repealed.

(Sept. 25, 1962, 76 Stat. 580, Pub. L. 87-686, § 1; Apr. 3, 2001, D.C. Law 13-263, § 1411(b)(1), 48 DCR 991; May 7, 2002, D.C. Law 14-132, § 602(a).)

### *HISTORICAL AND STATUTORY NOTES*

#### *Prior Codifications*

1981 Ed., § 35-1001.

1973 Ed., § 35-1601.

#### *Effect of Amendments*

D.C. Law 13-263 added subsec. (c).

D.C. Law 14-132 repealed subsec. (c) which had read:

"(c) Sections §§ 31-5110.01, 31-5111, and 31-5112 shall apply to an insurance plan or program for which an application of approval has been submitted to the Commissioner under § 42-836.01(2)(B)."

D.C. Law 15-105 purported to amend subsec. (c) which was repealed by D.C. Law 14-132, therefore, the amendment was ineffective.

#### *Temporary Amendments of Section*

For temporary (225 day) amendment of section, see § 2 of Protections from Predatory Lending and Mortgage Foreclosure Improvements Temporary Amendment Act of 2001 (D.C. Law 14-86, March 19, 2002, law notification 49 DCR 2991).

#### *Emergency Act Amendments*

Section 2 of Act 14-188, the "Protections from Predatory Lending and Mortgage Foreclosure Improvements Emergency Amendment Act", deemed approved Nov. 27, 2001, without the signature of the Mayor, provided that D.C. Law 13-263 shall not apply beginning November 6, 2001, through March 6, 2002.

#### *Legislative History of Laws*

Law 13-263, the "Protections from Predatory Lending and Mortgage Foreclosure Improvements Act of 2000," was introduced in Council and assigned Bill No. 13- 800, which was referred to the Committee on Economic Development. The Bill was adopted on first and second readings on November 8, 2000, and December 5, 2000, respectively. Signed by the Mayor on December 21, 2000, it was assigned Act No. 13-552 and transmitted to both Houses of Congress for its review. D.C. Law 13-263 became effective on April 3, 2001.

Law 14-132, the "Home Loan Protection Act of 2002", was introduced in Council and assigned Bill No. 14- 515, which was referred to the Committee on Consumer and Regulatory Affairs. The Bill was adopted on first and second readings on February 5, 2002, and February 19, 2002, respectively. Signed by the Mayor on March 1, 2002, it was assigned Act No. 14-296 and transmitted to both Houses of Congress for its

review. D.C. Law 14-132 became effective on May 7, 2002.

For Law 15-105, see notes following § 31-2402.

## **§ 31-5102. DEFINITIONS.**

For the purpose of this chapter:

- (1) "Mayor" means the Mayor of the District of Columbia.
- (1A) "Commissioner" means the Commissioner of the Department of Insurance, Securities, and Banking.
- (2) "Credit life insurance" means insurance issued on the life of a debtor pursuant to or in connection with a specific loan or other credit transaction.
- (3) "Credit accident and health insurance" means insurance against the disability of a debtor which provides indemnity for payments on a specific loan or other credit transaction.
- (4) "Creditor" means the lender of money or vendor of goods, services, or property, including a lessor under a lease intended as a security, for which payment is arranged through a loan or other credit transaction, and includes any successor to the right, title, or interest of any such lender, vendor, or lessor.
- (5) "Debtor" means a borrower of money or purchaser of goods, services, or property, including a lessee under a lease intended as a security, for which payment is arranged through a loan or other credit transaction.
- (6) "District" means the District of Columbia.
- (7) "Indebtedness" means the amount payable by a debtor to a creditor in connection with a loan or other credit transaction.
- (8) Repealed.

(Sept. 25, 1962, 76 Stat. 580, Pub. L. 87-686, § 2; May 21, 1997, D.C. Law 11-268, § 10(m), 44 DCR 1730; Mar. 24, 1998, D.C. Law 12-81, § 25(a), 45 DCR 745; June 11, 2004, D.C. Law 15-166, § 4(dd), 51 DCR 2817.)

### *HISTORICAL AND STATUTORY NOTES*

#### *Prior Codifications*

1981 Ed., § 35-1002.

1973 Ed., § 35-1602.

#### *Effect of Amendments*

D.C. Law 15-166, in par. (1A), substituted "Commissioner of the Department of Insurance, Securities, and Banking" for "Commissioner of Insurance and Securities".

#### *Emergency Act Amendments*

For temporary (90 day) amendment of section, see § 4(dd) of Consolidation of Financial Services Emergency Amendment Act of 2004 (D.C. Act 15-381, February 27, 2004, 51 DCR 2653).

#### *Legislative History of Laws*

Law 11-268, the "Department of Insurance and Securities Regulation Establishment Act of 1996," was introduced in Council and assigned Bill No. 11- 415, which was referred to the Committee on Consumer and Regulatory Affairs. The Bill was adopted on first and second readings on November 7, 1996, and December 3, 1996, respectively. Signed by the Mayor on December 30, 1996, it was assigned Act No. 11-524 and transmitted to both Houses of Congress for its review. D.C. Law 11-268 became effective May 21, 1997.

Law 12-81, the "Technical Amendments Act of 1998," was introduced in Council and assigned Bill No. 12- 408, which was referred to the Committee of the Whole. The Bill was adopted on first and second readings on November 4, 1997 and December 4, 1997, respectively. Signed by the Mayor on December 22, 1997, it was assigned Act No. 12-246 and transmitted to both Houses of Congress for its review. D.C. Law 12-81 became effective on March 24, 1998.

For Law 15-166, see notes following § 31-1004.

#### *Change in Government*

This section originated at a time when local government powers were delegated to a Board of Commissioners of the District of Columbia (see Acts Relating to the Establishment of the District of Columbia and its Various Forms of Governmental Organization in Volume 1). Section 401 of Reorganization Plan No. 3 of 1967 (see Reorganization Plans in Volume 1) transferred all of the functions of the Board of

Commissioners under this section to a single Commissioner. The District of Columbia Self-Government and Governmental Reorganization Act, 87 Stat. 818, § 711 (D.C. Code, § 1-207.11), abolished the District of Columbia Council and the Office of Commissioner of the District of Columbia. These branches of government were replaced by the Council of the District of Columbia and the Office of Mayor of the District of Columbia, respectively. Accordingly, and also pursuant to § 714(a) of such Act (D.C. Code, § 1-207.14(a)), appropriate changes in terminology were made in this section.

#### *Miscellaneous Notes*

Department of Insurance abolished: The Department of Insurance, including the Superintendent, was abolished and the functions thereof transferred to the Board of Commissioners of the District of Columbia by Reorganization Plan No. 5 of 1952. Reorganization Order No. 43, dated June 23, 1953, as amended, established, under the direction and control of a Commissioner, a Department of Insurance headed by a Superintendent. The Order provided for the organization of the Department, abolished the previously existing Department of Insurance, and provided that all functions and positions of the previous Department would be transferred to the new Department of Insurance, including the duties, powers, and authorities of all officers and employees; and that all personnel, property, records and unexpended balances relating to the functions and positions transferred would also be transferred to the new Department. The executive functions of the Board of Commissioners were transferred to the Commissioner of the District of Columbia by § 401 of Reorganization Plan No. 3 of 1967. The functions of the Superintendent of Insurance were transferred to the Department of Consumer and Regulatory Affairs by Reorganization Plan No. 1 of 1983, effective March 31, 1983. Pursuant to the provisions of D.C. Law 11-268, the Department of Insurance and Securities Regulation was established and the duties of the Superintendent of Insurance and the Insurance Administration were assumed by the Commissioner of Insurance and Securities, and the Insurance Administration in the Department of Consumer and Regulatory Affairs was abolished.

### **§ 31-5103. FORMS AUTHORIZED TO BE ISSUED.**

Credit life insurance and credit accident and health insurance shall be issued only in the following forms:

- (1) Individual policies of life insurance issued to debtors on the term plan;
- (2) Individual policies of accident and health insurance issued to debtors on a term plan or disability provisions in individual life policies to provide such coverage;
- (3) Group policies of life insurance issued to creditors providing insurance upon the lives of debtors on the term plan; and
- (4) Group policies of accident and health insurance issued to creditors on a term plan insuring debtors or disability provisions in group life policies to provide such coverage.

(Sept. 25, 1962, 76 Stat. 581, Pub. L. 87-686, § 3.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 35-1003.

1973 Ed., § 35-1603.

### **§ 31-5104. LIMITATIONS ON AMOUNT.**

(a) The amount of credit life insurance shall not exceed the initial indebtedness however the indebtedness may be repayable; provided, however, that nothing contained herein shall be deemed to supersede or repeal the limitation on the amount of group insurance specified in § 31-4710(2)(D). In cases where an indebtedness is repayable in substantially equal installments, the amount of insurance shall at no time exceed the scheduled amount of unpaid indebtedness in the case of any individual policy or the actual amount of the unpaid indebtedness in the case of any group policy.

(b) The amount of indemnity payable by credit accident and health insurance in the event of disability, as defined in the policy, shall not exceed the aggregate of the periodic scheduled unpaid installments of indebtedness; and the amount of each periodic indemnity payment shall not exceed the original indebtedness divided by the number of periodic installments.

(c) Notwithstanding subsections (a) and (b) of this section, the amount of any credit life insurance or credit accident and health insurance with respect to indebtedness incurred to defray educational costs of a student may include the part of a commitment that has not been advanced by the creditor.

(Sept. 25, 1962, 76 Stat. 581, Pub. L. 87-686, § 4; Sept. 20, 1966, 80 Stat. 821, Pub. L. 89-594, § 2.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 35-1004.

1973 Ed., § 35-1604.

### **§ 31-5105. TERM OF COVERAGE.**

The term of any credit life insurance or credit accident and health insurance shall, subject to acceptance by the insurance company, commence on the date when the debtor becomes obligated to the creditor, except that where a group policy provides coverage with respect to existing obligations the insurance on a debtor with respect to such indebtedness shall commence on the effective date of the policy. Where evidence of insurability is required and such evidence is furnished more than 30 days from the date when the debtor becomes obligated to the creditor, the term of the insurance may commence on the date on which the insurance company determines the evidence to be satisfactory, and in such event there shall be an appropriate refund or adjustment of any charge to the debtor for insurance. The term of such insurance shall not extend more than 15 days beyond the scheduled maturity date of the indebtedness except when extended without additional cost to the debtor. If the indebtedness is discharged due to renewal or refinancing prior to the scheduled maturity date, the insurance in force shall be terminated before any new insurance may be issued in connection with the renewal or refinanced indebtedness. In all cases of termination prior to scheduled maturity, a refund shall be paid or credited as provided in § 31-5108.

(Sept. 25, 1962, 76 Stat. 581, Pub. L. 87-686, § 5.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 35-1005.

1973 Ed., § 35-1605.

### **§ 31-5106. REQUIRED POLICIES OR CERTIFICATES; CONTENTS; DELIVERY; APPLICATIONS AND NOTICES.**

(a) All credit life insurance and credit accident and health insurance shall be evidenced by an individual policy or in the case of group insurance by a group policy and individual certificates of insurance.

(b) Each individual policy or certificate of credit life insurance, each individual policy or certificate of credit accident and health insurance, and each individual policy or certificate of credit life insurance and credit accident and health insurance shall, in addition to other requirements of law, set forth the name and home office address of the insurance company, and the identity by name or otherwise of the person insured, the rate or amount of payment, if any, by the debtor separately in connection with credit life insurance and credit accident and health insurance, a description of the coverage, including the amount and term thereof (which in the case of group insurance may be by description rather than stated amount and term), any exceptions, limitations, or restrictions, and shall state that the benefits shall be paid to the creditor to reduce or extinguish the unpaid indebtedness and, whenever the amount of insurance may exceed the unpaid indebtedness, that any such excess shall be payable to a beneficiary, other than the creditor, named by the debtor or to his estate.

(c) Except as hereinafter provided, an individual policy or certificate of insurance shall be delivered to the insured debtor at the time the indebtedness is incurred.

(d) If a debtor makes a separate payment for credit life or credit accident and health insurance and an individual policy or certificate of insurance is not delivered to the debtor at the time the indebtedness is incurred, a copy of the application for such policy or a notice of proposed insurance shall be delivered at such time to the debtor by the creditor. The copy of the application for or notice of proposed insurance shall be signed by the debtor and shall set forth the identity by name or otherwise of the person insured; the rate or amount of payment by the debtor separately for credit life insurance and credit accident and health insurance; and a statement that within 30 days, if the insurance is accepted by the insurance company, there will be delivered to the debtor an individual policy or certificate of insurance containing the name and home office address of the insurance company, and a description of the amount, term, and coverage including any exceptions, limitations, and restrictions. The copy of the application for, or notice of, proposed insurance shall refer exclusively to insurance coverage, and shall be separate and apart from the loan, sale, or other credit statement of account, instrument, or agreement unless the information required by this subsection is prominently set forth in such statement of account, instrument, or agreement. If a debtor does not make a separate payment for credit life or credit accident and health insurance, an application need not be taken or a notice of proposed insurance given. In any case, upon acceptance of the insurance by the insurance company, and within 30 days of the date upon which the term of the insurance commences, the insurance company shall cause the individual policy or certificate of insurance to be delivered to the debtor. Said application or notice of proposed insurance shall state that, upon acceptance by the insurance company, the insurance shall become effective as provided in § 31-5105.

(Sept. 25, 1962, 76 Stat. 581, Pub. L. 87-686, § 6.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 35-1006.

1973 Ed., § 35-1606.

**§ 31-5107. FILING REQUIREMENTS; FORMS AND RATES TO BE APPROVED BY COMMISSIONER.**

(a) All forms of policies, certificates of insurance, notices of proposed insurance, applications for insurance, binders, endorsements and riders delivered or issued for delivery in the District and the premium rates pertaining thereto shall be filed with the Commissioner by the insurance company, in such manner and together with such supporting information as the Commissioner may reasonably require. In any case where a group policy is made for a group in the District and the policy is neither delivered nor issued for delivery in the District, the form of policy and all other forms and premium rates referred to in the preceding sentence shall be filed with the Commissioner by the insurance company.

(b) The Commissioner may, within 30 days after the filing of any form of policy, certificate of insurance, notice of proposed insurance, application for insurance, binder, endorsement or rider, disapprove any such form if the premium rates charged or to be charged appear by reasonable assumptions to be excessive in relation to benefits paid or to be paid, or if the form contains provisions which are unjust, unfair, inequitable, misleading, or deceptive. In determining whether to disapprove any such form the Commissioner may give due consideration to past and prospective loss experience within and outside the District, to underwriting practice and judgment to the extent appropriate, and to all other relevant factors within and outside the District, and he may take into account the experience of the individual company.

(c) If the Commissioner notifies the insurance company that the form does not comply with the requirements of this chapter, it shall be unlawful thereafter for such insurance company to issue or use such form. In such notice, the Commissioner shall specify the reason for his disapproval and state that a hearing will be granted promptly upon request in writing by the insurance company. No such policy, certificate of insurance, notice of proposed insurance, application for insurance, binder, endorsement, or rider shall be issued or used until the expiration of 30 days after it has been so filed, unless the Commissioner shall give his prior written approval thereto.

(d) The Commissioner may, at any time after a hearing, held after not less than 20-days written notice to the insurance company, withdraw his approval of any such form if it does not meet the requirements of this chapter.

(e) The insurance company shall not issue such forms or use them after the effective date of such withdrawal of approval.

(f) The insurance company may revise such forms and the premium rates pertaining thereto from time to time, and such revised forms and premium rates shall be filed with the Commissioner and shall be subject to all the preceding requirements of this section, in like manner as though they were original filings with the Commissioner.

(Sept. 25, 1962, 76 Stat. 582, Pub. L. 87-686, § 7; May 21, 1997, D.C. Law 11-268, § 10(m), 44 DCR 1730; Mar. 24, 1998, D.C. Law 12-81, § 25(b), 45 DCR 745.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 35-1007.

1973 Ed., § 35-1607.

*Legislative History of Laws*

For legislative history of D.C. Law 11-268, see Historical and Statutory Notes following § 31-5102.

For legislative history of D.C. Law 12-81, see Historical and Statutory Notes following § 31-5102.

*Miscellaneous Notes*

Department of Insurance abolished: See Historical and Statutory Notes following § 31-5102.

**§ 31-5108. REFUNDS, CREDITS AND CHARGES.**

(a) Each individual policy or certificate of credit life insurance or credit accident and health insurance shall

provide that in the event of termination of the insurance prior to the scheduled maturity date of the indebtedness, any refund of an amount paid by the debtor for insurance shall be paid or credited promptly to the person entitled thereto; provided, that the Commissioner shall prescribe a minimum refund and no refund which would be less than such minimum need be made. The formula to be used in computing refunds shall be filed with the Commissioner who may disapprove such formula if he finds that it is unjust or unreasonable.

(b) If a creditor requires a debtor to make a payment in connection with credit life insurance or credit accident and health insurance and an individual policy or certificate of insurance is not issued, the creditor shall promptly give written notice to such debtor and shall promptly make an appropriate credit to the account.

(c) The amount charged to a debtor for credit life or credit accident and health insurance shall not exceed the premium rate charged by the insurance company at the time the charge to the debtor is determined.

(Sept. 25, 1962, 76 Stat. 583, Pub. L. 87-686, § 8; May 21, 1997, D.C. Law 11-268, § 10(m), 44 DCR 1730.)

*HISTORICAL AND STATUTORY NOTES*

## **§ 31-5109. CLAIMS.**

(a) All claims shall be paid either by draft drawn upon the insurance company or by check of the insurance company to the order of the claimant to whom payment of the claim is due pursuant to the policy provisions, or upon direction of such claimant to one specified, and every insurance company shall be held to strict settlement of all such claims.

(b) It shall be unlawful for any creditor, having received any such check or draft from such insurance company, to fail to correctly credit the account, pay to or upon the direction of, or otherwise correctly account to the claimant to whom payment is due for the full amount of such check or draft, less any lawful deductions therefrom.

(c) No plan or arrangement shall be used whereby any person, firm, or corporation other than the insurance company or its designated claim representative shall be authorized to settle or adjust claims. The creditor shall not be designated as claim representative for the insurance company in adjusting claims, nor, in the case of an individual creditor, shall the spouse of such creditor or any relative of the creditor or spouse within the 3rd degree of consanguinity be so designated, nor shall any officer or employee of a corporate creditor or any spouse or relative of such officer, employee, or spouse within the 3rd degree of consanguinity be so designated; provided, that a group policyholder may, by arrangement with the group insurance company, draw drafts or checks in payment of claims due to the group policyholder subject to audit and review by the insurance company.

(Sept. 25, 1962, 76 Stat. 584, Pub. L. 87-686, § 9.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 35-1009.

1973 Ed., § 35-1609.

## **§ 31-5110. CHOICE OF COMPANIES TO PROVIDE REQUIRED COVERAGE.[REPEALED]**

(Sept. 25, 1962, 76 Stat. 584, Pub. L. 87-686, § 10; Apr. 3, 2001, D.C. Law 13-265, § 126(b), 48 DCR 1225, redesignated § 302, Oct. 19, 2002, D.C. Law 14-213, § 20(b), 49 DCR 8140.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 35-1010.

1973 Ed., § 35-1610.

## **§ 31-5110.01. INSURANCE PLANS AND PROGRAMS SUBMITTED PURSUANT TO § 42- 836.01(2)(B).[REPEALED]**

(Sept. 25, 1962, 76 Stat. 580, Pub. L. 87-686, § 10a, as added Apr. 3, 2001, D.C. Law 13-263, § 1411(b)(2), 48 DCR 991; May 7, 2002, D.C. Law 14- 132, § 602(a).)



## **§ 31-5111. VIOLATIONS.**

(a) In the case of any violation of this chapter by an insurance company, agent, solicitor, or broker, the Commissioner shall have authority to proceed in accordance with the provisions of §§ 31-4305 and 31-4326 and §§ 31-2502.03 and 31-2502.36.

(b) In the case of any violation of this chapter by a creditor or by any other person not licensed in the District as an insurance agent, solicitor, or broker, regardless of the fact that such creditor or other person is not required by law to be so licensed, the penalties and the procedure for their imposition shall be as set forth in § 31-2502.42.

(Sept. 25, 1962, 76 Stat. 584, Pub. L. 87-686, § 11; May 21, 1997, D.C. Law 11-268, § 10(m), 44 DCR 1730.)

### *HISTORICAL AND STATUTORY NOTES*

## **§ 31-5112. ADMINISTRATIVE OR JUDICIAL REVIEW OF ORDERS OR ACTIONS.**

Any insurance company, agent, solicitor, or broker aggrieved by any order or action of the Commissioner under this chapter may contest the validity of such order or action by appeal or through any other appropriate proceeding, in accordance with the procedures prescribed by §§ 31-2502.43 and 31-2502.44; provided, that any such insurance company, agent, solicitor, or broker, which is licensed in the District under Subdivision A of Subtitle VI of this title, may contest the validity of such order or action by appeal or through any other appropriate proceeding in accordance with the procedures prescribed by Subdivision A of Subtitle VI of this title.

(Sept. 25, 1962, 76 Stat. 585, Pub. L. 87-686, § 12; May 21, 1997, D.C. Law 11-268, § 10(m), 44 DCR 1730.)

### *HISTORICAL AND STATUTORY NOTES*

#### *Prior Codifications*

1981 Ed., § 35-1012.

1973 Ed., § 35-1612.

#### *Legislative History of Laws*

For legislative history of D.C. Law 11-268, see Historical and Statutory Notes following § 31-5102.

#### *Miscellaneous Notes*

Department of Insurance abolished: See Historical and Statutory Notes following § 31-5102.