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*ICCC
informal advice*

ADDRESS REPLY TO:
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Department of Justice

THOMAS J. MILLER
ATTORNEY GENERAL

August 24, 1983

RE: Iowa Consumer Credit Code Licensing Regulations for Insurance Premium Financing

Dear

This letter will acknowledge receipt of your inquiry of August 11, 1983, in which you made reference to licensing requirements contained in the ICCC which are not presently enforced by the ICCC Administrator. Please be advised that the sections in question are §§ 537.6201 - .6203 of the ICCC, copies of which are enclosed for your reference.

As you will note the Notification and Fee provisions of §§ 537.6201 - .6203 applies only to creditors not licensed or certificated under the other financial regulating statutes of this state.

Under the ICCC § 537.1301(22) [copy enclosed], insurance premium loan is defined as "a consumer loan" that is "made for the sole purpose of financing the payment by or on behalf of an insured of the premium on one or more policies or contracts issued by or on behalf of an insured, is secured by an assignment by the insured to the lender of the unearned premium on the policy or the contract, and contains an authorization to cancel the policy or contract financed." If the insurance premium loans in question also constitute "supervised loans" under § 537.1301(42) [copy enclosed], then the lender would have to be licensed pursuant to either Chapter 536 (Small Loans) or Chapter 536A (Industrial Loans). A supervised loan is any loan which exceeds the floating rate set out in §535.2(3)(a) of the Code of Iowa, 1983 (copy enclosed). A lender which does not have offices

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located in this State, may under some circumstances obtain a nonresident license under Chapter 536 from the State Banking Department (Phone: (515) 281-4014) or under Chapter 536A from the State Auditor's Office (Phone: (515) 281-5493).

In summary, I recommend that you review the enclosed statutes with your legal counsel and that you contact either the Iowa Auditor's Office or Banking Department concerning licensing. You may also contact the undersigned if you have questions concerning the content of this letter.

Sincerely,

LINDA THOMAS LOWE
Assistant Attorney General

cf

Enclosures: § 537.6201-.6203
§ 537.1301(22)
§ 537.1301(42)
§ 535.2(3)(a)