

ADVISORY RULING #21  
SEPTEMBER 4, 1975

(Formerly Administrative  
Interpretation #25)

September 4, 1975

Dear

You inquired today whether the language in Subsection 3 of the recently amended Section 4.301 would permit a creditor to charge for property insurance on items where the cash price was less than \$500, but the item was financed as part of a transaction where the amount financed, exclusive of charges for the insurance, exceeded \$500.

Our position is that both the language in Subsection 3 and the comments relating to this subsection in the Final Version of the Uniform Code, approved by the Commissioners on Uniform State Laws, restrict the application of the insurance charge to those items where the cash price is \$500 or more.

Comments to the Uniform Draft indicate that the Commissioners believe that the insurance charge should not be permitted where the value of the property is relatively small. It would, therefore, follow that a creditor should not be allowed to charge insurance for property of relatively small value merely because the property is part of a larger transaction where the amount of the debt exceeded \$500.

Respectfully,

John E. Quinn  
Superintendent

JEQ/dab