SUMMARY

Credit Payment Protection Insurance Contract (CPPIC) is a new product that appeared in the Croatian insurance market. This insurance contract delineates the conditions under which the debt existing according to the credit contract is repaid by the insurer when the debtor (the insured) is unable to pay the debt due to a loss or reduction in income. Insured risks that may result in a loss or reduction of income include: death, loss of ability to work (permanent or temporary), loss of employment (termination of employment, etc.). The amounts of the sum insured are paid directly to the bank account (the creditor’s account), thereby reducing the debt that the debtor (the insured) owes to the bank. This insurance contract thereby also serves as the creditor’s alternative security instrument for claiming sums of money given in the contract. In the event of death or permanent loss of ability to work, the insurance coverage pays off the entire remaining debt existing according to the credit contract. In the event of loss of employment or temporary inability to work, the terms and conditions of the contract stipulate the number of the installments of loan which need to be paid. The paper also deals with the critical remarks made about this type of insurance contract in the field of comparative law as well as the certain proposals for reform.