

COMMISSIONER OF BANKING

STATE OF WEST VIRGINIA

In the Matter of:

**REQUEST FOR AUTHORIZATION TO
ENGAGE IN A SUBSIDIARY BUSINESS BY
A REGULATED CONSUMER LENDER**

**Filed on behalf of
COMMERCIAL CREDIT CORPORATION
(Re: Non-Credit Insurance Referrals)**

DECISION ON AUTHORIZATION REQUEST

On February 3, 1998 the Commercial Credit Corporation, by counsel, requested of the West Virginia Commissioner of Banking a DECISION ON AUTHORIZATION pursuant to WV Code 46A-4-110. The request involves the referral of customers to Commercial Credit's affiliate insurer for an analysis of their property and casualty insurance coverages and premium quotations.

As proposed, Commercial Credit Corporation's branch employees would solicit past, present and potential customers of Commercial Credit as to their interest in receiving coverage analysis and premium quotes from Travelers/Aetna Property and Casualty Insurance Corporation and/or its West Virginia authorized affiliates ("Travelers"). These analyses and quotes would relate to homeowner, renter and automobile insurance policies. Commercial Credit Corporation asserts that it will not

link its decision to offer credit to the customer's response to its solicitation and referral for non credit property and casualty insurance because the referral will be separate and independent of any loan product offer or discussion.

Generally, the Commissioner has been reluctant to grant authorization to market or sell non-credit insurance products from the same place of business as a regulated consumer lender licensee conducts the business of making regulated consumer loans. The assurances of Commercial Credit Corporation notwithstanding, the fact that past and future customers would be solicited along with current customers for non-credit insurance products, makes it difficult, if not impossible to insure that those customers do not feel subject to undue pressure in order to maintain a good relationship with Commercial Credit.

Upon review of this request, the Commissioner of Banking has determined that such activity is not related to the business of transacting regulated consumer loans and that the nature and character of soliciting and marketing such unrelated products might facilitate evasions of Article 4, Chapter 46A of the West Virginia Code or the rules promulgated thereunder. This determination is in accord with previous denials of similar requests. See, e.g., the September 30, 1997 denial of marketing and sale of non-credit renters insurance by Avco Financial Services of Wheeling, Inc., and the April 18, 1997 denial of marketing and sale of non-credit disability insurance by Associates Financial Services Co. of West Virginia, Inc. and Kentucky Finance, Inc..

Based upon these determinations and findings, the Commissioner of Banking is of the opinion that a regulated consumer lender licensee may not conduct the business of

46A-4-110

making regulated consumer loans in the same office, room or place of business in which non-credit insurance products are solicited or marketed. **THEREFORE THE REQUEST FOR AUTHORIZATION IS HEREBY DENIED.**

Sharon G. Bias
Commissioner of Banking

Date: _____