

46A-4-110

COMMISSIONER OF BANKING

STATE OF WEST VIRGINIA

In the Matter of:

**REQUEST FOR AUTHORIZATION TO
ENGAGE IN SUBSIDIARY BUSINESS BY
A REGULATED CONSUMER LENDER
filed on behalf of
BANC ONE FINANCIAL SERVICES
OF WEST VIRGINIA, INC.
(Re: Level Term Life Ins.)**

DECISION ON AUTHORIZATION REQUEST

On August 7, 1997 Banc One Financial Services, Inc. on behalf of its licensed Regulated Consumer Lender affiliate, Banc One Financial Services of West Virginia, Inc., by letter, requested of the West Virginia Commissioner of Banking a DECISION ON AUTHORIZATION pursuant to W. Va. Code § 46A-4-110 in regards to the marketing and selling of level term life insurance underwritten by Protective Life Insurance Co. in the same office, room, or place of business in which the Applicant, acting as a supervised lender licensee, conducts the business of making supervised loans.

Upon review of this request, the Commissioner of Banking has, consistent with an earlier Declaratory Ruling of July 16, 1985, determined that such a product is sufficiently related to the business of transacting supervised loans; that the nature and character of marketing and selling such product will not per se facilitate evasions or contradictions of Article 4, Chapter 46A of the West Virginia Code or the rules issued thereunder; and that the marketing and selling of non-credit level

term life insurance will not be detrimental to the consumers of this state-- Provided certain consumer rights are afforded as set forth herein.

The decision to grant this type of authority is tempered with concern for the economic well-being of the consumer and conformity with the restrictions placed on additional charges to consumer loans by W. Va. Code § 46A-3-109. To ensure compliance and prevent economic coercion the following operational guidelines must be adopted and adhered to by each of the regulated consumer lender licensees of the Applicant:

- (1) The purchase of level term life insurance may not be required as a condition to the making of any loan or extension of credit by the lender licensee;
- (2) Any claims made under the terms and conditions of a non-credit level term life insurance policy must be paid to the insured or to his/her beneficiary. Said claims may not be used to secure any loan made to the consumer by the lender licensee;
- (3) The premium(s) charged for any non-credit level term life insurance policy must be reasonable in relation to the benefit conferred upon the consumer as such may be determined by the West Virginia Commissioner of Insurance, and all licenses required by the Commissioner of Insurance have been properly obtained by the marketer and seller of the insurance. In addition, the premium(s) for such insurance may not exceed more than twenty-five (25%) of the proceeds of any loan;
- (4) The sale of non-credit level term life insurance in combination with any other insurance sold by the lender licensee in connection with a loan transaction may not be made unless any overlaps in coverage by the policies are disclosed in writing to the consumer at the time of sale; nor may not be made where such insurance is substantively duplicative of other insurance sold by the lender licensee in connection with that loan transaction;
- (5) Within at least thirty (30) days after a non-credit level term life insurance policy is received by the consumer, he/she may, if no claim has be made thereunder, surrender the policy to the insurer and receive a full refund of the premium paid. And after such time may surrender the policy and receive a pro rata refund of the premium paid; and
- (6) The consumer will be advised of their rights set forth in the proceeding paragraphs 1 - 5 on a disclosure statement or form that shall be signed by the consumer. This disclosure statement or form must be submitted to and approved by the Commissioner of Banking prior to its use.

Any deviation from the above-stated guidelines will result in the revocation of this written authorization of the Applicant to engage in the business of making regulated consumer loans in the same office, room or place of business in which non-credit insurance products were marketed or sold. Subject to the terms and conditions set forth herein: AUTHORIZATION IS HEREBY GRANTED.

Sharon G. Bias
Commissioner of Banking

Date: _____

August 15, 1997

Eva M. Graham
Banc One Financial Services, Inc.
8604 Allisonville Road
Indianapolis, IN 46250

Re: Authorization to Offer Level Term Life Insurance

Dear Ms. Graham:

On August 7, 1997 Banc One Financial Services, Inc. on behalf of its licensed regulated consumer lender affiliate in West Virginia requested that the Commissioner approve and authorize such offices to sell "level term life insurance." Enclosed please find a copy of the decision by the Commissioner pursuant to W. Va. Code §46A-4-110 granting this request.

This authorization is conditioned upon the offices following the restrictions and terms contained in the attached decision. If you have any questions regarding this matter, please contact me.

Sincerely,

Timothy C. Winslow
General Counsel

Enclosure