

COMMISSIONER OF BANKING

STATE OF WEST VIRGINIA

REQUEST FOR AUTHORIZATION TO
ENGAGE IN SUBSIDIARY BUSINESS BY A
REGULATED CONSUMER LENDER
filed on behalf of AMERICAN GENERAL HOME
EQUITY, INC.

(Re: Sale of non-credit single premium level term
life insurance and non-credit single premium
accidental death and dismemberment insurance)

DECISION ON AUTHORIZATION REQUEST

On June 12, 1998, by letter, American General Finance, Inc., on behalf of its affiliate company, American General Home Equity, Inc., 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 non-credit single premium level term life insurance and non-credit single premium accidental death and dismemberment insurance in the same offices, rooms or places of business in which American General Home Equity, Inc. ("AGHE"), acting as a regulated consumer lender licensee, conducts the business of making regulated consumer loans.

Upon review of this request, the Commissioner of Banking has, consistent with an earlier Declaratory Ruling of July 16, 1985, determined that such products are sufficiently related to the business of transacting regulated consumer loans; that the nature and character of marketing and selling such products 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 and non-credit level term accidental death and dismemberment insurance will not be detrimental to the consumers of this state-- Provided certain consumer rights are afforded as set forth herein.

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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 licensee locations of AGHE:

(1) The purchase of level term single premium life insurance and/or level term single premium accidental death and dismemberment 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 or non-credit accidental death or dismemberment policy must be paid to the insured or to his/her beneficiary. Such claims may not be used to secure any loans made to the consumer by the lender licensee;

(3) The premium(s) charged for any non-credit level term life insurance and/or non-credit accidental death or dismemberment 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 to sell such products which are required by the West Virginia Commissioner of Insurance have been properly obtained by the marketer and seller of the insurance. In addition, the premiums for such insurance may not exceed twenty-five (25%) of the proceeds of any loan;

(4) The sale of non-credit level term life insurance and/or non-credit accidental death and dismemberment 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 (e.g. credit loss life 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 and/or non-credit accidental death and dismemberment policy is received by the consumer, he/she may, if no claim has been made thereunder, surrender the policy to the insurer and receive a full refund of the premium paid. In addition, the consumer after such time may surrender the policy and receive a pro rata refund of the premium paid; and,

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(6) The consumer will be advised of his/her rights as set for the 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 to engage in the business of making regulated consumer loans in the same office, room or place of business in which non-credit level term life insurance and/or non-credit accidental death or dismemberment insurance products are marketed or sold. Subject to the terms and conditions set for the herein: AUTHORIZATION IS HEREBY GRANTED.

Sharon G. Bias
Commissioner of Banking

Date: _____