

**COMMISSIONER OF BANKING**

**STATE OF WEST VIRGINIA**

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**In the Matter of:**

**REQUEST FOR AUTHORIZATION TO  
ENGAGE IN SUBSIDIARY BUSINESS BY  
A REGULATED CONSUMER LENDER  
filed on behalf of  
AVCO FINANCIAL SERVICES OF WHEELING, INC.  
(Re: Non-Credit Renters Insurance)**

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**DECISION ON AUTHORIZATION REQUEST**

On June 19, 1997 Avco Financial Services, Inc. on behalf of its licensed Regulated Consumer Lender affiliate, Avco Financial Services of Wheeling, 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 sale and marketing of non-credit renters insurance in the same office, room, or place of business in which the Applicant, acting as a regulated consumer lender licensee, conducts the business of making regulated consumer loans.

As proposed, the general public and customers of the Applicant would be solicited to purchase non-credit renters insurance from the loan offices of the Applicant. Brochures and other information explaining the insurance product would be made available at the loan offices for the benefit of interested customers. Payment may be made from loan proceeds only at the written authorization of the borrower, upon signed disclosure that the insurance is not a required condition of the loan. All policyholders would be given a thirty day rescission period. Fees and commissions would go only to the licensed agent at the RCL

office, not to any other loan company personnel. The policy for the renters insurance would be underwritten by Balboa Insurance Company.

Upon review of this request, the Commissioner of Banking has determined that such activity would expand the licensees' non-credit insurance activities beyond that presently permitted. The marketing and sale of such insurance is not sufficiently related to the business of a regulated consumer lender. Further, the proposed activity would, when taken together with other permitted ancillary activities, raise the issue of whether the Applicants were in fact primarily engaged in the business of making consumer loans or in the business of marketing insurance. Lastly, similar proposals by Associates Financial Services Co. of West Virginia, Inc. and Kentucky Finance Co., Inc. were previously denied. (See April 18, 1997 Decision of Authorization to Associates Corporation of North America). The proposed activity would thus facilitate evasions or contradictions of Article 4, Chapter 46A of the West Virginia Code or the rules issued thereunder.

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

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Sharon G. Bias  
Commissioner of Banking

Date: \_\_\_\_\_