

WEST VIRGINIA
SECRETARY OF STATE

KEN HECHLER

ADMINISTRATIVE LAW DIVISION

Form #3

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OFFICE OF WEST VIRGINIA
SECRETARY OF STATE

NOTICE OF AGENCY APPROVAL OF A PROPOSED RULE
AND
FILING WITH THE LEGISLATIVE RULE-MAKING REVIEW COMMITTEE

AGENCY: Insurance Commissioner TITLE NUMBER: 114

CITE AUTHORITY West Virginia Code §§ 33-2-10 and 46A-3-109(c)

AMENDMENT TO AN EXISTING RULE: YES NO

IF YES, SERIES NUMBER OF RULE BEING AMENDED: Series 6

TITLE OF RULE BEING AMENDED: Regulation of Credit Life Insurance
and Credit Accident and Sickness Insurance

IF NO, SERIES NUMBER OF NEW RULE BEING PROPOSED: _____

TITLE OF RULE BEING PROPOSED: _____

THE ABOVE PROPOSED LEGISLATIVE RULE HAVING GONE TO A PUBLIC HEARING OR A PUBLIC COMMENT PERIOD IS HEREBY APPROVED BY THE PROMULGATING AGENCY FOR FILING WITH THE SECRETARY OF STATE AND THE LEGISLATIVE RULE MAKING REVIEW COMMITTEE FOR THEIR REVIEW.

Hanley C. Clark

Hanley C. Clark
Insurance Commissioner



STATE OF WEST VIRGINIA
Offices of the Insurance Commissioner

Legal Division

GASTON CAPERTON
Governor

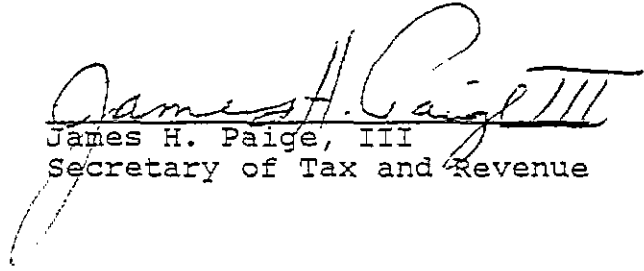
HANLEY C. CLARK
Insurance Commissioner

CONSENT TO PROPOSAL OF RULE

To Whom It May Concern:

Pursuant to West Virginia Code § 5F-2-2(a)(12), the undersigned hereby grants consent to the proposal of the following rule proposed by the Insurance Commissioner of the State of West Virginia: Title 114, Series 6, relating to Regulation of Credit Life Insurance and Credit Accident and Sickness Insurance.

Signed this 7th day of July, 1994.


James H. Paige, III
Secretary of Tax and Revenue

Insurance Commissioner
Legislative Rule
Title 114, Series 6

**REGULATION OF CREDIT LIFE INSURANCE
AND CREDIT ACCIDENT AND SICKNESS INSURANCE**

Title 114, Series 6

STATEMENT OF CIRCUMSTANCES

On March 10, 1994, the West Virginia Legislature passed House Bill 4169 which amended provisions of West Virginia Code Chapter 46A, Article 3 relating to finance charges and related provisions. This legislation became effective on June 8, 1994.

These amendments allow a creditor to use an alternative form to notify a debtor in the event of the cancellation of credit insurance and of the application of any unearned premium to a loan balance.

The adoption of this Bill made it necessary to amend this rule to reflect these changes. The amendments, after the comment period, to this rule allow adequate protection of the consumers interests while allowing the creditors additional flexibility.

FISCAL NOTE FOR PROPOSED RULES

Rule Title: Regulation of Credit Life Insurance and Credit Accident and Sickness Insurance (Title 114, Series 6)

Type of Rule: XX Legislative _____ Interpretive _____ Procedural

Agency: Insurance Commissioner Address: Post Office Box 50540
2019 Washington Street, East,
Charleston, WV 25305-0540

	ANNUAL		FISCAL YEAR		
1. Effect of Proposed Rule	Increase	Decrease	Current	Next	Thereafter

Estimated Total Cost	NONE
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Personal Services

Current Expense

Repairs & Alterations NONE

Equipment

Other

2. Explanation of above estimates:

There will be no fiscal impact on state, local or federal government.

3. Objectives of these rules:

The objective of this proposed rule, which amends Series 6 of the Insurance Commissioner's legislative rules, is to allow a creditor to notify a debtor of the cancellation of credit insurance and the application of any unearned premiums to the loan balance on a form consistent with the general course of business of the creditor, as long as the alternative notice form provides substantially similar information as Form A of this rule.

4. Explanation of Overall Economic Impact of Proposed Rule.

A. Economic impact on State Government.

NONE

B. Economic Impact on Political Subdivisions; Specific Industries; Specific groups of citizens.

NONE

C. Economic Impact on Citizens/Public at Large.

The rule should have favorable economic impact upon consumer debtors/insureds, who must be notified of their right to receive refunds of or credit for unearned insurance premiums upon payment in full of consumer credit sales or consumer loans, refinancings or consolidations.

Date:

July 8, 1994

Signature of Agency Head or Authorized Representative

Hanley C. Clark

Hanley C. Clark
Insurance Commissioner

TO: LEGISLATIVE RULE-MAKING REVIEW COMMITTEE

FROM: OFFICE OF THE INSURANCE COMMISSIONER

DATE: August 15, 1994

LEGISLATIVE RULE TITLE: Regulation of Credit Life Insurance and Credit Accident and Sickness Insurance (Title 114, Series 6)

1. Authorizing statute(s) citation West Virginia Code
§§ 33-2-10 and 46A-3-109(c)
2. a. Date filed in State Register with Notice of Hearing:
July 8, 1994
b. What other notice, including advertising, did you give of the hearing?
NONE
c. Date of hearing(s): The public comment period
ended on August 8, 1994 at 4:30 p.m.
d. Attach list of persons who appeared at hearing, comments received, amendments, reasons for amendments.
Attached xx No comments received _____
e. Date you filed in State Register the agency approved proposed Legislative Rule following public hearing: (be exact)
August 15, 1994
f. Name and phone number of agency person to contact for additional information:
B. Keith Huffman
General Counsel
(304) 558-0401

3. If the statute under which you promulgated the submitted rules requires certain findings and determinations to be made as a condition precedent to their promulgation:

a. Give the date upon which you filed in the State Register a notice of the time and place of a hearing for the taking of evidence and a general description of the issues to be decided.

Not applicable

b. Date of hearing: Not applicable

c. On what date did you file in the State Register the findings and determinations required together with the reasons therefor?

Not applicable

d. Attach findings and determinations and reasons:

Attached Not applicable

**REGULATION OF CREDIT LIFE INSURANCE
AND CREDIT ACCIDENT AND SICKNESS INSURANCE**

Title 114, Series 6

BRIEF SUMMARY OF RULE

Pursuant to amendments to West Virginia Code § 46A-3-109 enacted in House Bill 4169 (effective June 8, 1994), the Insurance Commissioner in this proposed rule is amending existing Series 6 of his legislative rules. The rule, entitled "Regulation of Credit Life Insurance and Credit Accident and Sickness Insurance," is being amended beginning on page 7 at subparagraph A by adding to it a proviso which allows a creditor the option of using an alternative notice form to inform a debtor of the cancellation of credit insurance and the application of any unearned premiums to the loan balance. The new language adequately protects the interests of the consumers while allowing the creditor flexibility through the use of an alternative notice form that is consistent with the general course of business of the creditor.

LEGISLATIVE RULE
INSURANCE COMMISSIONERSERIES 6
REGULATION OF CREDIT LIFE INSURANCE AND
CREDIT ACCIDENT AND SICKNESS INSURANCE

Section

- 114-6-1. General.
- 114-6-2. Definitions.
- 114-6-3. Amount of Credit Life Insurance and Credit Accident and Sickness Insurance.
- 114-6-4. Term of Credit Life Insurance and Credit Accident and Sickness Insurance.
- 114-6-5. Provisions of Policies, Certificates, Applications and Notices of Proposed Insurance.
- 114-6-6. Rates and Refunds of Credit Life Insurance and Credit Accident and Sickness Insurance.
- 114-6-7. Amendments.
- Table 114-6A. Premium Rates--Schedules A and B.
- Appendix A. Creditor/Seller of Insurance Notification Form to Debtor/Insured
- Appendix B. Creditor/Seller of Insurance Notification Form to Insurer
- Appendix C. Creditor/Non-Seller of Insurance Notification Form to Debtor

LEGISLATIVE RULE
INSURANCE COMMISSIONER

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SERIES 6
REGULATION OF CREDIT LIFE INSURANCE AND
CREDIT ACCIDENT AND SICKNESS INSURANCE

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OFFICE OF WEST VIRGINIA
SECRETARY OF STATE

§ 114-6-1. General.

1.1. Scope. -- The purpose of this regulation is to set forth requirements to be followed by insurers which are transacting credit life insurance and credit accident and sickness insurance in West Virginia for the protection of West Virginia debtors who are participating in such insurance.

Subsection (e), section nine, article six, chapter thirty-three of the West Virginia Code of 1931 authorizes the Insurance Commissioner to disapprove any form ". . . if the benefits provided therein are unreasonable in relation to the premium charged." After review of credit life and credit accident and sickness insurance transactions in West Virginia, and after careful analysis of the studies and recommendations of the National Association of Insurance Commissioners, it is hereby ruled that benefits are not unreasonable in relation to premiums as provided for in subsection (e), section nine, article six, chapter thirty-three of the West Virginia Code, if a loss ratio of fifty percent (50%) can reasonably be expected to be developed. Reporting forms required to be filed annually will be used to determine if this standard is being met. This regulation encompasses the rates, the coverages, and general practices of insurers transacting credit life insurance and credit accident and sickness insurance in the State of West Virginia. All life insurance and all accident and sickness insurance in connection with loans or other credit transactions shall be subject to the provisions of this regulation, except such insurance in connection with a loan or other credit transaction of more than ten (10) years' duration; nor shall insurance be subject to the provisions of this regulation where the issuance of such insurance is an isolated transaction on the part of the insurer not related to an agreement or a plan for insuring debtors of the creditor.

1.2. Authority. -- W. Va. Code §§ 33-2-10 and 46A-3-109(c).

1.3. Filing Date. --

1.4. Effective Date. --

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§ 114-6-2. Definitions.

2.1. "Credit Life Insurance" means insurance on the life of a debtor pursuant to or in connection with a specific loan or other credit transaction.

2.2. "Credit Accident and Sickness Insurance" means insurance on a debtor to provide indemnity for payments becoming due on a specific loan or other credit transaction while the debtor is disabled as defined in the policy.

2.3. "Creditor" means the lender of money or vendor or lessor of goods, services, or property, rights or privileges, for which payment is arranged through a credit transaction, or any successor to the right, title or interest of any such lender, vendor, or lessor, and an affiliate, associate or subsidiary of them or any director, officer, or employee of any of them or any other person in any way associated with any of them.

2.4. "Debtor" means a borrower of money or purchaser or lessee of goods, services, property, rights or privileges for which payment is arranged through a credit transaction.

2.5. "Indebtedness" means the total amount payable by a debtor to a creditor in connection with a loan or other credit transaction.

2.6. "Commissioner" means the Insurance Commissioner of West Virginia.

§ 114-6-3. Amount of Credit Life Insurance and Credit Accident and Sickness Insurance.

3.1. Amounts payable - Credit Life Insurance. -- The initial amount of credit life insurance shall not exceed the total amount repayable under the contract of indebtedness and, where an indebtedness is repayable in substantially equal installments, the amount of unpaid indebtedness, whichever is greater.

Notwithstanding the provisions of the above paragraph, insurance on agricultural credit transaction commitments, not exceeding two (2) years in duration may be written up to the amount of the loan commitment, on a nondecreasing or level term plan. Notwithstanding the provisions of the above paragraph or any other section, insurance on educational credit transaction commitments may be written for the amount of the portion of such commitment that has not been advanced by the creditor.

3.2. Amounts payable - Credit accident and sickness insurance. -- The total amount of periodic indemnity payable by credit accident and sickness insurance in the event of disability,

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as defined in the policy, shall not exceed the aggregate of the periodic scheduled unpaid installments of the indebtedness; and the amount of each periodic indemnity payment shall not exceed the original indebtedness divided by the number of periodic installments.

§ 114-6-4. Term of Credit Life Insurance and Credit Accident and Sickness Insurance.

4.1. Commencement date. -- The term of any credit life insurance or credit accident and sickness insurance shall, subject to acceptance by the insurer, commence on the date when the debtor becomes obligated to the creditor, the date from which interest or finance charges accrued or the date the debtor applied for such insurance, whichever is later, except that, where a group policy provides coverage with respect to existing obligations, the insurance on a debtor with respect to such indebtedness shall commence on the effective date of the policy.

4.2. Commencement date where evidence of insurability required. -- Where evidence of insurability is required and such evidence is furnished more than thirty (30) days after the date when the debtor becomes obligated to the creditor, the term of the insurance may commence on the date which the insurance company determines the evidence to be satisfactory and in such event there shall be an appropriate refund or adjustment of any charge to the debtor for insurance. The term of such insurance shall not extend more than fifteen (15) days beyond the scheduled maturity date of the indebtedness except when extended without additional cost to the debtor.

4.3. Termination date. -- All credit life and credit accident and sickness insurance shall be terminated if the indebtedness is discharged due to prepayment by the debtor, renewal or refinancing prior to the scheduled maturity date: Provided, That where no new insurance is issued in connection with a renewed or refinanced indebtedness, insurance furnished under individual policies may be continued if the debtor so elects in a separate written instrument signed and delivered to the insurer at the time of such renewal or refinancing. In all cases of termination prior to scheduled maturity, a refund shall be paid or credited as provided in Section 6.8 of this regulation.

§ 114-6-5. Provisions of Policies, Certificates, Applications and Notices of Proposed Insurance.

5.1. Policy or certificate required. -- All credit life insurance and credit accident and sickness insurance shall be evidenced by an individual policy, or in the case of group insurance by a certificate of insurance, which individual policy or group certificate of insurance shall be delivered to the debtor.

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5.2. Certain information required on policy or certificate. -- Each individual policy or group certificate of credit life insurance and/or credit accident and sickness insurance shall, in addition to other requirements of law, set forth the name and home office address of the insurer, the names of the debtor or in the case of a certificate under a group policy, the identity by name or otherwise of the debtor, the premium or amount of payment, if any, by the debtor separately for credit life insurance and credit accident and sickness insurance, a description of the coverage including the amount of term thereof and any exceptions, limitations and restrictions, and shall state that the benefits shall be paid to the creditor to reduce or extinguish the unpaid indebtedness and, wherever the amount of insurance may exceed the unpaid indebtedness, that any such excess shall be payable to a beneficiary, other than the creditor, named by the debtor or to his or her estate.

5.3. Delivery. -- Said individual policy or group certificate of insurance shall be delivered to the insured debtor at the time the indebtedness is incurred except as hereinafter provided. If said individual policy or group certificate of insurance is not a copy of the application for such policy or a notice of proposed insurance, signed by the debtor setting forth the name and home office address of the insurer, the name or names of the debtor(s), the premium or amount of payment by the debtor, if any, separately for credit life insurance and credit accident and sickness insurance, the amount, term and brief description of the coverage provided, shall be delivered to the debtor at the time such indebtedness is incurred. The copy of the application for, or notice of proposed insurance, shall also refer exclusively to insurance coverage, and shall be separate and apart from the loan, sale or other credit statement of account, instrument or agreement, unless set forth in a separate provision on the face or reverse thereof in type at least equal in size and prominence to the type used for the provisions thereof: Provided, That the name of the debtor proposed for insurance, any figures relating to the amount of the coverage, and the rate or amount of payment for insurance by the debtor need not be contained in a separate provision of the instrument but may be set forth elsewhere in the instrument. Upon acceptance of the insurance by the insurer and within forty-five (45) days of the date upon which the indebtedness is incurred, the insurer shall cause the individual policy or group certificate of insurance to be delivered to the debtor. Said application or notice of proposed insurance shall state that upon acceptance by the insurer, the insurance shall become effective as provided in Section 4 [§ 114-6-4] of this regulation.

5.4. Substituted insurer. -- If the named insurer does not accept the risk, then and in such event the debtor shall receive a policy or certificate of insurance setting forth the name and home office address of the substituted insurer and the amount of the

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premium to be charged and if the amount of premium is less than that set forth in the notice of proposed insurance an appropriate refund shall be made.

§ 114-6-6. Rates and Refunds of Credit Life Insurance and Credit Accident and Sickness Insurance.

6.1. Credit life insurance. - Prima facie reasonable rates. -- A West Virginia insurance statute (subsection (e), section nine, article six, chapter thirty-three of the West Virginia Code) provides that the Commissioner shall disapprove any form of policy, application, rider or endorsement or withdraw any previous approval if the benefits provided therein are unreasonable in relation to the premium charged. A single premium rate of sixty-five cents (\$.65) per annum per one hundred dollars (\$100) of decreasing term life insurance discounted at three percent (3%) per annum for interest and mortality after the first twelve (12) months (or its actuarial equivalent if other than single premium) shall be deemed prima facie reasonable and any rate in this amount or less will be approved without statistical justification. A premium payable monthly at a rate of one dollar (\$1.00) per one thousand dollars (\$1,000) of outstanding unpaid insured indebtedness or a single premium of one dollar and twenty cents (\$1.20) per annum per one hundred dollars (\$100) of level term credit life insurance, shall be deemed the actuarial equivalent of the sixty-five cent (\$.65) rate.

A single premium rate of one dollar (\$1.00) per annum per one hundred dollars (\$100) of decreasing term joint life insurance discounted at three percent (3%) per annum for interest and mortality after the first twelve (12) months (or its actuarial equivalent if other than single premium) shall be deemed prima facie reasonable and any rate in this amount or less will be approved without statistical justification.

For dismemberment benefit, the rate shall be not more than five cents (\$.05) per one hundred dollars (\$100) per annum.

6.2. Credit life insurance - Exceptions, exclusions and limitations on coverage. -- Such rates as referred to in Section 6.1 of these rules, will be presumed reasonable only if the policies contain no exceptions, limitations or exclusions other than for suicide and which contain no age restrictions, or only age restrictions making ineligible for the coverage, debtors sixty-five (65) or older at the time the indebtedness is incurred, or debtors who will have attained age sixty-six (66) or over on the maturity date of the indebtedness.

6.3. Accident and sickness insurance - Prima facie reasonable rates. -- For credit accident and sickness insurance the following single premium rates per one hundred dollars (\$100) of initial

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insured indebtedness shall be deemed prima facie reasonable: (See Table 114.6A found at the end of this regulation.)

Rates for policies of credit accident and sickness insurance on which premiums are paid other than on a single premium basis or for benefits on a basis other than illustrated above shall be actuarially consistent with the rates specified above.

6.4. Credit accident and sickness insurance - Exceptions, exclusions and limitations on coverage. -- The premium rates referred to in Table 114-6A, Schedule A, Section 6.3 of these rules are for policies which contain no exclusion for preexisting conditions except for those conditions which manifested themselves to the insured by requiring medical diagnosis or treatment within the six (6) months preceding the taking of the application for insurance and which caused loss within six (6) months following the effective date of coverage: **Provided**, That disability commencing thereafter resulting from such conditions shall be covered.

The premium rates referred to in Table 114-6A, Schedule B, Section 6.3 of these rules are for policies which contain no exclusions for preexisting conditions.

Any contract to which the foregoing rates apply may contain provisions excluding or restricting coverage in the event of total disability resulting from pregnancy, intentionally self-inflicted injuries, foreign travel or residence, flight in nonscheduled aircraft, war or military service. (Except in unusual cases such insurance should not be sold to military persons, since their pay continues through periods of disability.) The policies may contain the same age limitation for eligibility as set forth for credit life policies.

6.5. Premium payment. -- The amount charged to a debtor for credit life or credit accident and sickness insurance shall not exceed the premiums charged by the insurer as computed at the time the charge to the debtor is determined.

6.6. Restrictive coverage. -- Separate rate filings required. -- If credit life or credit accident and sickness coverage is offered which is more restrictive than provided in Sections 6.2 and 6.4 of this regulation, the insurer shall, by a separate filing, demonstrate to the satisfaction of the Commissioner that the schedule of premium rates applicable to such forms will or can reasonably be expected to produce a loss ratio of fifty percent (50%).

6.7. Deviations from prima facie reasonable rates. -- An insurer may receive approval of a higher premium rate to be used, on a credible case, or a class of business, or in connection with a particular policy form, for insurance on debtors of creditors if

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the insurer demonstrates, to the satisfaction of the Commissioner, that the mortality or morbidity experience will or can reasonably be expected to produce a loss ratio of fifty percent (50%): **Provided**, That a loss ratio of less than sixty percent (60%) shall not be considered for purposes of an upward deviation.

6.8. Refunds. -- With respect to policies issued and certificates subject to this regulation:

a. The refund of an unearned amount paid by or charged to the debtor for insurance in the case of reducing term credit life insurance or of credit accident sickness insurance, on which such charges to the debtor are payable by other than a single sum and of level term credit life insurance shall be no less than the pro rata gross unearned amount charged.

b. The refund of an unearned amount paid by or charged to the debtor for insurance in the case of reducing term credit life insurance or of credit accident and sickness insurance, on which the insurance charges to the debtor are paid in a single sum shall not be less than the amount computed by the "Sum of the Digits" formula, commonly known as the "Rule of 78."

c. A premium refund or credit need not be made if the amount thereof is less than one dollar (\$1.00).

d. A creditor, such as a retailer, lending institution or other entity, that is a creditor in a consumer credit sale or consumer loan and the seller of credit insurance on that loan must automatically cancel such insurance and refund unearned consumer credit insurance premiums when a consumer credit sale or consumer loan, refinancing, or consolidation is paid in full. If credit insurance is sold to a consumer/debtor, the creditor, such as a retailer, lending institution or other entity, that is the creditor in a consumer credit sale or consumer loan, but is not the seller of a credit insurance policy on such sale or loan must notify a consumer debtor/insured of his or her right to cancel his or her credit insurance policy and to receive a refund for any unearned premiums paid when a consumer credit sale or loan, refinancing or consolidation is paid in full. The following forms shall be used by creditors:

A. The form incorporated into this regulation as Appendix A, which a retailer, lending institution or other entity that is the creditor on the loan and seller or provider of the consumer credit insurance policy shall may use to notify a consumer debtor/insured when his or her policy insurance coverage has been cancelled and the unearned premiums have been automatically refunded by deducting these premiums from the loan balance; provided, that such retailer, lending institution or other entity may use an alternative notice form, which is consistent with the

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general course of business of the creditor and which advises of cancellation and the application of a refund;

B. The form incorporated into this regulation as Appendix B, which a retailer, lending institution or other entity that is the creditor on the loan and the seller of the insurance policy shall use to notify the insurer that the debtor/insured's policy has been cancelled and that the insurer must refund any unearned premiums to the consumer debtor/insured;

C. The form incorporated into this regulation as Appendix C, which a retailer, lending institution or other entity that is the creditor on the loan but not the seller of the insurance policy must use to notify a consumer debtor/insured of his or her right to cancel any such credit insurance policy and to receive a refund of any unearned premiums paid for this insurance.

6.9. Responsibility for reviewing lender's accounts. -- It shall be the responsibility of the insurer to review each lender's account at least every eighteen (18) months verifying the accuracy of premium payments, or other identifiable insurance charges, premium refunds, and claims incurred and to be prepared to exhibit the results of such review upon request of the Commissioner.

6.10. Filing of experience information. -- Insurers doing credit life and/or credit accident and sickness insurance business in this State shall annually file with the Insurance Department a report of its credit life insurance experience and credit accident and sickness insurance experience separately on reporting forms prescribed by the Commissioner.

6.11. Separability. -- If any provision of this regulation shall be held invalid, the remainder of the regulation shall not be affected thereby.

§ 114-6-7. Amendments.

Amendments - Effective date. -- Amendments to this regulation were promulgated and filed in the office of the Secretary of State on May 20, 1971, and said amendments shall become effective on August 1, 1971. All credit life and credit accident and sickness insurance rates and forms, delivered or issued for delivery on and after August 1, 1971, except as hereinafter provided, shall conform to the provisions of said amendments as of that date. With regard to existing group credit life and credit accident and sickness insurance policies, the rates and forms shall be amended to conform to the requirements of said amendments, or be terminated not later than the anniversary of the date of issue of the contract next following the effective date of said amendments. Existing group credit life and credit accident and sickness insurance contracts that are renewed, reissued or replaced other than on their normal

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anniversary date of issue and all group credit life and credit accident and sickness insurance contracts newly issued to replace or supplement a creditor's existing insurance program on or after May 20, 1971, shall conform to the requirements of said amendments on and after August 1, 1971. No replacement or amendment of group policies to postpone the effect of said amendments will be recognized for the purpose of this section.

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Table 114.6A

Schedule A (6 months preexist)

No. of Months in which indebted- ness is repayable	Nonretroactive Benefits		Retroactive Benefits	
	14-day Nonretro	30-day Nonretro	14-day Retro	30-day Retro
1-6	\$1.30	\$.75	\$1.90	\$1.40
7-12	1.75	1.20	2.30	1.85
13-24	2.50	1.95	3.00	2.60
25-36	3.00	2.45	3.45	3.05
37-48	3.25	2.65	3.65	3.30
49-60	3.50	2.90	3.90	3.55
61-72	3.75	3.15	4.15	3.80
73-84	3.95	3.40	4.35	4.00
85-96	4.15	3.60	4.55	4.20
97-108	4.35	3.80	4.75	4.40
109-120	4.55	4.00	4.95	4.60

Schedule B (No preexist)

No. of Months in which indebted- ness is repayable	Nonretroactive Benefits		Retroactive Benefits	
	14-day Nonretro	30-day Nonretro	14-day Retro	30-day Retro
1-6	\$1.45	\$.90	\$2.15	\$1.55
7-12	1.95	1.40	2.65	2.15
13-24	2.80	2.20	3.35	2.85
25-36	3.45	2.80	4.00	3.50
37-48	3.75	3.05	4.30	3.80
49-60	4.05	3.35	4.55	4.05
61-72	4.35	3.60	4.80	4.35
73-84	4.65	3.90	5.05	4.60
85-96	4.90	4.20	5.30	4.85
97-108	5.10	4.40	5.55	5.10
109-120	5.30	4.60	5.75	5.35

Appendix A

(Name and Address of Financial Institution, Retailer, or Company)

Re: Credit Insurance with (Name of Insurance Company)

Dear (Debtor/Insured):

As a result of your payment in full of account number _____, the credit insurance policy or certificate issued in conjunction with this account has been cancelled. Remaining unearned premiums (if any) from your policy or certificate have been deducted from your loan balance to arrive at your payoff amount.

If you have other credit insurance policies in effect on this account, you must notify the insurer(s) that you have paid off this account and request that the insurer refund you any unearned insurance premiums.

Appendix B

(Name and Address of Institution, Retailer, or Company)

Re: (Name and Address, Account #, & Insurance Policy #)

Dear (Name of Insurance Company):

As a result of the payment in full of the above account, the credit insurance policy or certificate issued in conjunction with this account is cancelled. You are obligated, by law, to pay to the insured any refund of unearned premiums within 45 days of receipt of this notice of cancellation.

Appendix C

(Name and Address of Institution, Retailer or Company)

Dear (Debtor/Insured):

As a result of your payment in full of account number _____, you have the right to cancel any credit insurance policy or certificate issued in conjunction with that account and receive a refund of any unearned insurance premiums.

To cancel the credit insurance policy or certificate, please notify, in writing, the seller(s) of this insurance listed below:

Seller:
(Address)

Insurer:
(Address)



STATE OF WEST VIRGINIA
Offices of the Insurance Commissioner

Legal Division

GASTON CAPERTON
Governor

HANLEY C. CLARK
Insurance Commissioner

August 15, 1994

HAND DELIVERED

Ms. Judy Cooper, Director
Administrative Law Division
Office of Secretary of State
State Capitol
Charleston, WV 25305

Dear Ms. Cooper:

Enclosed please find for filing one (1) copy of the following:

- (1) Notice of Agency Approval of a Proposed Rule and Filing with the Legislative Rule-Making Review Committee;
- (2) Fiscal Note;
- (3) Consent to Proposed Rule;
- (4) Brief Summary of the Rule;
- (5) Statement of Circumstances;
- (6) Legislative Rule-Making Review Committee Questionnaire; and
- (7) The agency-approved rule entitled "Regulation of Credit Life Insurance and Credit Accident and Sickness Insurance" (Series 6).

Please contact me if further information is required.

Sincerely,

A handwritten signature in cursive script that reads "B. Keith Huffman".

B. Keith Huffman
General Counsel

BKH/cjs

Enclosures

Attachment to Question 2(d)

Two comments to the proposed amendments to the rule were received. One comment was received from Walter D. Runkle of the Consumer Credit Insurance Association (CCIA). The other comment was received from a member of this association, the Central National Life Insurance Company of Omaha.

Both comments are substantially similar in relation to the industry's concerns. The comments suggest that the amendments to the rule are too restrictive. CCIA has offered proposed language that the agency took into consideration.

It is the agency's belief that the language offered by Mr. Runkle of CCIA adequately protects the interests of the consumers of West Virginia while allowing additional flexibility on the part of the creditor. Therefore, the agency has adopted Mr. Runkle's suggested language.

CONSUMER CREDIT INSURANCE ASSOCIATION

342 South Dearborn Street - Suite 400 Chicago, Illinois 60605
Telephone (312) 939-2242 FAX (312) 939-8267

WALTER D. RUNKLE
VICE-PRESIDENT
GOVERNMENT RELATIONS

August 8, 1994

B. Keith Huffman, Esq.
General Counsel
West Virginia Department of Insurance
2019 Washington Street, East
Charleston, West Virginia 25305-0540

**RE: TITLE 114, SERIES 6 - PROPOSAL TO AMEND THE REGULATION
OF CREDIT LIFE INSURANCE AND CREDIT ACCIDENT AND
SICKNESS INSURANCE AT PARAGRAPH 6.8.4.a**

Dear Mr. Huffman,

These comments are submitted on behalf of the Consumer Credit Insurance Association (CCIA), a national trade association of insurance companies engaged in providing insurance in connection with loans and credit transactions. CCIA is dedicated to preserving and enhancing the value of credit insurance products to the consumers who engage in borrowing and purchasing items on an installment plan.

CCIA has recently received a copy of your Notice of a Comment Period on a Proposed Rule affecting the notice given to an insured debtor when a consumer credit sale or consumer loan, refinancing or consolidation is paid in full. Although your proposal seems on its face to be consistent with the recent changes to the law made by the West Virginia Legislature we believe such is not the case. Amended West Virginia Code §46A-3-109(b)(6) (B) now provides as follows:

- (B) If the creditor was the seller or provider of the consumer credit insurance, the creditor shall:
- (i) Notify the insurer or shall cause the insurer to be notified of the cancellation of such insurance; and
 - (ii) Notify the debtor of the cancellation of such insurance and of the application of any unearned premiums to the loan balance, which such notice may be on a form consistent with the general course of business of the creditor.

Prior to the enactment of House Bill 4169, the above cited provisions authorized the insurance department to promulgate the form of Notice that would be sent to the debtor. This was accomplished through the promulgation of Title 114, Series 6, Appendix A, B and C. The Appendix A Notice specifically requires several items as follows:

1. The name and address of the financial institution.
2. The name of the insurance company.
3. The name of the debtor/insured.

Mr. B. Keith Huffman

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4. The account number.
5. A statement that as a result of payment in full the insurance coverage has been cancelled.
6. A statement that the remaining unearned premiums from the insurance have been deducted from the loan balance to arrive at the payoff amount.
7. A statement that if the debtor/insured has other credit insurance policies, you must notify the insurers that you have paid off this account and request the insurers refund you any unearned insurance premiums.

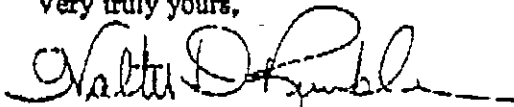
The law now simply requires that if the creditor was the seller or provider of the consumer credit insurer, the creditor shall provide the debtor notification of cancellation of the insurance and the application of any unearned premiums to the loan balance on a form consistent with the general course of business of the creditor. We have been advised several creditors do not provide the seven elements presently required by Appendix A; rather, they provide the debtor with a statement indicating the insurance is cancelled and unearned premiums have been applied to the loan balance and that the loan is paid in full. As a result we believe your proposal goes substantially beyond what is now required by the legislature.

We respectfully request you amend your proposal to be consistent with the law. To accomplish this, we recommend you delete the words that require "substantially the same information" as is required by the form set forth in Appendix A, and propose that you utilize the words in the statute, as follows:

"a. The form incorporated into this regulation as Appendix A, which a retailer, lending institution or other entity that is the creditor on the loan and seller or provider of the consumer credit insurance policy shall may use to notify a consumer debtor/insured when his or her policy insurance coverage has been cancelled and the unearned premiums have been automatically refunded by deducting these premiums from the loan balance; provided, that such retailer, lending institution or other entity may use an alternative notice form, which is consistent with the general course of business of the creditor and which advises of cancellation and the application of a refund.

We appreciate the opportunity to submit these comments and trust they will be carefully considered.

Very truly yours,



Walter D. Runkle
Vice President, Government Relations

WDR/cmb

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August 8, 1994

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2019 Washington Street, East
Charleston, West Virginia 25305-0540

Re: Proposed Amendment to Title 114, Series 6; Regulation of
Credit Life and Credit Accident and Sickness Insurance

Dear Mr. Huffman:

We are writing in response to the proposed amendment to Title 114, Series 6, on the Regulation of Credit Life and Credit Accident & Sickness Insurance. We understand that the comment period for the proposed rule amendment ends today; however, please note that our company became aware of the proposed rule last Friday, August 5th. Therefore, we respectfully request that our comments be accepted and considered before the proposed rule amendment is adopted.

House Bill 4169 amended Subsection (6)(B)(ii) of Section 46A-3-109 of the West Virginia Consumer Credit and Protection Act. This amendment clearly authorizes a creditor, who is also the seller or provider of the consumer credit insurance, to notify the debtor of the insurance cancellation and application of unearned premiums to the loan balance on a form that is consistent with the creditor's general course of business (emphasis added). We believe that the proposed rule exceeds the legislative intent and the scope of this law by further requiring that the alternative notice form provide substantially similar information as Form A contained in the rule.

A general course of business for our major creditor that is also the seller and provider of the consumer credit insurance is to automatically cancel the insurance, apply any unearned premiums to the loan balance, and notify the debtor by means of a short and concise payoff notice. Such a payoff notice may not necessarily comprise all of the information contained in the two paragraphs in Form A. We believe the legislative intent of House Bill 4169 was to give such creditors a reasonable alternative to using the form currently prescribed by the rule.

 **Beneficial
Insurance Group**

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In conclusion, we strongly recommend that the Department observe the legislative intent and propose an amendment to Title 114, Series 6 that is consistent with the language of the law that will allow such creditors to continue using a form that is consistent with the general course of business of the creditor. It is our suggestion that the language be drafted to include the precise language contained in law, as amended by House Bill 4169.

Thank you for your time and consideration in this matter. If you have any questions or wish to discuss our comments, please contact me.

Very truly yours,



Connie M. Scott

cc: Mr. Daniel R. O'Brien
Mr. Donald J. Hannah
Mr. Gary J. Perkinson
James D. Warren, Esq.
Marianne I. McConnell, Esq.
Mr. Joseph V. DiPietro
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