

WEST VIRGINIA  
SECRETARY OF STATE  
KEN HECHLER  
ADMINISTRATIVE LAW DIVISION

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OFFICE OF WEST VIRGINIA  
SECRETARY OF STATE

Form #2

NOTICE OF A COMMENT PERIOD ON A PROPOSED RULE

AGENCY: WV Division of Banking TITLE NUMBER: 106

RULE TYPE: Legislative CITE AUTHORITY W.Va Code §§31A-4-13(i) & 31A-2-4(c)(11)

AMENDMENT TO AN EXISTING RULE: YES  NO

IF YES, SERIES NUMBER OF RULE BEING AMENDED: \_\_\_\_\_

TITLE OF RULE BEING AMENDED: \_\_\_\_\_

IF NO, SERIES OF NEW RULE BEING PROPOSED: Series 2

TITLE OF RULE BEING PROPOSED: The Sale of Insurance Products by  
State-Chartered Banks

IN LIEU OF A PUBLIC HEARING, A COMMENT PERIOD HAS BEEN ESTABLISHED DURING WHICH ANY INTERESTED PERSON MAY SEND COMMENTS CONCERNING THESE PROPOSED RULES. THIS COMMENT PERIOD WILL END ON July 31, 1997 AT 4:00 pm. ONLY WRITTEN COMMENTS WILL BE ACCEPTED AND ARE TO MAILED TO THE FOLLOWING ADDRESS:

WV Division of Banking

State Capitol Complex

Building 3, Room 311

Charleston, WV 25305-0240

THE ISSUES TO BE HEARD SHALL BE LIMITED TO THIS PROPOSED RULE.

*Sharon S. Bels*

(Authorized Signature)

ATTACH A BRIEF SUMMARY OF YOUR PROPOSAL.



**STATE OF WEST VIRGINIA  
DEPARTMENT OF TAX AND REVENUE**

**CECIL H. UNDERWOOD**  
GOVERNOR

**Charleston, West Virginia**  
P. O. Box 963  
Charleston, WV 25324-0963  
Ph. (304) 558-0211 - Fax (304) 558-2324

**ROBIN C. CAPEHART**  
SECRETARY

CONSENT TO PROPOSAL OF RULE

June 27, 1997

To Whom It May Concern:

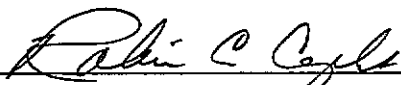
Title of Rule: Sale of Insurance Products by State-Chartered Banks

Title Number: 106

Series Number: Series 2

Pursuant to West Virginia Code §5F-2-2(a) and 64-7-4(c), the undersigned hereby consents to the filing of the foregoing rule.

Signed this 27th day of June, 1997.

  
\_\_\_\_\_  
Robin Capehart  
Secretary of Tax and Revenue



## DIVISION OF BANKING

(304) 558-2294

Building #3, Room 311 • State Capitol Complex • 1900 Kanawha Blvd., East • Charleston, WV 25305-0240 • FAX: (304) 558-0442

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### COMMISSIONER OF BANKING RULE PERTAINING TO THE SALE OF INSURANCE PRODUCTS BY STATE-CHARTERED BANKS 106 CSR 2

#### Summary of Proposed Rules

The proposed rule sets forth the regulations governing notification, policies and procedures in connection with the sale of insurance products by state-chartered banks. The rule requires that state-chartered banks provide 30 day advance written notice to the Commissioner of Banking before engaging in the proposed insurance activity. The rule also requires that state-chartered banks follow federal rules and guidelines regarding the sale of such insurance products, along with federal rules pertaining to the sharing of customer information to the extent those rules are not in conflict with state law.

The rule makes clear the ability of the Commissioner of Banking to undertake investigations to determine whether the insurance activity presents a safety and soundness problem to the bank both before the activity is begun, or anytime thereafter. It reaffirms the jurisdiction of the Insurance Commissioner over the licensing and sale of such products by banks. It further provides for penalties and enforcement of the rule including possible revocation or suspension of the authority for the bank to engage in any insurance activity. These penalties and enforcement provisions are not exclusive, but rather are cumulative with other powers and penalties provided in law.

E.E.O./AFFIRMATIVE ACTION EMPLOYER



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COMMISSIONER OF BANKING  
RULE PERTAINING TO  
THE SALE OF INSURANCE PRODUCTS BY  
STATE-CHARTERED BANKS  
106 CSR 2

Statement of Circumstances

The proposed rule is required by W. Va. Code § 31A-4-13(i) as added to the Code during the last legislative session. The rule is meant to implement the procedures by which state-chartered banks are now permitted to sell insurance products including annuities.

E.E.O./AFFIRMATIVE ACTION EMPLOYER

**APPENDIX B**

**FISCAL NOTE FOR PROPOSED RULES**

**Rule Title:** Sale of Insurance Products by State-Chartered Banks  
[106 CSR 2]

**Type of Rule:**  Legislative  Interpretive  Procedural

**Agency:** West Virginia Division of Banking

**Address:** State Capitol Complex

Building 3, Room 311

Charleston, West Virginia 25305-0240

**1. Effect of Proposed Rule:**

	ANNUAL		FISCAL YEAR		
	INCREASE	DECREASE	CURRENT	NEXT	THEREAFTER
ESTIMATED TOTAL COST	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
PERSONAL SERVICES	0	0	0	0	0
CURRENT EXPENSES	0	0	0	0	0
REPAIRS & ALTERATIONS	0	0	0	0	0
EQUIPMENT	0	0	0	0	0
OTHER	0	0	0	0	0

**2. Explanation of above estimates:**

The rule merely tracks language which previously appeared in a Decision of Authorization allowing for the sale of insurance products by state-chartered banks which was implemented by the Division of Banking in 1996. The procedures set forth thus conform to current practices, and hence contain no additional costs.

**3. Objectives of these rules:**

To set forth the rules governing notification, policies and procedures in connection with the sale of insurance products by state-chartered banks as required by pursuant to W. Va. Code §31A-4-13(f) and (g).

**Rule Title:** Sale of Insurance Products by State-Chartered Banks  
[106 CSR 2]

**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:**

None.

**Date:** June 26, 1997

**Signature of Agency Head or Authorized Representative:**

Shen S. Bed

TITLE 106  
LEGISLATIVE RULE  
WEST VIRGINIA DIVISION OF BANKING

SERIES 2  
THE SALE OF INSURANCE PRODUCTS BY  
STATE-CHARTERED BANKS

FILED

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OFFICE OF WEST VIRGINIA  
SECRETARY OF STATE

**§106-2-1. General.**

1.1. Scope. -- This rule relates to notification, policies and procedures in connection with the sale of insurance products by state-chartered banks pursuant to W. Va. Code §31A-4-13(f) and (g).

1.2. Authority. -- W. Va. Code §§31A-4-13(i) and 31A-2-4(c)(11).

1.3. Filing Date. --

1.4. Effective Date. --

**§106-2-2. Notice and Conduct of Insurance Activities.**

2.1. Notice-- State-chartered banks shall first give the Commissioner of Banking thirty day written notice of their intent to engage in insurance product sales.

2.2. Federal Guidelines on Noninsured Products-- State-chartered banks shall adhere to all federal rules, regulations and general policies and guidelines regarding the sale of non-federally insured products by or at their banks, including those relating to the clear disclosure that such products are not insured by the Federal Deposit Insurance Corporation.

2.3. Insurance Commissioner Jurisdiction-- State chartered banks shall adhere to any and all requirements imposed by the West Virginia Commissioner of Insurance as to the sale of such products, the distribution of fees associated with insurance and annuity sales, and as to the licensing of agents for such sales, to the same extent those requirements are applied to other corporations and national banks.

2.4. Sharing of Customer Information-- State chartered banks shall establish and adhere to written policies governing the use and sharing of their bank customer information in conformity with state law. Unless contrary to state law these policies shall conform to federal rules and guidelines involving the sale of nondeposit investment or insurance products.

**§106-2-3. Safety and Soundness.**

3.1. Investigation-- The Commissioner of Banking in his or her discretion may undertake investigation on the matter of safety and soundness, if he or she believes that any insurance activity or proposed insurance activity might impair the safety and soundness of the bank. If the Commissioner finds the activity contrary to the safety and soundness of the bank, the authority of the bank to engage in the insurance activity or proposed activity may be denied, modified or prohibited.

**§106-2-4. Enforcement and Penalties.**

4.1. Enforcement-- Nothing in this rule shall limit or prevent the Commissioner of Banking from exercising his or her lawful authority to regulate the conduct of banks and bank holding companies under the provisions of Chapter 31A of the West Virginia Code.

4.2. Penalties-- Violation of this rule may result in the revocation or suspension of the non-complying state-chartered banking institution's authorization to engage in insurance activity or a particular insurance activity when the Commissioner or the West Virginia Board of Banking and Financial Institutions finds that the nature of the violation warrants such revocation or suspension. Violation of this rule or any order to enforce this rule may also result in any other penalties provided by Chapter 31A of the West Virginia Code.