

WEST VIRGINIA
SECRETARY OF STATE
KEN HECHLER
ADMINISTRATIVE LAW DIVISION

Form #4

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OFFICE OF WEST VIRGINIA
SECRETARY OF STATE

NOTICE OF RULE MODIFICATION OF A PROPOSED RULE

AGENCY: WV Division of Banking TITLE NUMBER: 106

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

AMENDMENT TO AN EXISTING RULE: YES _____ NO X

IF YES, SERIES NUMBER OF RULE BEING AMENDED: _____


TITLE OF RULE BEING AMENDED: _____

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

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

THE ABOVE PROPOSED LEGISLATIVE RULE, FOLLOWING REVIEW BY THE LEGISLATIVE RULE MAKING REVIEW COMMITTEE IS HEREBY MODIFIED AS A RESULT OF REVIEW AND COMMENT BY THE LEGISLATIVE RULE-MAKING REVIEW COMMITTEE. THE ATTACHED MODIFICATIONS ARE FILED WITH THE SECRETARY OF STATE.


Sharon G. Bias, Commissioner


Robin C. Caphart, Secretary of Tax & Revenue

October 3, 1997

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TITLE 106
LEGISLATIVE RULE
WEST VIRGINIA DIVISION OF BANKING

OCT 3 3 24 PM '97

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

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 the sale of insurance products. If the Commissioner takes no action to prevent the bank from proceeding with the activity within the thirty-day period, the bank may sell the insurance products. The Commissioner, in his or her discretion, at any time prior to the end of the thirty-day period, may signify his or her non-objection to the sales, and the bank may proceed upon that assent. The notice and assent may apply to all products considered insurance under the laws of this state, unless otherwise limited by the Commissioner.

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 insurance products by or at their banks, including those relating to the clear disclosure that those insurance 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 insurance products, the distribution of fees associated with insurance and annuity sales, and as to the licensing of agents for insurance 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 applicable state law. Unless contrary to applicable state laws, these policies shall conform to federal rules and guidelines involving the sale of non-deposit 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 if he or she believes that any sale or proposed sale of an insurance product might impair the safety and soundness of the bank. The Commissioner may deny, modify or prohibit the sale of an insurance product, if he or she finds the activity contrary to the safety and soundness of the bank.

§106-2-4. Enforcement and Penalties.

4.1. Enforcement-- Nothing in this rule limits or prevents 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-- The Commissioner or the West Virginia Board of Banking and Financial Institutions may revoke or suspend a state-chartered banking institution's authority to sell insurance products or a particular insurance product if it is found that a violation of this rule has occurred and that the nature of the violation warrants the 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.



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WEST VIRGINIA LEGISLATURE
Legislative Rule-Making Review Committee

OFFICE OF WEST VIRGINIA
SECRETARY OF STATE

State Capitol - Room MB-49
Charleston, West Virginia 25305
(304) 347-4840

Senator: Mike Ross, Co-Chairman
Delegate: Mark Hunt, Co-Chairman
Counsel: Debra A. Graham

September 15, 1997

Joseph A. Altizer, Associate Counsel
Rita Pauley, Associate Counsel
Audrey R. Ross, Admin. Assistant

NOTICE OF ACTION TAKEN BY LEGISLATIVE RULE-MAKING REVIEW COMMITTEE

TO: Ken Hechler, Secretary of State, State Register

TO: Mr. Timothy Winslow
West Virginia Division of Banking
State Capitol Complex
Building 3, Room 311
Charleston, WV 25305-0240

FROM: Legislative Rule-Making Review Committee

PROPOSED RULE: *Sale of Insurance Products by State-Chartered Banks (106CSR2)*

The Legislative Rule-Making Review Committee recommends that the West Virginia Legislature:

1. Authorize the agency to promulgate the Legislative Rule
 - (a) as originally filed _____
 - (b) as modified by the agency X
2. Authorize the agency to promulgate part of the Legislative rule; a statement of reasons for such recommendation is attached. _____
3. Authorize the agency to promulgate the Legislative rule with certain amendments; amendments and a statement of reasons for such recommendation is attached. _____
4. Authorize the agency to promulgate the Legislative rule as modified with certain amendments; amendments and a statement of reasons for such recommendation is attached. _____
5. Recommends that the rule be withdrawn; a statement of reasons for such recommendation is attached. _____

Pursuant to Code 29A-3-11(c), this notice has been filed in the State Register and with the agency proposing the rule.