

**WEST VIRGINIA
SECRETARY OF STATE
KEN HECHLER
ADMINISTRATIVE LAW DIVISION**

Do Not Mark In This Box

**EXPIRATION OF LEGISLATIVE RULE
DUE TO LEGISLATIVE DISAPPROVAL**

(W. VA. CODE §64-1-1)

AGENCY: BANKING TITLE NUMBER: 106

SERIES NUMBER: 2

TITLE OF RULE: THE SALE OF INSURANCE PRODUCTS BY STATE-CHARTERED BANKS

THE ABOVE RULE EXPIRED DUE TO THE 1998 LEGISLATIVE DISAPPROVAL OF THIS
RULE.



DIRECTOR, ADMINISTRATIVE LAW DIVISION

Senate Bill No. 277

1 (By Senator(s) Ross, Anderson, Bowman,
2 Macnaughtan, Boley and Buckalew)

3 [Introduced January 30, 1998; referred to the
4 Committee on Banking and Insurance; and then to
5 the Committee on the Judiciary.]
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10 A BILL to amend and reenact section one, article seven,
11 chapter sixty-four of the code of West Virginia, one
12 thousand nine hundred thirty-one, as amended, relating
13 to authorizing the division of banking to promulgate
14 a legislative rule relating to the sale of insurance
15 products by state-chartered banks.

16 *Be it enacted by the Legislature of West Virginia:*

17 That section one, article seven, chapter sixty-four of
18 the code of West Virginia, one thousand nine hundred
19 thirty-one, as amended, be amended and reenacted, to read
20 as follows:

21 ARTICLE 7. AUTHORIZATION FOR DEPARTMENT OF TAX AND REVENUE
22 TO PROMULGATE LEGISLATIVE RULES.

23 §64-7-1. Division of banking.

1 (a) The legislative rule filed in the state register
2 on the twenty-eighth day of August, one thousand nine
3 hundred ninety-six, authorized under the authority of
4 section four, article two, chapter thirty-one-a of this
5 code, modified by the division of banking to meet the
6 objections of the legislative rule-making review committee
7 and refiled in the state register on the twenty-first
8 day of February, one thousand nine hundred ninety-
9 seven, relating to the division of banking (regulations
10 pertaining to the West Virginia consumer credit and
11 protection act and the money and interest article of
12 chapter forty-seven, 106 CSR 1), is authorized.

13 (b) The legislative rule filed in the state register
14 on the twenty-eighth day of August, one thousand nine
15 hundred ninety-six, authorized under the authority of
16 section four, article two, chapter thirty-one-a of this
17 code, modified by the division of banking to meet the
18 objections of the legislative rule-making review committee
19 and refiled in the state register on the twentieth day of
20 December, one thousand nine hundred ninety-six, relating to
21 the division of banking (regulations governing the
22 operations of state chartered financial institutions in
23 West Virginia, 106 CSR 3), is authorized.

1 (c) The legislative rule filed in the state register
2 on the twenty-eighth day of August, one thousand nine
3 hundred ninety-six, authorized under the authority of
4 section four, article two, chapter thirty-one-a of this
5 code, modified by the division of banking to meet the
6 objections of the legislative rule-making review committee
7 and refiled in the state register on the twentieth day of
8 December, one thousand nine hundred ninety-six, relating to
9 the division of banking (West Virginia regulated consumer
10 lenders, 106 CSR 4), is authorized.

11 (d) The legislative rule filed in the state register
12 on the twenty-eighth day of August, one thousand nine
13 hundred ninety-six, authorized under the authority of
14 section eight, article twenty-four, chapter forty-seven of
15 this code, modified by the division of banking to meet the
16 objections of the legislative rule-making review committee
17 and refiled in the state register on the twentieth day of
18 December, one thousand nine hundred ninety-six, relating
19 to the division of banking (reverse mortgage loans, 106 CSR
20 19), is authorized.

21 (e) The legislative rule filed in the state register
22 on the first day of August, one thousand nine hundred
23 ninety-seven, authorized under the authority of section

1 thirteen, article four, chapter thirty-one-a, of this code,
2 modified by the division of banking to meet the objections
3 of the legislative rule-making review committee and refiled
4 in the state register on the third day of October, one
5 thousand nine hundred ninety-seven, relating to the
6 division of banking (sale of insurance products by state-
7 chartered banks, 106 CSR 2), is authorized.

8

9 NOTE: The purpose of this bill is to authorize the
10 Division of Banking to promulgate a legislative rule
11 relating to the Sale of Insurance Products By State-
12 Chartered Banks.

13

14 Strike-throughs indicate language that would be
15 stricken from the present law, and underscoring indicates
16 new language that would be added.

1517
106-2

H. B. 4151

1 Bill-Bank

2 (By Delegates Hunt, Linch, Compton, Jenkins,
3 Faircloth and Riggs)

4 [Introduced January 30, 1998; referred to the
5 Committee on Banking and Insurance then the
6 Judiciary.]

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15 products by state-chartered banks.

16 *Be it enacted by the Legislature of West Virginia:*

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18 the code of West Virginia, one thousand nine hundred
19 thirty-one, as amended, be amended and reenacted, to read
20 as follows:

21 **ARTICLE 7. AUTHORIZATION FOR DEPARTMENT OF TAX AND REVENUE**

22 **TO PROMULGATE LEGISLATIVE RULES.**

23 **§64-7-1. Division of banking.**

4151

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2 on the twenty-eighth day of August, one thousand nine
3 hundred ninety-six, authorized under the authority of
4 section four, article two, chapter thirty-one-a of this
5 code, modified by the division of banking to meet the
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7 and refiled in the state register on the twenty-first
8 day of February, one thousand nine hundred ninety-
9 seven, relating to the division of banking (regulations
10 pertaining to the West Virginia consumer credit and
11 protection act and the money and interest article of
12 chapter forty-seven, 106 CSR 1), is authorized.

13 (b) The legislative rule filed in the state register
14 on the twenty-eighth day of August, one thousand nine
15 hundred ninety-six, authorized under the authority of
16 section four, article two, chapter thirty-one-a of this
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8 December, one thousand nine hundred ninety-six, relating to
9 the division of banking (West Virginia regulated consumer
10 lenders, 106 CSR 4), is authorized.

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1 thirteen, article four, chapter thirty-one-a, of this code,
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3 of the legislative rule-making review committee and refiled
4 in the state register on the third day of October, one
5 thousand nine hundred ninety-seven, relating to the
6 division of banking (sale of insurance products by state-
7 chartered banks, 106 CSR 2), is authorized.

8

9 NOTE: The purpose of this bill is to authorize the
10 Division of Banking to promulgate a legislative rule
11 relating to the Sale of Insurance Products By State-
12 Chartered Banks.

13
14 Strike-throughs indicate language that would be
15 stricken from the present law, and underscoring indicates
16 new language that would be added.

ANALYSIS OF PROPOSED LEGISLATIVE RULES

Agency: Division of Banking

Subject: The Sale of Insurance Products By State-Chartered Banks,
106CSR2

FILED
AUG 13 9 33 AM '97
OFFICE OF WEST VIRGINIA
SECRETARY OF STATE

PERTINENT DATES

Filed for public comment: June 30, 1997
Public comment period ended: July 31, 1997
Filed following public comment period: August 1, 1997
Filed LRMRC: August 1, 1997
Filed as emergency:

Fiscal Impact: None

ABSTRACT

The proposed rule is new. The following is a section by section synopsis of the proposed rule.

Section 1 is the standard general section, setting forth the scope, authority, filing date and effective date of the proposed rule.

Section 2 requires state-chartered banks to give the Commissioner of Banking 30 days written notice of their intent to engage in the sale of insurance products. If the Commissioner takes no action within the thirty day period, the bank may sell the insurance products.

It requires the banks to adhere to all federal rules and regulations regarding the sale of non-federally insured products. Banks are also required to adhere to all requirements imposed by the Insurance Commissioner. The banks are required to establish and adhere to written policies governing the use and sharing of their bank customer information.

Section 3 allows the Commissioner to investigate the safety and soundness of a bank where its safety and soundness may be impaired by the sale or proposed sale of insurance products. The Commissioner has the authority to deny, modify or prohibit the sale

of insurance products.

Section 4 provides that the Commissioner may revoke or suspend a bank's authority to sell insurance products or particular products if the bank violates the provisions of the rule.

AUTHORITY

Statutory authority: W.Va. Code, §31A-4-13, which provides, in part, as follows:

...(I) The commissioner shall promulgate rules in accordance with chapter twenty-nine-a of this code relating to the sale of insurance or annuities, including, but not limited to, rules requiring notice of the intention to engage in such activities and relating to the policies and procedures state-chartered banking institutions should adopt in connection with such activities...

ANALYSIS

I. HAS THE AGENCY EXCEEDED THE SCOPE OF ITS STATUTORY AUTHORITY IN APPROVING THE PROPOSED LEGISLATIVE RULE?

No.

II. IS THE PROPOSED LEGISLATIVE RULE IN CONFORMITY WITH THE INTENT OF THE STATUTE WHICH THE RULE IS INTENDED TO IMPLEMENT, EXTEND, APPLY, INTERPRET OR MAKE SPECIFIC?

Yes.

III. DOES THE PROPOSED LEGISLATIVE RULE CONFLICT WITH OTHER CODE PROVISIONS OR WITH ANY OTHER RULE ADOPTED BY THE SAME OR A DIFFERENT AGENCY?

No.

IV. IS THE PROPOSED LEGISLATIVE RULE NECESSARY TO FULLY ACCOMPLISH THE OBJECTIVES OF THE STATUTE UNDER WHICH THE PROPOSED RULE WAS PROMULGATED?

Yes.

V. IS THE PROPOSED LEGISLATIVE RULE REASONABLE, ESPECIALLY AS IT AFFECTS THE CONVENIENCE OF THE GENERAL PUBLIC OR OF PERSONS AFFECTED BY IT?

Yes.

VI. CAN THE PROPOSED LEGISLATIVE RULE BE MADE LESS COMPLEX OR MORE READILY UNDERSTANDABLE BY THE GENERAL PUBLIC?

No.

VII. WAS THE PROPOSED LEGISLATIVE RULE PROMULGATED IN COMPLIANCE WITH THE REQUIREMENTS OF CHAPTER 29A, ARTICLE 3 AND WITH ANY REQUIREMENTS IMPOSED BY ANY OTHER PROVISION OF THE CODE?

Yes.

VIII. OTHER.

Counsel has technical modifications to suggest.

ANALYSIS OF PROPOSED LEGISLATIVE RULES

Agency: Cable Television Advisory Board

Subject: Implementing Rule, 187CSR2

PERTINENT DATES

Filed for public comment: June 17, 1997
Public comment period ended: July 17, 1997
Filed following public comment period: August 1, 1997
Filed LRMRC: August 1, 1997
Filed as emergency: June 11, 1997

Fiscal Impact: \$49,553 decrease

ABSTRACT

The proposed rule amends a current legislative rule. The amendment reduces from thirty cents to twenty cents, the amount which cable operators pay annually per subscriber to the Board to pay for operation of the Board.

AUTHORITY

Statutory authority: W.Va. Code, §5-18-26, which provides, in part, as follows:

...(b) The board may adopt rules and regulations as are necessary to implement the provisions of this article.

ANALYSIS

I. HAS THE AGENCY EXCEEDED THE SCOPE OF ITS STATUTORY AUTHORITY IN APPROVING THE PROPOSED LEGISLATIVE RULE?

No.

II. IS THE PROPOSED LEGISLATIVE RULE IN CONFORMITY WITH THE INTENT OF THE STATUTE WHICH THE RULE IS INTENDED TO IMPLEMENT, EXTEND, APPLY, INTERPRET OR MAKE SPECIFIC?

Yes. It is the intent of the statute that sufficient fees be collected to support operation of the Board.

III. DOES THE PROPOSED LEGISLATIVE RULE CONFLICT WITH OTHER CODE PROVISIONS OR WITH ANY OTHER RULE ADOPTED BY THE SAME OR A DIFFERENT AGENCY?

No.

IV. IS THE PROPOSED LEGISLATIVE RULE NECESSARY TO FULLY ACCOMPLISH THE OBJECTIVES OF THE STATUTE UNDER WHICH THE PROPOSED RULE WAS PROMULGATED?

Yes. The Board will cease operation July 1, 1998. With the reduction in the fee, the Board will have sufficient funds to close out the operation of the Board.

V. IS THE PROPOSED LEGISLATIVE RULE REASONABLE, ESPECIALLY AS IT AFFECTS THE CONVENIENCE OF THE GENERAL PUBLIC OR OF PERSONS AFFECTED BY IT?

Yes. The fees are actually passed on to the subscribers. Therefore the reduction in the fee will save the subscribers money.

VI. CAN THE PROPOSED LEGISLATIVE RULE BE MADE LESS COMPLEX OR MORE READILY UNDERSTANDABLE BY THE GENERAL PUBLIC?

No.

VII. WAS THE PROPOSED LEGISLATIVE RULE PROMULGATED IN COMPLIANCE WITH THE REQUIREMENTS OF CHAPTER 29A, ARTICLE 3 AND WITH ANY REQUIREMENTS IMPOSED BY ANY OTHER PROVISION OF THE CODE?

Yes.

VIII. OTHER.