

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

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OFFICE OF THE SECRETARY OF STATE
WEST VIRGINIA

Form #5

**NOTICE OF FINAL FILING AND ADOPTION OF A LEGISLATIVE RULE AUTHORIZED
BY THE WEST VIRGINIA LEGISLATURE**

AGENCY: West Virginia Division of Banking TITLE NUMBER: 106

AMENDMENT TO AN EXISTING RULE: YES NO

IF YES, SERIES NUMBER OF RULE BEING AMENDED: _____

TITLE OF RULE BEING AMENDED: _____

IF NO, SERIES NUMBER OF RULE BEING PROPOSED: 2

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

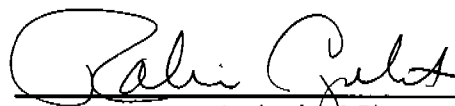
THE ABOVE RULE HAS BEEN AUTHORIZED BY THE WEST VIRGINIA LEGISLATURE.

AUTHORIZATION IS CITED IN (house or senate bill number) HB 2570

SECTION 64-7-1 (b) PASSED ON March 10, 1999

THIS RULE IS FILED WITH THE SECRETARY OF STATE. THIS RULE BECOMES EFFECTIVE ON

THE FOLLOWING DATE: May 1, 1999



Authorized Signature

\$2.60

TITLE 106
LEGISLATIVE RULE
WEST VIRGINIA DIVISION OF BANKING

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

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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. -- April 15, 1999

1.4. Effective Date. -- May 1, 1999

§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. Before the expiration of the thirty-day period, the Commissioner may object to the proposed sale of insurance products if he or she finds, based upon existing information known to the Commissioner or following an investigation conducted under subsection 3.1 of this rule, that the proposed activity would be contrary to the safety and soundness of the bank. 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 an 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.

106-2

2158

1 Bill-Banking,

H. B. 2512

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

[Introduced February 1, 1999; referred to the
Committee on Banking and Insurance then the
Judiciary.]

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.**

2511

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 thirty-first day of July, one thousand nine hundred
23 ninety-eight, 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 seventh day of October, one
5 thousand nine hundred ninety-eight, 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.