

APPROVED AND SIGNED BY THE GOVERNOR

Date 3-25-79

Time 1:45 p.m.

# WEST VIRGINIA LEGISLATURE

REGULAR SESSION, 1979

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# ENROLLED

HOUSE BILL No. 854

(By Mr. Wright )

— ● —

Passed March 10, 1979

In Effect Ninety Days From Passage



No. 854

**ENROLLED**

**H. B. 854**

(By MR. WRIGHT)

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[Passed March 10, 1979; in effect ninety days from passage.]

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AN ACT to amend and reenact section three, article fourteen, chapter thirty-three of the code of West Virginia, one thousand nine hundred thirty-one, as amended, relating to insurance; group life insurance; debtor groups; and increasing the amount of insurance permitted on the life of a debtor from ten thousand dollars to twenty thousand dollars.

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

That section three, article fourteen, chapter thirty-three of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended and reenacted to read as follows:

**ARTICLE 14. GROUP LIFE INSURANCE.**

**§33-14-3. Debtor groups.**

1 The lives of a group of individuals may be insured under  
2 a policy issued to a creditor, who shall be deemed the policy-  
3 holder, to insure debtors of the creditor, subject to the follow-  
4 ing requirements:

5 (a) The debtors eligible for insurance under the policy  
6 shall be all of the debtors of the creditor whose indebtedness  
7 is repayable either (i) in installments, or (ii) in one sum  
8 at the end of a period not in excess of eighteen months from  
9 the initial date of debt, or all of any class or classes thereof  
10 determined by conditions pertaining to the indebtedness or to  
11 the purchase giving rise to the indebtedness. The policy may  
12 provide that the term "debtors" shall include the debtors of  
13 one or more subsidiary corporations, and the debtors of one

14 or more affiliated corporations, proprietors or partnerships  
15 if the business of the policyholder and of such affiliated  
16 corporations, proprietors or partnerships is under common  
17 control through stock ownership, contract or otherwise. No  
18 debtor shall be eligible unless the indebtedness constitutes  
19 an obligation to repay which is binding upon him during his  
20 lifetime, at and from the date the insurance becomes effective  
21 upon his life.

22 (b) The premium for the policy shall be paid by the  
23 policyholder, either from the creditor's funds, or from charges  
24 collected from the insured debtors, or from both. A policy  
25 on which part or all of the premium is to be derived from  
26 the collection from the insured debtors of identifiable charges  
27 not required of uninsured debtors shall not include, in the  
28 class or classes of debtors eligible for insurance, debtors  
29 under obligations outstanding at its date of issue without  
30 evidence of individual insurability unless at least seventy-five  
31 percent of the then eligible debtors elect to pay the required  
32 charges. A policy on which no part of the premium is to be  
33 derived from the collection of such identifiable charges must  
34 insure all eligible debtors, or all except any as to whom  
35 evidence of individual insurability is not satisfactory to the  
36 insurer.

37 (c) The policy may be issued only if the group of eligible  
38 debtors is then receiving new entrants at the rate of at least  
39 one hundred persons yearly, or may reasonably be expected  
40 to receive at least one hundred new entrants during the first  
41 policy year, and only if the policy reserves to the insurer the  
42 right to require evidence of individual insurability if less than  
43 seventy-five percent of the new entrants become insured.  
44 The policy may exclude from the classes eligible for insurance  
45 classes of debtors determined by age.

46 (d) The amount of insurance on the life of any debtor  
47 shall at no time exceed the amount owed by him which is  
48 repayable in installments to the creditor, or twenty thousand  
49 dollars, whichever is less. Where the indebtedness is repayable  
50 in one sum to the creditor, the insurance on the life of any  
51 debtor shall in no instance be in effect for a period in excess

52 of eighteen months except that such insurance may be con-  
53 tinued for an additional period not exceeding six months in  
54 the case of default, extension or recasting of the loan. The  
55 amount of the insurance on the life of any debtor shall at  
56 no time exceed the amount of the unpaid indebtedness, or  
57 twenty thousand dollars, whichever is less.

58 (e) The insurance shall be payable to the policyholder.  
59 Such payment shall reduce or extinguish the unpaid indebted-  
60 ness of the debtor to the extent of such payment.

The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

*James L. Davis*  
Chairman Senate Committee

*Clarence C. Chresten, Jr.*  
Chairman House Committee

Originated in the House.

Takes effect ninety days from passage.

*J. C. Wallen Jr.*  
Clerk of the Senate

*C. A. Blankenship*  
Clerk of the House of Delegates

*H. A. Burdette*  
President of the Senate

*Clayton M. Lee, Jr.*  
Speaker House of Delegates

The within *is approved* this the *25*  
day of *March*, 1979.

*John D. Rhyne*  
Governor

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OFFICE OF THE GOVERNOR

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