WEST VIRGINIA LEGISLATURE
REGULAR SESSION, 1979

ENROLLED

HOUSE BILL No. 854

(By Mr. Knight)

Passed March 10, 1979

In Effect Ninety Days From Passage
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 a policy issued to a creditor, who shall be deemed the policyholder, to insure debtors of the creditor, subject to the following requirements:

5 (a) The debtors eligible for insurance under the policy shall be all of the debtors of the creditor whose indebtedness is repayable either (i) in installments, or (ii) in one sum at the end of a period not in excess of eighteen months from the initial date of debt, or all of any class or classes thereof determined by conditions pertaining to the indebtedness or to the purchase giving rise to the indebtedness. The policy may provide that the term “debtors” shall include the debtors of one or more subsidiary corporations, and the debtors of one
or more affiliated corporations, proprietors or partnerships
if the business of the policyholder and of such affiliated
corporations, proprietors or partnerships is under common
control through stock ownership, contract or otherwise. No
debtor shall be eligible unless the indebtedness constitutes
an obligation to repay which is binding upon him during his
lifetime, at and from the date the insurance becomes effective
upon his life.

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

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

(d) The amount of insurance on the life of any debtor
shall at no time exceed the amount owed by him which is
repayable in installments to the creditor, or twenty thousand
dollars, whichever is less. Where the indebtedness is repayable
in one sum to the creditor, the insurance on the life of any
debtor shall in no instance be in effect for a period in excess
of eighteen months except that such insurance may be continued for an additional period not exceeding six months in the case of default, extension or recasting of the loan. The amount of the insurance on the life of any debtor shall at no time exceed the amount of the unpaid indebtedness, or twenty thousand dollars, whichever is less.

(c) The insurance shall be payable to the policyholder. Such payment shall reduce or extinguish the unpaid indebtedness 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 S. Davis  
Chairman Senate Committee

Clarence L. Chambers  
Chairman House Committee

Originated in the House.

Takes effect ninety days from passage.

Clerk of the Senate

Clerk of the House of Delegates

President of the Senate

Speaker House of Delegates

The within ___________ this the ________ day of ___________, 1979.

Governor