

No. 118 ✓

WEST VIRGINIA LEGISLATURE
REGULAR SESSION, 1985



ENROLLED

Committee Substitute for
SENATE BILL NO. 118

(By Mr. Tucker)



PASSED March 21, 1985

In Effect ninety days from Passage



ENROLLED
COMMITTEE SUBSTITUTE
FOR
Senate Bill No. 118
(By MR. TUCKER, *original sponsor*)

[Passed March 21, 1985; 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 the sale of debtor groups credit life insurance and removal of certain statutory policy amount limitations.

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
2 under a policy issued to a creditor, who shall be deemed
3 the policyholder, to insure debtors of the creditor, subject
4 to the following requirements:

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

13 provide that the term "debtors" shall include the
14 debtors of one or more subsidiary corporations, and the
15 debtors of one or more affiliated corporations, proprietors
16 or partnerships if the business of the policyholder and of
17 such affiliated corporations, proprietors or partnerships
18 is under common control through stock ownership, con-
19 tract or otherwise. No debtor shall be eligible unless the
20 contract of indebtedness constitutes an obligation to re-
21 pay which is binding upon him during his lifetime, at and
22 from the date the insurance becomes effective upon his
23 life.

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

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

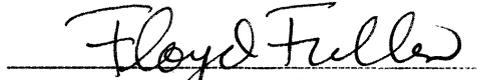
49 (d) The amount of insurance on the life of any debtor
50 shall at no time exceed the amount owed by him which is
51 repayable in installments to the creditor. Where the
52 indebtedness is repayable in one sum to the creditor, the

53 insurance on the life of any debtor shall in no instance be
54 in effect for a period in excess of eighteen months except
55 that such insurance may be continued for an additional
56 period not exceeding six months in the case of default,
57 extension or recasting of the loan.

58 (e) The insurance shall be payable to the policyholder.
59 Such payment shall reduce or extinguish the unpaid
60 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.

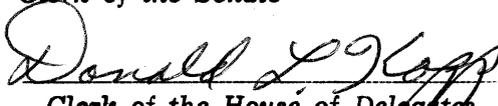

Chairman Senate Committee

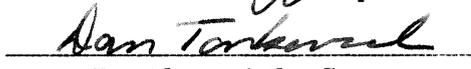

Chairman House Committee

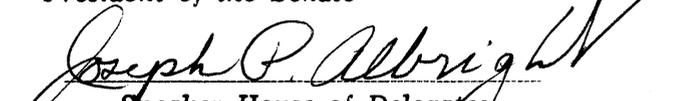
Originated in the Senate.

In effect ninety days from passage.

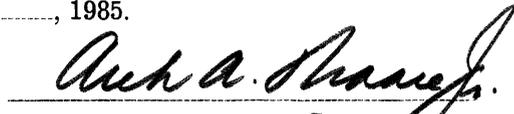

Clerk of the Senate


Clerk of the House of Delegates


President of the Senate


Speaker House of Delegates

The within approved this the 2nd
day of April, 1985.


Governor

PRESENTED TO THE

GOVERNOR

Date 3/27/85

Time 5:00 p.m.

RECEIVED

1985 APR -2 PM 3:01

OFFICE OF WEST VIRGINIA
SECRETARY OF STATE