ENROLLED
Committee Substitute for
SENATE BILL NO. 118

(By Mr. [Signature])

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

2 (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, con-
tract or otherwise. No debtor shall be eligible unless the
contract of indebtedness constitutes an obligation to re-
pay 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 reason-
ably 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 ex-
clude 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. 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.

(e) 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.

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