

**Vermont Department of Banking, Insurance, Securities & Health Care
Administration**

**INSURANCE BULLETIN 98: Sale of Credit Unemployment Insurance through
Banks Illegal**

June 27, 1990

The sale of credit unemployment insurance through lending institutions is prohibited by Vermont law. The Vermont Insurance Code states that no lending institution may directly sell, negotiate, or service insurance in this state, except credit or mortgage life insurance, credit or mortgage accident and health insurance, and group accidental death and dismemberment coverage. . . Title 8 V.S.A. 4811.

It has come to the Department's attention that insurance companies are selling credit unemployment insurance through credit cards issued by banks located outside Vermont which solicit Vermont residents by direct mail. 4811 prohibits this activity. All companies who are selling credit unemployment insurance in Vermont are required to immediately terminate this practice. In addition, such companies are required to write to Mr. Thomas Van Cooper, Director of Insurance Regulation, Vermont Department of Banking and Insurance, 120 State Street, Montpelier, Vermont 05602, within fifteen working days submitting a plan to discontinue marketing this product in Vermont. This plan should also provide for payment of claims of Vermont residents and for adequate notice of termination of these insurance policies.

The Department will continue to actively monitor compliance with 4811. Continuing violations will be subject to administrative proceedings which could result in substantial fines and/or suspension or revocation of the certificate of authority for the companies involved.

Jeffrey P. Johnson

COMMISSIONER OF BANKING AND INSURANCE