

## Press Releases

---

August 21, 2000

### OTS 00-70 - Agencies Propose consumer Protection Rules for Insurance

#### Office of Thrift Supervision

FOR RELEASE at 3:00 P.M. EDT

For further information

Monday, August 21, 2000

Contact: Paul Lockwood

OTS 00-70

202/906-6693

---

the Currency  
Federal Reserve System  
Joint Release

Office of the Comptroller of  
Board of Governors of the  
Federal Deposit Insurance Corporation  
Office of Thrift Supervision

---

### Agencies Propose Consumer Protection Rules for Insurance

The Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation and the Office of Thrift Supervision jointly announced today proposed consumer protection rules for the sale of insurance products by depository institutions. The proposed rule published in today's Federal Register implements section 305 of the recently enacted Gramm-Leach-Bliley Act.

Comments are due October 5.

The Act directs the agencies to publish rules that apply to retail sales practices, solicitations, advertising or offers of insurance.

The proposed rule applies to any depository institution or any person selling, soliciting, advertising, or offering insurance products or annuities to a consumer at an office of the institution or on behalf of the institution. The following disclosures would be required:

1. The insurance product or annuity is not a deposit or other obligation of, or guaranteed by, the depository institution or (if applicable) its affiliate;

2. The insurance product or annuity is not insured by the Federal Deposit Insurance Corporation or any other agency of the United States, the depository institution or (if applicable) its affiliate;
3. In the case of an insurance product or annuity that involves an investment risk, there is investment risk associated with the product, including the possible loss of value; and
4. The depository institution may not condition an extension of credit on the consumer's purchase of an insurance product or annuity from the depository institution or from any of its affiliates, or on the consumer's agreement not to obtain, or a prohibition on the consumer from obtaining, an insurance product or annuity from an unaffiliated entity.

These disclosures must be made orally and in writing before the completion of the sale of an insurance product or annuity. The disclosures may be made electronically if the consumer affirmatively consents provided the consumer can retain or later obtain the disclosures by printing or storing them electronically, such as by downloading. The rule also requires written acknowledgement from the consumer that disclosures were received. Disclosures made electronically can be acknowledged electronically or in paper form by the consumer. The location of insurance sales and payment of referral fees is also addressed in the proposed rule. To the extent practicable, a depository institution must keep insurance and annuity sales activities physically segregated from the areas where retail deposits are routinely accepted from the general public. In addition, bank employees may refer a consumer who seeks to purchase an insurance product or annuity to a qualified salesperson. The referral fee may be no more than a one-time, nominal fee that does not depend on whether the referral results in a transaction.

Persons who sell insurance products or annuities must be qualified and licensed under applicable state insurance licensing standards under the proposed rule.

**Media Contacts:**

**Federal Reserve:** Rose Pi analogo (202) 452-2955

**OCC:** Dean DeBuck (202) 874-4876

**FDIC:** David Barr (202) 898-6992

**OTS:** Paul Lockwood (202) 906-6693

Joint Notice of Proposed Rule - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2000-70a.pdf>

###

The Office of Thrift Supervision (OTS), an office of the U.S. Treasury, regulates and supervises the nation's thrift industry. OTS's mission is to ensure the safety and soundness of thrift institutions and to support their role as home mortgage lenders and providers of other community credit and financial services. For copies of news releases or other documents visit the OTS web page at [www.ots.treas.gov](http://www.ots.treas.gov).