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**MINNESOTA LIFE**

*A Minnesota Mutual Company*

October 5, 2000

Ms. Jennifer J. Johnson  
Secretary  
Board of Governors of the  
Federal Reserve System  
20th and C Streets, NW  
Washington, DC 20551  
Docket No. R-1079

Communications Division  
Office of the Comptroller  
of the Currency  
250 E Street, SW  
Washington, DC 20219  
Docket No. 00-16

Robert E. Feldman  
Executive Secretary  
Attention: Comments/OES  
Federal Deposit Insurance Corporation  
550 17th Street, NW  
Washington, DC 20429

Manager, Dissemination Branch  
Information Management &  
Services Division  
Office of Thrift Supervision  
1700 G Street NW  
Washington, DC 20552  
Attention: Docket No. 2000-68

**Sent Via Facsimile**

Re: Proposed Rules Concerning "Consumer Protections for Depository Institution Sales of Insurance"

Dear Sirs and Madams:

Minnesota Life Insurance Company is domiciled in Minnesota and is authorized to write insurance in 49 states and the District of Columbia. The company provides more than \$209.1 billion of life insurance protection and manages more than \$20.6 billion in assets. Through our Financial Services Division, we market a variety of optional credit related insurance products through banks and other financial institutions. We are the nation's leading underwriter of group mortgage life insurance. The purpose of this letter is to address a concern that we have with § \_\_.50 of the above referenced proposed rules.

§ \_\_\_\_\_.50 requires depository institutions, to the extent practicable, to keep the area where the institution conducts transactions involving insurance products or annuities physically segregated from areas where retail deposits are routinely accepted from the public. Institutions are also required to identify the areas where insurance product or annuity sales activities occur, and

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clearly delineate and distinguish those areas from the areas where the institution's retail deposit-taking activities occur. We are concerned about the impact of this provision on insurance transactions that have historically been considered to be closely related to banking, namely, the sale of insurance that is directly related to an extension of credit and that is limited to ensuring the repayment of the outstanding balance due on the extension of credit in the event of the death, disability, or involuntary unemployment of the debtor. See 12 C.F.R. § 225.28 (b) (11).

It is our belief that the physical separation requirements were not intended to apply to insurance transactions involving products that have historically been considered to be closely related to banking. However, the current wording of this provision does not make that clear. This ambiguity is troubling because in some institutions, the circumstances are such that deposits and loan applications are taken at the same location. Imposing physical separation requirements on insurance transactions involving an extension of credit by the institution would be disruptive to the loan process. To eliminate this ambiguity we recommend that § \_\_\_\_.50 be revised by adding language such as the following,

**" This provision does not apply to insurance (including credit and mortgage insurance) sales that are directly related to an extension of credit by the bank."**

Thank you very much for your consideration of these comments.

Sincerely,



Alfreda B. Baldwin  
Counsel  
Law Department

/abb