

RUSSELL W. SCHRADER
Senior Vice President and
Assistant General Counsel



October 3, 2000

By Electronic Delivery

Office of the Comptroller of the Currency
Communications Division
250 E Street, S.W.
Third Floor
Washington, D.C. 20219
Attention: Docket No. 00-16

Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429
Attention: Comments/OES

Ms. Jennifer J. Johnson
Secretary
Board of Governors of the
Federal Reserve System
20th and C Streets, N.W.
Washington, D.C. 20551
Attention: Docket No. R-1079

Manager, Dissemination Branch
Information Management and
Services Division
Office of Thrift Supervision
1700 G Street, N.W.
Washington, D.C. 20552
Attention: Docket No. 2000-68

Re: Proposed Consumer Protections for Depository Institution Sales of
Insurance

Dear Sir or Madam:

This comment letter is submitted on behalf of Visa U.S.A. Inc. ("Visa") in response to the proposed rules issued by the Federal Reserve Board, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation and the Office of Thrift Supervision (collectively, the "Agencies") to provide consumer protections for depository institution sales of insurance pursuant to section 305 of the Gramm-Leach-Bliley Act ("Insurance Proposal"). We appreciate the opportunity to comment on this important matter. In doing so, Visa will focus its comments on credit insurance offered in connection with credit card accounts.

VISA U.S.A. INC.
Post Office Box 8999
San Francisco, CA 94128-8999
U.S.A.

Phone 650 432 3111
Fax 650 432 2145

The Visa Payment System, of which Visa U.S.A. is a part, is the largest consumer payment system in the United States and in the world, with more volume than all other major payment cards combined. Visa is part of a worldwide association of over 21,000 financial institution members that individually offer Visa-brand payment services. In fact, Visa now has over one billion cards circulating worldwide. These Visa-branded cards are held by consumers around the globe, and generate over \$1.6 trillion in annual volume worldwide and over \$700 billion per year in the U.S. At peak volume, Visa's system processes nearly 4,000 card-related transactions per second. In 1999, the Visa network processed more than 11 billion card transactions worldwide.

APPLYING INSURANCE SALES REGULATIONS TO CREDIT INSURANCE WOULD CREATE DUPLICATIVE AND CONFUSING DISCLOSURES

Visa does not object to providing important disclosures for insurance offered in connection with credit card accounts. We believe, however, that the disclosures already required by Regulation Z, which implements the Truth in Lending Act, provide adequate consumer protections. In fact, we believe that the disclosures currently required under Regulation Z actually provide more consumer protections than the Insurance Proposal. For voluntary credit insurance, Regulation Z generally requires institutions to include the premiums for that credit insurance in the finance charge disclosure, which is a figure typically used by consumers to determine the overall cost of credit, to satisfy the disclosure and acceptance requirements of Regulation Z. Specifically, Regulation Z requires a creditor to: 1) disclose in writing that the insurance coverage is not required by the creditor; 2) disclose the amount of the premium for the initial term; and 3) obtain a request for the insurance containing the consumer's signature or initials. For mandatory credit insurance, in addition to the above requirements, institutions also must disclose to the consumer that the insurance coverage may be obtained from a person of the consumer's choice.

Accordingly, in order to avoid redundant disclosure requirements relating to credit insurance offered in connection with credit card accounts, Visa strongly recommends that credit insurance be exempted from the final rule resulting from the Insurance Proposal. Unlike annuities or other innovative insurance products, there is virtually no chance a consumer would construe credit insurance as an investment subject to increases or decreases in value. Merely making such statements would confuse consumers that have already been provided with significant, straight-forward disclosures.

In addition to our overall comments on the Insurance Proposal set forth above, Visa provides specific comments on the definition of covered persons. We believe that the definition of covered persons is over inclusive. Under the Insurance Proposal, a financial institution would be deemed to be engaged in insurance activities merely because the institution received referral fees or other compensation in connection with the sale of insurance, or merely because the institution's name appears on the insurance documents. Visa recommends that the definition be modified to only cover institutions that directly offer insurance products, and that it not cover institutions simply because they receive some compensation from the arrangement or because they permit their

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name to be used in connection with an insurance product offering. Furthermore, we recommend that, for the purpose of consistency, the proposed rule include a provision, similar to the provision contained in Regulation Z that defers to state law in determining whether a product is in fact insurance.

Again, we appreciate the opportunity to comment on this important subject. If we can assist you further, or if you have any questions regarding the above, please feel free to call me at 650.432.3111.

Sincerely,

Russell W. Schrader