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**FIDELITY INSURANCE**  
**Agency of Glendale**  
A subsidiary of Fidelity Federal Bank, FSB

October 4, 2000

Manager, Dissemination Branch  
Records Management and Information Policy Division  
Office of Thrift Supervision  
1700 G Street, N.W.  
Washington, D.C. 20552

2000 OCT -5 P 2:49  
DISSEMINATION BRANCH  
OFFICE OF THRIFT SUPERVISION  
RECORDS MANAGEMENT AND INFORMATION POLICY DIVISION

Re: Transmittal TR-234

VIA FACSIMILE

Ladies and Gentlemen:

Fidelity Insurance Agency of Glendale ("FIAG") is pleased to submit these comments in connection with the proposed rule setting forth consumer protections for depository institution sales of insurance. FIAG is a service corporation subsidiary of Fidelity Federal Bank, a federal savings bank ("FFB"). Through FIAG and an affiliated broker-dealer, Gateway Investment Services, Inc., FFB has been providing insurance and alternative investment products to its customers for over a decade.

Section 536.10 - Purpose and scope

Although Footnote 4 of the Section-by-Section Analysis states that the proposed rules are not intended to have any effect on whether annuities are considered to be insurance products under the Gramm-Leach-Bliley Act or otherwise, we believe that the proposed rules should not apply to annuities. This position is consistent with the treatment of annuities at the federal level as nondeposit investment products (as opposed to insurance) since February 15, 1994, when federal bank regulators issued the Interagency Statement on Retail Sales of Nondeposit Investment Products (the "Interagency Statement"). We feel that the proposed regulations should similarly conform to the Interagency Statement and not be made applicable to annuities.

Section 536.50 - Where insurance activities may take place

The physical setting for insurance sales versus retail deposit taking is only one factor among several relating to the desire to mitigate potential customer confusion. We believe that it is one of the less important factors, since all sales of insurance products in this context will occur somewhere within a banking office.

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The Interagency Statement addresses this issue by recognizing situations where physical considerations may prevent non-deposit product sales from being conducted in a distinct area. In those situations, the Interagency Statement requires "heightened responsibility" to ensure that appropriate measures are in place to minimize confusion, such as employing increased levels of visual, written and oral disclosure.

Since the proposed rules do not provide the same level of detail as that contained in the Interagency Statement on this topic, uncertainty may result. Thus, we recommend that the "area where retail deposits are routinely accepted" be further defined as the teller window area or at least specifically exclude the platform area, as many bank branches have only these two areas in which employees may work.

FIAG appreciates your consideration of these comments. If you have any questions about the topics discussed herein, please feel free to call me at (818) 549-3241.

Sincerely yours,

  
John Bettfreund  
President