National City®
Insurance Group, Inc.

National City Insurance Group, Inc.
629 Euclid Avenue
9th Floor, Locator 01-3920
Cleveland, OH 44114
Fax (216) 222-0044

Via Federal Express

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October 3, 2000

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

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

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

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

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Dear Sir or Madam:

This letter is written on behalf of National City Insurance Group, Inc., a licensed insurance agency. National City Insurance Group, Inc. is a wholly-owned subsidiary of National City Bank of Michigan/Illinois, a national banking association with its main office in Bannockburn, Illinois. National City Bank of Michigan/Illinois is a wholly-owned subsidiary of National City Corporation. National City Corporation is a financial holding company headquartered in Cleveland, Ohio which provides banking and financial services principally through its banks in Ohio, Michigan, Pennsylvania, Kentucky, Indiana and Illinois.

We wish to provide comments to the proposed consumer protection regulations applicable to insurance sales by depository institutions and other person published in the August 21, 2000 issue of the Federal Register by 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 (collectively, the "Agencies"). These regulations have been proposed pursuant to Section 305 of the Gramm-Leach-Bliley Act (the "Act").

We appreciate the opportunity to comment on these proposed regulations, which comments are as follows:

EFFECTIVE DATE

Section 305 of the Act directs the Agencies to issue final consumer protection regulations by November 12, 2000. The proposed regulations have a comment deadline of October 5, 2000 which means that the final regulations will most likely not be issued until late October or early November 2000. Because the proposed regulations require depository institutions and other persons to modify existing disclosure forms, implement system changes and train personnel, which will take longer than November 12, 2000 to effectuate, we urge the Agencies to delay enforcement of the final regulations for one year, until November 12, 2001, in order to provide depository institutions and other persons adequate time to comply with the regulations.

DEFINITIONS

Covered Person

The proposed regulations should be modified to narrow the scope of the parties to be covered by the regulations. Specifically, the definition of a person selling, soliciting, advertising or offering insurance products "on behalf of" a depository institution is too broad. It should be limited to persons who represent that they are offering insurance on behalf of a depository institution or who offer insurance from an office of a depository institution.

Situations in which a depository institution receives fees from the sale of an insurance product as a result of cross marketing or referrals and situations where an affiliate of a depository institution who sells insurance happens to have the same corporate logo as a depository institution should not be covered by the regulations. A stand-alone insurance agency which is a subsidiary or affiliate of a depository institution located in facilities which are separate from any depository institution branch or other location should not be subject to the disclosure requirements of the proposed regulations inasmuch as the chance of customer confusion is minimal.

Insurance

We believe that while it would be very difficult to craft a single definition of insurance in the proposed regulations, the Agencies should nonetheless clarify that certain products are NOT insurance for purposes of the regulations. The most obvious products which should not be regarded as insurance are credit-related insurance products which include credit life, health, accident, disability and unemployment insurance.

Credit-related insurance has long been distinguished from other forms of insurance. National banks derive their power to offer credit-related insurance from 12 U.S.C. 24(Seventh) on the basis that such activities are incidental to the business of banking. Significantly, neither the Interagency Statement on Retail Sales of Non-Deposit Investment Products nor OCC Advisory Letter 96-8 make their disclosure requirements applicable to the sale of credit insurance. Further, credit insurance sales are already subject to adequate consumer safeguards such as the anti-tying provisions of Section 106(b) of the Bank Holding Company Act Amendments and Regulation Z.

DISCLOSURES

What A Covered Person Must Disclose

The proposed regulations appear to require in all insurance sales that a covered person provide the "anti-tying" disclosure contained in Section ____.40 (a)(4). This anti-tying disclosure should only be required when a covered person solicits insurance in connection with an application for an extension of credit. The anti-tying disclosure has little meaning in those situations where insurance is sold outside the loan context where there is little chance for a customer to believe that there is any connection between the insurance sale and some unrelated or even nonexistent loan transaction.

Timing of Disclosures

Many insurance agencies affiliated with depository institutions offer insurance through means of direct marketing, such as direct mail, "outbound" telemarketing, and "inbound" telephone call centers. We believe that the timing of the disclosures required in Section ____.40(b) should be modified to better accommodate telephone and direct mail sales activities. Obviously, oral disclosures cannot be provided to a customer when an insurance product is sold through the mail and thus the requirement for oral disclosures should be eliminated in this context.

While oral disclosures are possible for telephone sales, an obvious problem arises with respect to the requirement that written disclosures be provided. We recommend that the Agencies waive the requirement for a written disclosure in the case of telephone

sales or, alternatively, allow that the written disclosures be mailed to the customer within three business days after the sale.

Further, the requirement in Section ____.40(b) that the written anti-tying disclosures be mailed to the consumer within three days in the event of loans made over the telephone should be modified to refer to business days instead of calendar days. This three-day mailing requirement should also be clarified to make clear that it starts on the business day following the transaction.

"Short-Form" Disclosures

The proposed regulations provide for a form of shortened disclosures in Section ____.40(b)(3). The proposed regulations merely state that these shortened disclosures may be provided "as appropriate." The Agencies should clarify as to when the shortened disclosures may be provided. We believe that the short form of disclosures are appropriate in all forms of audio and visual advertisements and solicitations, such as direct mail, telemarketing, web-site pages, etc. Further, the proposed regulations fail to provide a recommended form of "anti-tying" disclosure. The anti-tying disclosure should be able to be provided in a shortened version as well, such as "not a condition to any loan."

Consumer Acknowledgment

Section ____.40(b)(5) of the proposed regulations requires a covered person to obtain a written acknowledgment from a consumer at the time the consumer receives the disclosures required by Section _____.40(a). It is impractical to comply with this requirement in the case of telephone sales or sales conducted through the mail. We recommend that the Agencies waive the written acknowledgment in the case of telephone and mail solicitations or, alternatively, allow the acknowledgment to be mailed to the customer and returned after the completion of the sale.

LOCATION AND REFERRAL FEES

Section ____.50(a) states that the area where insurance sales are conducted must be physically segregated from areas where retail deposits are routinely accepted from the general public. We urge the Agencies to clarify that this provision is intended only to separate insurance sales activities from the traditional teller line. This prohibition should not apply to what are commonly known as "platform" programs pursuant to which bank branch employees, who are not tellers, engage in a variety of activities which include the origination of loans, the sale of insurance or annuities and, sometimes, the acceptance of deposits. We believe that such an interpretation is in line with the Act's reference to "routine."

Section ____.50(b) places certain limitations on the payment of referral fees to bank employees who make insurance referrals. We urge the Agencies to make clear that this provision applies only to tellers, who are the only persons who accept deposits from the public in an area where such transactions are routinely conducted. The Agencies should make clear that these limitations do not apply to other bank employees who do not engage in the routine acceptance of deposits.

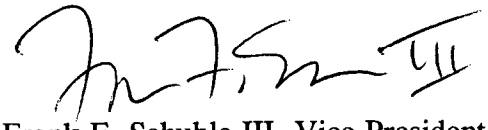
Preemption

Section 305 of the Act has a complex preemption provision which states that the federal regulations will not preempt state laws that are "inconsistent with or contrary to" the federal regulations unless the federal regulations provide greater consumer protection. Insurance agencies affiliated with depository institutions that have multi-state insurance operations are confronted with the nearly impossible task of preparing appropriate disclosure language in their solicitation materials and consumer acknowledgments that comply with both federal and state law.

It is impractical for there to be 51 different versions of these materials that contain the exact wording of each state and federal disclosure requirement. It would be very helpful if the Agencies could, in the final regulations or in the commentary thereto, clarify that state laws which require the same or similar kinds of disclosures as the new federal rules but use different verbiage are preempted by the federal rules.

We appreciate the opportunity to make these comments and hope that they will be considered in drafting the final regulations.

Very truly yours,



Frank F. Schuhle III, Vice President
National City Insurance Group, Inc.
629 Euclid Avenue
Cleveland, Ohio 44114
216-575-2425

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