

MEMORANDUM

TO: Public File

FROM: Richard Bennett, Counsel (Banking & Finance)

DATE: October 16, 2000

RE: Consumer Protections for Depository Institution Sales of Insurance;
Proposed Rule – Docket No. 2000-68
Summary of Interagency Meeting with NAIC representatives

On October 16, 2000, the following persons met at the headquarters of the Office of the Comptroller of the Currency to discuss the above-referenced proposed rule:

- National Association of Insurance Commissioners (NAIC) – Jack Chesson, Eric Nordman, John Fielding, Nat Shapo (Illinois Department of Insurance), Cynthia Stephenson (Illinois Department of Insurance)
- OTS – Robyn Dennis, Mary Jane Cleary, Linda Duzick, Brian Messett, Sally Watts, Richard Bennett
- OCC – Stuart Feldstein, Michele Meyer
- FRB – Richard Ashton, David Stein, Asa Chamberlayne, Stephanie Boccio
- FDIC – Michael Phillips

The following is a summary of the main points discussed at the meeting:

- The NAIC discussed the comments contained in its October 5, 2000 comment letter:
 - The NAIC urged that the final rule explicitly refer to state consumer protection statutes on insurance. The federal banking agencies discussed possibly inserting preamble language on this point.
 - The NAIC urged that the final rule clarify the consumer grievance procedures. The federal banking agencies discussed possibly providing supplemental guidance after the rule is issued. OTS provided a copy of its current consumer complaint procedures published on its web site.
 - The NAIC urged that the final rule protect consumers when insurance is offered in connection with lending, possibly through the segregation provisions. The federal banking agencies discussed the application of the antitying and anticoercion provision but possible statutory limits on applying the segregation provisions to lending.

- The NAIC suggested that the final rule require, for all insurance products, that the disclosure be given the product is “Not FDIC-Insured.” The NAIC advised that consumers start with the assumption that everything in the bank is FDIC insured.
- The NAIC emphasized with respect to federal preemption that many state laws supplement, but do not conflict with, the federal consumer protection requirements. The NAIC encouraged the federal banking agencies to consult directly with states and notify the NAIC prior to making preemption determinations. The federal banking agencies discussed the burden that would be involved in comparing every state’s insurance consumer protection laws to the federal requirements. There was some discussion of whether a state law would be effective during the three-year period after a Federal notice of preemption, but no participant was ready to state a firm position on the issue.
- The NAIC discussed the role of market conduct examinations in identifying abuses of consumers.