

October 5, 2000

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

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Dear Sir/Madam:

The National Association of Insurance Commissioners (NAIC) through its Consumer Protection Working Group wishes to comment on **Docket No. 2000-68**, proposed consumer protection rules. The Office of Thrift Supervision (OTS) is required by Section 305 of the Gramm-Leach-Bliley Act (GLBA) to publish consumer protection regulations that apply to retail sales practices, solicitations, advertising, or offers of any insurance product by a depository institution or any such person that is engaged in such activities at an office of the institution or on behalf of the institution.

The NAIC's Consumer Protection Working Group is an assembly of state insurance regulatory officials that have been designated to monitor the consumer protection aspects of the GLBA. These comments are offered in the spirit of the GLBA that establishes functional regulation of the various financial services sectors, reserving the regulation of insurance activities to the states.

The interaction of the Section 305 consumer protections and the preservation of state authority to regulate the business of insurance, particularly those specified in Section 104 (d)(2)(B), make it imperative that state insurance regulators and federal regulators of depository institutions work together to assure that consumers are adequately protected. This should include execution of information sharing agreements so that state insurance regulators are aware of actions taken by federal regulators and so that federal regulators are aware of actions taken by state insurance regulators. We look forward to working with you to establish the framework for efficient information sharing.

We also offer the following specific comments on the proposed rules:

- We suggest adding the following sentences to § 536.10: "The protections provided are intended to address the particular concerns which may arise from the conduct of insurance activities by or in close proximity to a savings association. We note that generally Section 301 preserves the functional regulation of insurance by the States." The purpose of the additional text is

to avoid any implication that these are the exclusive consumer protection measures, or that these measures would preempt state consumer protections unrelated to the issues involved in insurance activities within a savings association.

- We suggest that the Appendix to Part 536 be amended to provide basic information about internal procedures that the OTS will use to address consumer grievances. At a minimum, we suggest including response times so that a consumer and a savings association will know when to expect action from the OTS.
- Although § 536.50 is consistent with the provisions of the GLBA, we note that if there is coercion or intimidation of a consumer with regard to the sale of an insurance product, it will likely occur in lending areas rather than in areas where retail deposits are routinely accepted.

These comments are respectfully submitted on behalf of the NAIC's Consumer Protection Working Group. We are anxious to meet with you again to discuss consumer protection measures and to plan for information sharing.

Sincerely,

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Director, Illinois Department of Insurance
Chair, NAIC Consumer Protection Working Group

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