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December 9, 2004

Via Email:

Ms. Ana Smith-Daley
Deputy Commissioner, Life/Health Division
Life, Health & Licensing Program

RE: Credit Life and Credit Accident & Health Insurance Rates Making

Dear Ms. Ana Smith-Daley:

The Independent Bankers Association (“IBAT”) is a trade association representing approximately 600 independent community banks domiciled in Texas. As noted in prior comment letters on this subject, many of our members are agents selling credit life and credit accident & health insurance in the State of Texas. As a trade association, we have surveyed members from time to time with regard to credit insurance issues and have assured through our training and newsletters that members are aware of compliance issues.

Although we have no specific current data, and under the anti-trust laws cannot collect individual data from identified banks, we have obtained anonymous data in the past and remain familiar with the activities of our member banks as it relates to the sale of insurance.

The purpose of this letter is to share with you our concerns that as bank agents, banks incur certain costs with regard to that activity. Furthermore, banks offer this product not only in order to generate revenue for the bank, but also in many communities they offer this as a service to their customers who may have no other insurance product providing protection to their family in the event of a disaster that could affect them economically.

Based on our experience and information, banks incur the following costs in managing their credit insurance business:

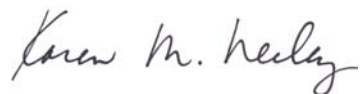
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- Personnel time in taking applications, explaining policies and assuring that documents are completed correctly for Truth-In-Lending as well as Gramm-Leach-Bliley and state law disclosure.
- Data processing entry.
- Per loan costs to data processors if the institution uses outside processors.
- Postage and supplies relating to transmitting certain documents including certification to carriers and policy delivery to customers as appropriate.
- Compliance costs including licensing of the institution as a special agent, training of employees on an ongoing basis, and training with regard to Compliance including Gramm-Leach-Bliley Act.

In reviewing community bank activities with American National Insurance Company, a carrier that is commonly used by many of our institutions, we have learned that approximately 45% of community banks credit insurance premiums are under \$10.00. Again, we strongly recommend a minimum premium of \$10.00.

Thank you for this opportunity to comment.

Sincerely,



Karen M. Neeley
General Counsel

/dac