

---

*Joint Release*

**Office of the Comptroller of the Currency  
Board of Governors of the Federal Reserve System  
Federal Deposit Insurance Corporation  
Office of Thrift Supervision**

---

FOR IMMEDIATE RELEASE

December 4, 2000

AGENCIES ADOPT CONSUMER PROTECTION RULES FOR INSURANCE

The federal bank and thrift regulatory agencies today announced final consumer protection rules for the sale of insurance products by depository institutions. The final rule published in today's *Federal Register* implements section 305 of the Gramm-Leach-Bliley Act. As required by the statute, the agencies consulted with the National Association of Insurance Commissioners (NAIC).

The rule is effective on April 1, 2001.

The Act directs the agencies to publish rules that apply to retail sales practices, solicitations, advertising or offers of insurance.

The final rule applies to any depository institution or any person selling, soliciting, advertising, or offering insurance products or annuities to a consumer at an office of the institution or on behalf of the institution. The following disclosures are required, except to the extent the disclosure would not be accurate:

- (1) The insurance product or annuity is not a deposit or other obligation of, or guaranteed by, the depository institution or its affiliate;
- (2) The insurance product or annuity is not insured by the Federal Deposit Insurance Corporation or any other agency of the United States, the depository institution or its affiliate;
- (3) In the case of an insurance product or annuity that involves an investment risk, there is investment risk associated with the product, including the possible loss of value; and
- (4) The depository institution may not condition an extension of credit on the consumer's purchase of an insurance product or annuity from the depository institution or from any of its affiliates, or on the consumer's agreement not to obtain, or a prohibition on the consumer from obtaining, an insurance product or annuity from an unaffiliated entity.

These disclosures must be made orally and in writing before the completion of the sale of an insurance product or annuity or, in the case of paragraph (4) above, at the time the consumer applies for an extension of credit. The disclosures may be made electronically if the consumer affirmatively consents provided the consumer can retain or later obtain the disclosures by

-more-

printing or storing them electronically, such as by downloading. The rule also requires written acknowledgement from the consumer that disclosures were received. Disclosures made electronically can be acknowledged electronically or in paper form by the consumer. The final rule makes additional adjustments for transactions by mail and by telephone.

The location of insurance sales and payment of referral fees is also addressed in the final rule. To the extent practicable, a depository institution must keep insurance and annuity sales activities physically segregated from the areas where retail deposits are routinely accepted from the general public. In addition, bank employees may refer a consumer who seeks to purchase an insurance product or annuity to a qualified salesperson. The referral fee may be no more than a one-time, nominal fee that does not depend on whether the referral results in a transaction.

Persons who sell insurance products or annuities must be qualified and licensed under applicable state insurance licensing standards.

###

Media Contacts:

Federal Reserve: Rose Pianalto (202) 452-2955

FDIC: Rosemary George (202) 898-6530

OCC: Kevin Mukri (202) 874-5770

OTS: William Fulwider (202) 906-6913