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OCC Issues Final Advisory Letter  
on Insurance and Annuity Sales by National Banks

WASHINGTON, DC -- The Office of the Comptroller of the Currency (OCC) today issued a final advisory letter to national banks on sales of insurance and annuities.

"The advisory letter provides guidance to national banks to ensure that they conduct insurance and annuities sales in a safe and sound manner that protects the interests of their customers," said Comptroller of the Currency Eugene A. Ludwig. "In addition, we plan to coordinate our supervisory activities with state insurance authorities, particularly in the area of consumer complaints."

The advisory letter applies to sales of all types of insurance and annuities by bank employees, bank subsidiary and affiliate employees, and third parties operating from bank premises. It highlights issues that banks should consider, including evaluating and selecting the products they sell, ensuring the qualifications and training of salespersons, avoiding inappropriate recommendations or sales, monitoring customer complaints and resolving compliance issues, ensuring accurate advertising, addressing customer privacy concerns, clearly articulating third party arrangements, and ensuring that employee compensation does not lead to sales driven by commissions.

The advisory also addresses issues that arise particularly in connection with insurance sales by banks, such as the sale of insurance when a loan application is pending and the setting and circumstances of bank insurance sales. The advisory emphasizes the need to ensure that customers are not confused about the nature of the insurance product offered and understand that they are not required to obtain insurance from the bank.

The advisory letter also includes a review of federal prohibitions on tying and a discussion of applicable state law. The OCC will work cooperatively with state insurance regulators and recognize their role in administering and overseeing compliance with applicable state laws. In particular, national banks will be subject to non-discriminatory state licensing requirements, provided those requirements meet the Barnett test -- i.e., the state law does not prevent or interfere to any significant extent with national banks' authorities.

The OCC also plans to work with the National Association of Insurance Commissioners and individual states to establish a smooth and effective system for sharing consumer complaint information with state authorities. This joint approach will contribute to coordination with state authorities on consumer complaints, which are a key aspect of regulating insurance activity in the interest of consumers.

For a copy of [OCC Advisory Letter 96-8 -- Guidance to National](#)

**Banks on Insurance and Annuity Sales Activities:** write to Comptroller of the Currency, Communications Division, Washington, DC 20219; or fax your request to (202) 874-4448; or go to the OCC's web page at <http://www.occ.treas.gov>; or call (202) 874-5043 to order by phone; or visit the OCC's Public Reference Room at 250 E Street, S.W. in Washington, D.C. (9 a.m. - noon and 1-3 p.m., Monday-Friday).

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The OCC charters, regulates and supervises approximately 2,800 national banks and 66 federal branches and agencies of foreign banks in the U.S., accounting for more than half the nation's banking assets. Its mission is to ensure a safe, sound and competitive national banking system that supports the citizens, communities and economy of the United States.