



Independent Insurance Agents



Brokers of America, Inc.



December 11, 2002

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James F. Sloan
Director
FinCEN
P.O. Box 39
Vienna, VA 22183

ATTN: Section 352 – Insurance Company Regulations

Dear Director Sloan:

On behalf of the Independent Insurance Agents and Brokers of America (IIABA) (formerly IIAA), and the National Association of Professional Insurance Agents (PIA) (collectively, “Insurance Agents”), we submit these comments relating to the Financial Crimes Enforcement Networks' (FinCEN) Notice of Proposed Rulemaking regarding a requirement that insurance companies report suspicious transactions. IIABA and PIA are non-profit trade associations that together represent over one million insurance agents and brokers and their employees throughout the United States. Their members are agencies and brokerages that work at all levels of the insurance market and sell a full range of insurance products.

These comments express our support for FinCEN's decision to distinguish between insurance products that store value and other insurance products.

The Notice of Proposed Rulemaking Properly Distinguishes Between Different Insurance Products

The definition of insurance company in the Notice of Proposed Rulemaking includes companies whose business is to issue, underwrite or reinsure life insurance, issue annuities, or issue, underwrite or reinsure any insurance product that can be used to store value and transfer that value to another person. This means that companies that offer property, casualty, health, and group insurance products are exempt from the proposed rule unless they offer products that store value. This distinction is legitimate and provides relief from the administrative and regulatory burdens of reporting and maintaining documents regarding suspicious transactions for the segments of the insurance industry that are at very low risk of money laundering.

Schemes to launder money through insurance products that do not store value typically require some type of fraudulent claim – a false claim of property damage or theft, or some other type of liability. There are already voluminous legal and industry-imposed constraints on fraud. These constraints always have been and will continue to be implemented by, and in conjunction with, state and federal regulatory and law enforcement officials. Insurance companies have strong incentives to prevent fraud because it costs them money. These protections and incentives are also sufficient to guard against money laundering for these products. In fact, the Notice of Proposed Rulemaking creates an exception whereby fraudulent activity need not be reported even by life insurers.

Limiting the proposed rule to products that can be used to store value was an appropriate decision by FinCEN. We urge you to maintain that limitation in the final rule.

Thank you for your consideration.

Sincerely,

Pat Borowski
PIA National
Senior Vice President
Government Relations

Maria Berthoud
IIABA
Senior Vice President
Federal Government Affairs