

*Independent Insurance Agents**Brokers of America, Inc.*

November 25, 2002

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) proposed anti-money laundering compliance rule for insurance companies. 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 Proposed Rule Properly Distinguishes Between Different Insurance Products**

The definition of insurance company in the proposed rule 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 property, casualty, and health insurers 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 the proposed rule for the segments of the insurance industry that are at very low risk of money laundering.

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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. 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 and additional compliance programs would, at best, be duplicative of these efforts.

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  
Senior Vice President  
Government Relations

Maria Berthoud  
IIABA  
Senior Vice President  
Federal Government Affairs