CONSUMER CREDIT INSURANCE ASSOCIATION
542 South Dearborn Street -Suite 400 Chicago, Illinois 60605
Telephone (312)939-2242 FAX (312)939-8287
bburfeind@cciaonline.com

WILLIAM F. BURFEIND
EXECUTIVE VICE PRESIDENT

#39

Sent E-Mail: regcomments@fincen.treas.gov

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FinCen
U.S. Department of the Treasury
ATTN: Section 352 - Insurance Company Regulations
P.O. Box 39
Vienna, VA 22183

Re: Proposed 31 CFR Part 103 – Anti-Money Laundering Programs for Insurance Companies

Consumer Credit Insurance Association (CCIA) requests credit life insurance be exempted from the proposed rule.

CCIA is a national trade association of insurance companies underwriting consumer credit insurance sold in connection with loans and other credit transactions. Our member insurance companies account for more than 80% of national written premium for consumer credit insurance.

Consumer credit insurance is distributed through a lender (creditor) to a consumer (debtor) as an option the consumer can elect to purchase to assure repayment of the loan in the event of death, disability, or unemployment. Most of this insurance is marketed under the group policy concept where the lender is the master group policyholder and the debtors are issued certificates if they elect to participate. Some individual policies of coverage are sold but even in this instance it is the lender acting as the "agent" in the distribution chain. In either case the primary beneficiary is the lender, meaning that the policy benefits are paid to the lender to extinguish or reduce the indebtedness.

By definition the scope of the proposed rule is directed at life insurance policies, annuity contracts, or any insurance product with investment features similar to those of a life insurance policy or an annuity contract or which can be used to store value and transfer that value to another person. Credit life insurance appears to us to be the only credit insurance product that falls within this scope [Section 103.137(a)(2)(A)]. However, neither credit life or any of the other credit insurance products contain an investment feature or can be used to store and transfer value.

Credit life insurance is simple term life insurance with a death benefit equal to the consumer loan balance and payable to the lender to extinguish the debt. There is no investment feature. There is no stored value to be transferred. There is no opportunity to "allow a customer to place large amounts of funds into the financial system and seamlessly transfer such funds to disguise their true origin" as FinCEN states to be their most significant concern. But even if some such opportunity can be conceived, it would have to be effected the operations of the lender/creditor, a "financial institution" already subject to anti-money laundering program requirements.

(more)

Nevertheless, the proposed rule would require credit life insurance companies to develop and implement an anti-money laundering program wherein the minimum specified requirements impose a significant cost that is ultimately passed on to consumers.

Accordingly, CCIA recommends Section 103.137(a)(3) defining life insurance policy be amended by adding a sentence to read: *"Life insurance policy shall not include any credit life insurance policy."*

CCIA appreciates both the opportunity to comment and the serious nature of your initiative. Any questions you may have are most welcome. Trusting these comments will receive thoughtful consideration, I thank you.

Respectfully,

William F. Burfeind
Executive Vice President