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Christine E. Burke
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October 21, 2002

FinCEN
P.O. Box 39
Vienna, VA 22183
Attention: Section 352-Insurance Company Regulations

Re: Comments on Section 352-Insurance Company Regulations

Dear Sir or Madam:

The purpose of this letter is to submit comments regarding 31 CFR Part 103, which sets forth proposed rules regarding anti-money laundering programs for insurance companies. For the reasons that follow, we feel that workers' compensation insurance should be specifically excluded from the requirement to establish anti-money laundering programs under the final rules.

The proposed regulations define the term "insurance company" to include any person engaged within the U.S. as a business in (i) the issuing, underwriting, or reinsuring of life insurance policies; (ii) the issuing, granting, purchasing, or disposing of any annuity contracts; or (iii) the issuing, underwriting, or reinsuring of any insurance product with investment features similar to those of a life insurance policy or annuity contract, or which can be used to store value and transfer that value to another person. Any insurance company that falls within one of these three categories would be required to establish an anti-money laundering program under the proposed rules.

The U.S. Treasury's final rules on the implementation of the U.S.A. Patriot Act will exclude property/casualty insurers from establishing anti-money laundering programs as the property/casualty insurance business involves the collection of premiums for policyholders, but does not involve setting up deposits or investment accounts that could be used for money laundering. The proposed rules explicitly state that they "capture only those insurance products with investment features and insurance products possessing the ability to store value and to transfer that value to another person." Workers' compensation insurance does not fit within the parameters of this definition.

Workers' compensation insurance, like property/casualty insurance, does not involve investment aspects. As part of the process of settling claims, workers' compensation insurance companies might purchase an annuity to benefit an injured worker. The worker,

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however, does not invest in the annuity. Rather, the annuity is used to pay the workers' compensation insurance claim. As the business of workers' compensation insurance does not involve setting up deposits or investment accounts that could be easily used for money laundering by terrorists, we feel that the final rules should specifically exempt workers' compensation insurance from the requirements to establish anti-money laundering programs under the U.S.A. Patriot Act.

Thank you for your attention to the foregoing. Should you require any additional information, please do not hesitate the undersigned.

Very truly yours,

A handwritten signature in cursive script that reads "Christine E. Burke". The signature is written in black ink and is positioned above the printed name.

Christine E. Burke

CEB/sld

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