

Comments to the Financial Crimes Enforcement Network, Department of the Treasury regarding  
31 CFR Part 103  
RIN 1506-AA28

In response to the proposed rule, Member Service Life Insurance Company would like to make the following comments. Comments are made based on information reported in the Federal Register.

Member Service Life respectfully requests that the Secretary exempt compliance for group-based life products where premium is paid by an employer, in whole or in part, or the premium is paid by the employee via payroll deduction. Group-based life products sold through a worksite venue do not allow for single premium deposits, wire transfers and other laundering means that may be considered risks inherent in life insurance products distributed by other means. Additionally, the typically small face values and premium amounts do not provide any appropriate laundering advantages.

The Secretary has expressed the intent to not impose additional burdens unnecessarily on financial institutions. In the Section-by-Section Analysis, it is noted that, “The definition of an insurance company reflects Treasury’s determination that an anti-money laundering program requirement should be imposed on those sectors of the insurance industry that pose the most significant risk of money laundering and terrorist financing.” By further exempting products distributed through employers and paid for via payroll deduction, Treasury solidifies the intent and focuses the compliance scope.

Member Service Life urges the Department to thoroughly consider the various means of insurance distribution in the final rule. Inclusion of group-based payroll deduction products imposes undue burdens on a sector of the industry with little to no money laundering risk.

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FinCEN has invited comments on the whether the final rule should require insurance sales producers to establish and maintain an anti-money laundering program. Member Service Life agrees with FinCEN’s statement that, “insurance agents are in a unique position to observe the kind of activity that may be indicative of money laundering.” Because of this, Member Service Life believes that a greater amount of due diligence should be imposed on the insurance broker community.

The insurance broker or sales representative acts as an insurance company’s eyes and ears in the field. They assess the potential insureds’ needs first-hand and provide the products necessary to

fulfill those needs. Brokers analyze the suitability between products and clients and shoulder the responsibility for passing along to the insurance company any knowledge or suspicion of excessive risk. Just like other risks, the risk of money laundering and terrorist financing should be assessed by the sales representative and communicated to the insurance company. In order to facilitate this, Member Service Life respectfully requests that the Department consider adding language to the final rule that imposes responsibility on the broker community to assess money laundering and terrorist financing risk.