



**REINSURANCE ASSOCIATION OF AMERICA**

1301 Pennsylvania Avenue, N.W., Suite 900, Washington, D.C. 20004-1701

Telephone: (202) 638-3690

Facsimile: (202) 638-0936

<http://www.reinsurance.org>

#16

December 27, 2002

VIA Electronic Mail to:  
[regcomments@fincen.treas.gov](mailto:regcomments@fincen.treas.gov)

FinCEN  
P.O. Box 39  
Vienna, VA 22183

ATTN: Section 352 -- Insurance Company Regulations

The Reinsurance Association of America (RAA) appreciates the opportunity to comment on the proposed rule amending the Bank Secrecy Act Regulations – Requirement That Insurance Companies Report Suspicious Transactions published at 31 CFR Part 103.16. The RAA is a non-profit trade association of U.S. based reinsurers. Established in 1968, the association is headquartered in Washington, D.C. RAA underwriting members write approximately 71 percent of the reinsurance coverage provided by U.S. reinsurance companies and affiliates.

The RAA reaffirms the position it took with regard to proposed regulations implementing Section 352 of the USA PATRIOT Act published at 67 FR 60625 (September 26, 2002) which included the same definition of “insurance company” as used in the present proposed rule, particularly with regard to the proposed rule’s treatment of “reinsurance.” Specifically, we suggest that the references to reinsurance in paragraph (a)(2)(i) of the rule should be deleted and that reinsurance should be exempted from the definition of insurance company in paragraph (a)(2)(ii).

It is important to note, with respect to both proposed rules, that reinsurance is not an insurance product sold to consumers, rather it is a contractual agreement between sophisticated corporate entities whereby the reinsurer agrees to indemnify a primary insurer for losses associated with a book of business ceded. Both parties to reinsurance transactions, and often the transactions themselves, are closely regulated by state insurance authorities. These parties and transactions do not present the risk factors noted to be of concern in the preamble published with the proposed regulations and the parties and transactions do not present the opportunity for carrying out the types of money laundering schemes that the regulation aims to detect. Further, because reinsurers deal with insurance companies and not consumers, reinsurers simply do not have the primary

information about the consumer insurance transactions that would be required for compliance with the proposed rules.

We would appreciate your favorable consideration of these comments. Please contact me if we can provide any further information with regard to our position on this topic.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank Nutter", with a long horizontal flourish extending to the right.

Franklin W. Nutter  
President