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VIA ELECTRONIC MAIL

Financial Crimes Enforcement Network
Department of the Treasury
Post Office Box 39
Vienna, Virginia 22813

RE: Section 352 – Insurance Company Regulations.

Dear Sir or Madam:

Bank One Corporation ("Bank One") appreciates the opportunity to comment on the Financial Crimes Enforcement Network's (the "FinCEN") proposed rule to prescribe anti-money laundering standards for insurance companies pursuant to revised provisions in the Bank Secrecy Act (the "Proposed Rule"). Bank One is the nation's sixth-largest bank holding company, with assets of more than \$270 billion. Bank One has an indirect subsidiary that engages as agent in the sale of insurance products; two indirect insurance company subsidiaries that underwrite credit related insurance products; and one life reinsurance company.

Although Bank One generally supports the adoption of the anti-money laundering standards being proposed, we respectfully suggest certain modifications to the Proposed Rule so that the final rule applies more narrowly to only those entities and activities that pose a risk of money laundering, and not to entities and activities that do not pose those risks.

Agents and Brokers

Bank One supports the proposed treatment of agents and brokers. As the Proposed Rule recognizes, insurance companies are in the best position to design effective anti-money laundering programs because they have the economic and legal relationships with policyholders. We would also note that agents and brokers frequently sell forms of insurance that pose no risk of money laundering. Accordingly, we believe it is appropriate to place the primary responsibility for establishing and maintaining effective anti-money laundering programs on insurance companies, and not to require agents or brokers to establish their own anti-money laundering programs.

We recognize that an insurance company may contractually delegate certain aspects of the implementation of its anti-money laundering program to an agent or a broker. This is consistent with how insurance companies currently address most state regulatory requirements for which they need the cooperation of their agents and brokers. We believe, however, that it would be inappropriate for FinCEN to provide by regulation that insurance agents and brokers are required to comply with the money

laundering programs of insurance carriers. This would essentially delegate anti-money laundering rule making authority to insurance companies. Rather, we agree with the approach taken in the Proposed Rule.

In order to avoid any confusion over the meaning of the terms “agent” and “broker,” we recommend that you substitute the term “producer” for those terms and separately define a “producer” as “an individual or entity licensed to sell, solicit or negotiate insurance.” This proposed definition is taken from the NAIC’s model producer licensing statute.

Reinsurance Companies

We recommend that the regulation exclude reinsurance companies that do not establish direct relationships with policyholders. Under most reinsurance relationships involving life insurance, the reinsurance company merely accepts risk under policies placed by the direct writer of the insurance. The reinsurance company does not participate in the issuance of the insurance policies nor does it have any contact with the policyholders. In our opinion, therefore, reinsurance companies present little, if any, risk of money laundering.

Credit Insurance

The Proposed Rule recognizes that certain forms of insurance do not present a risk of money laundering because they cannot be used to store or move illicit funds. We believe that credit life insurance falls into this category and, therefore, that credit life insurance should be excluded from the scope of the regulation. Credit life insurance is an unlikely prospect for money laundering for several reasons. Credit life insurance policies are issued to a lender or an individual borrower and are structured to pay off a loan in the event of a borrower’s death. Consequently, a money launderer would have to take out a loan in order to acquire the insurance. This would dissuade most money launderers from even considering the use of such products to launder funds.

Additionally, credit insurance premiums do not afford money launderers an opportunity to store significant amounts of money. Premiums are not only limited by state law, but are also limited by the size of the loan. Premiums are not significant on policies issued in connection with credit card loans and consumer installment loans, such as auto loans. Furthermore, in response to state and federal legislative and regulatory actions, most lenders are moving away from up-front premiums on larger real estate loans.

Finally, these policies are structured so that the benefits decline with the loan payments. Therefore, in order for a money launderer to use credit life insurance to launder any significant amount of money, the borrower would have to die shortly after taking out the loan, a somewhat unlikely event.

Term Life Insurance

We also recommend that term life insurance products not be subject to the final regulation because these products cannot easily be used as a means to store and move illicit funds. Term life insurance policies do not possess the elements of stored value that are available with permanent life insurance products. Moreover, contrary to the hypothetical abuse of a term life policy that is given in the preamble to the Proposed Rule, we do not believe a money launderer could easily use an elderly or ill person as a front to obtain a term policy. Most insurers require a potential policyholder to complete a health questionnaire or submit to a physical examination before entering into a term life insurance policy, unless the policy is for just a nominal amount. As a practical matter, therefore, it would be difficult for an elderly or ill person to obtain a life insurance policy, even with the payment of a significant up-front premium.

Banc One appreciates the opportunity to comment on the Proposed Rule. Please do not hesitate to contact the undersigned at (614) 248-6694 if you would like to discuss any of our comments in greater detail.

Sincerely,

/s/ Kenneth B. Terwilleger

Kenneth B. Terwilleger
First Vice President and Counsel