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Office of the General Counsel
U.S. Financial Crimes Enforcement Network (FinCEN)
P.O. Box 39
Vienna, VA 22183
ATTN: Section 352-Insurance Company Regulations

Re: Comment on Section 352 AMLP Proposed Regulation for Insurance

This letter is written on behalf of AFLAC, Inc. AFLAC is a leading provider of insurance sold on a voluntary basis at the worksite in the United States and the largest foreign insurer in Japan. Insuring more than 40 million people worldwide, AFLAC is the principal subsidiary of AFLAC Incorporated, an international holding company based in Georgia. At year-end 2001, the corporation's total assets were more than \$37 billion, with annual revenues of more than \$9.6 billion. We provide this letter in response to the request for comments on the proposed regulation published in the Federal Register on September 26, 2002 that would implement Section 352(a) of the "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001" (Public Law 107-56) ("Patriot Act").

This comment addresses one issue: the treatment of foreign branches of U.S. insurance companies under Section 352. The proposed Section 352 regulation and the accompanying commentary do not provide guidance as to whether such branches should be treated as U.S. financial institutions or as foreign financial institutions. We request that the commentary to the final regulation clarify that Treasury views foreign branches of U.S. insurance companies to be foreign financial institutions for the purposes of Section 352.

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AFLAC, like some other U.S. insurance companies, has large and substantially autonomous branches based in other countries that provide insurance services and products to consumers in other countries. AFLAC's foreign branch in Japan ("AFLAC Japan") is the largest foreign insurer in Japan in terms of premium income, insuring one in four Japanese households. AFLAC Japan ranks second in the number of individual policies in force among all of Japan's life insurers. The insurance industry in Japan is highly regulated, and underwriting and other policy decisions regarding the issuance of insurance in Japan is subject in full to supervision by Japanese authorities.

The proposed regulation does not address the issue of the treatment of foreign branches of U.S. insurance companies for the purposes of Section 352. On September 26, 2002, Treasury issued its final rule to implement Sections 313 and 319 of the Patriot Act. In issuing this rule, Treasury explicitly excluded foreign branches of insured banks from the definition of covered financial institution for the purposes of that regulation. In making this exclusion, Treasury cited a number of justifications for the exclusion of foreign branches. Treasury stated that "to impose this requirement on foreign branches of U.S. financial institutions would place the U.S. institutions at a distinct competitive disadvantage with foreign [equivalents] in foreign countries, which would not be subject to the requirements imposed by the rule." Treasury also stated that "historically, in implementing the BSA [Bank Secrecy Act], Treasury has confined the scope of its coverage to entities and activities 'within the United States.'" Accordingly, Treasury determined that foreign branches of insured banks should not be included within the definition of "covered financial institution" for the purposes of Sections 313 and 319 of the Patriot Act.

These policy considerations similarly apply to foreign branches of U.S. insurance companies, which would face similar competitive disadvantages and jurisdictional problems were they to be deemed covered institutions by Section 352. We believe that the policy of excluding foreign branches of U.S. financial institutions articulated by Treasury in its September 26 final rulemaking on Sections 313 and 319 of the Patriot Act should be applied to foreign branches of U.S. insurance companies. Such foreign branches should be treated as foreign financial institutions under the Patriot Act and should therefore be excluded from the definition of insurance company under § 103.137.

Accordingly, we request that FinCEN clarify in the commentary provided in the final rule that foreign branches of U.S. insurance companies are treated as foreign financial institutions under the Patriot Act rather than as covered U.S. insurance companies.

We thank you for providing us the opportunity to comment on this issue.

Sincerely,

s/s

Jonathan M. Winer