



November 25, 2002

James F. Sloan
Director
FinCEN
P.O. Box 39
Vienna, VA 22183

ATTN: Section 352 – Insurance Company Regulations

Dear Director Sloan:

THE COUNCIL

of Insurance Agents +
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On behalf of the Council of Insurance Agents and Brokers (The Council), we submit these comments relating to the Financial Crimes Enforcement Networks' (FinCEN) proposed anti-money laundering compliance rule for insurance companies. The Council represents the nation's largest commercial property and casualty insurance agencies and brokerage firms. More than 80 of the Council's members are small businesses. Council members, who operate both nationally and internationally, conduct business in more than 2,000 locations, employ more than 120,000 people, and annually place more than 80 percent -- some \$90 billion -- of the commercial property and casualty insurance premiums in the United States. In addition, Council members specialize in a wide range of insurance products and risk management services for business, industry, government, and the public.

These comments express our support for FinCEN's decision to distinguish between insurance products that store value and other insurance products.

The Proposed Rule Properly Distinguishes Between Different Insurance Products

The definition of insurance company in the proposed rule includes companies whose business is to issue, underwrite or reinsure life insurance, issue annuities, or issue, underwrite or reinsure any insurance product that can be used to store value and transfer that value to another person. This means that property, casualty, and health insurers are exempt from the proposed rule unless they offer products that store value. This distinction is legitimate and provides relief from the administrative and regulatory burdens of the proposed rule for the segments of the insurance industry that are at very low risk of money laundering.

Schemes to launder money through insurance products that do not store value typically require some type of fraudulent claim – a false claim of property damage or theft, or some other type of liability. There are already voluminous legal and industry-imposed constraints on fraud. Insurance companies have strong incentives to prevent fraud because it



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costs them money. These protections and incentives are also sufficient to guard against money laundering for these products and additional compliance programs would, at best, be duplicative of these efforts.

Limiting the proposed rule to products that can be used to store value was an appropriate decision by FinCEN. We urge you to maintain that limitation in the final rule.

Thank you for your consideration.

Sincerely,

Joel Wood
Senior Vice President
Government Affairs