



Tony Knowles, Governor

Department of Community and Economic Development

Division of Insurance

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BULLETIN B 01-10

To: All Insurance Companies Writing Business in Alaska and Other Interested Parties

Re: Voluntary Expedited Filing Procedures for Insurance Applications Developed to Allow Financial Institutions to Meet Their Disclosure Obligations Under Section 305 of the Gramm-Leach-Bliley Act and Alaska Statute 21.36.168-169

Background

The four principal federal banking regulatory agencies published final consumer protection regulations regarding bank insurance sales on December 4, 2000 in the *Federal Register*, Volume 65, Number 233. These regulations become effective October 1, 2001. The federal banking agencies promulgated these consumer protection regulations pursuant to Section 305 of the Gramm-Leach-Bliley Act, P.L. 106-102 (GLBA), governing the sale of insurance products by depository institutions. Among other things, the regulations require depository institutions that sell insurance products to make certain disclosures and receive consumer acknowledgements, which are intended to reduce consumer confusion regarding the sale of insurance products by depository institutions.

Similar consumer protection provisions were passed by the Alaska legislature and signed into law by the Governor, with an effective date of July 1, 2001. See AS 21.36.165-169. Under AS 21.36.169, a financial institution means a bank holding company, a credit union, a bank, savings bank, savings and loan association, or trust company, or any depository institution under 12 U.S.C 1813(c)(1) and any other person authorized to take federally insured deposits and make loans in the state. A financial institution includes an employee, agent, or nondepository institution affiliate or subsidiary that solicits insurance on the premises of, or in connection with a product offering of the financial institution.

To best ensure that financial institutions meet the state and federal disclosure requirements, financial institutions may prefer to include the required disclosures on insurance application forms. In order to comply with both AS 21.36.168 and federal consumer protection regulations in this fashion, financial institutions that sell insurance products will need to ask insurers to make the necessary filings with the Alaska Division of Insurance. Changes in insurance application

forms are subject to review by the division under AS 21.42.120.

It is in the best interest of the division and the producers, insurers, and financial institutions that write insurance in Alaska for the division to have an expedited process for reviewing these application forms. The purpose of this bulletin is to provide forms and instructions for expedited review by the division of these application forms. The division will use the expedited review process only for insurance application forms that are revised solely to add the notices as set forth below that will enable financial institutions to meet the disclosure requirements, should an institution choose this method of compliance. This process is strictly voluntary. It is up to you whether or not to use this expedited process for filings of insurance applications that are amended to include the state and federal disclosure requirements.

Explanation and Instructions for Expedited Review

The following are two model notices for use by financial institutions in complying with the written disclosure requirements required under state and federal law. One notice provides the written disclosures that must be given to a consumer in connection with an initial purchase of an insurance or annuity product that is unrelated to an extension of credit. The other notice provides the written disclosures that must be given to a consumer in connection with the solicitation, offer, or sale of an insurance or annuity product that is related to an extension of credit.

The content in the model disclosure notices is substantially similar to the content in the model notices approved by the federal banking agencies, which were determined to meet the requirements of 12 C.F.R. 14.40 (a) and (b) in the case of national banks; 12 C.F.R. 208.84 (a) and (b) in the case of state member banks; 12 C.F.R. 343.40 (a) and (b) in the case of state non-member banks; and 12 C.F.R. 536.40 (a) and (b) in the case of savings associations. In order to comply with the disclosure requirements for a written notice under AS 21.36.168, the division modified the content of the model disclosure notices that were approved by the federal banking agencies.

In addition to the content of the notices, the disclosures required by state law and the federal regulations must be presented in an understandable and meaningful form. Examples of the types of methods that an institution could use to call attention to the nature and significance of the information provided include: (i) a plain-language heading to call attention to the disclosures; (ii) a typeface and type size that are easy to read; (iii) wide margins and ample line spacing; (iv) boldface or italics for key words; and (v) distinctive type style, and graphic devices, such as shading or sidebars, when the disclosures are combined with other information. See AS 21.36.168 and 12 C.F.R. 14.40(c)(6) in the case of national banks; 12 C.F.R. 208.84(c)(6) in the case of state member banks; 12 C.F.R. 343.40(c)(6) in the case of state non-member banks; and 12 C.F.R. 536.40(c)(6) in the case of savings associations.

DISCLOSURE NOTICE 1: Model Written Disclosure for the Initial Purchase of Insurance or Annuity Products that Are *Not Sold* in Connection with an Extension of Credit

Insurance products and annuities:

Are not a deposit or other obligation of, or guaranteed by,

the [financial institution] or by the person soliciting the insurance on behalf of the [financial institution];

Are not insured by the Federal Deposit Insurance Corporation (FDIC) or any other agency of the United States, the [financial institution], or the person soliciting the insurance on behalf of the [financial institution];

[Involve investment risk, including the possible loss of value.] *Note: This disclosure is required only if the insurance contains investment risk and may lose value.*

Please sign to acknowledge receipt of these disclosures:

Name of Customer:

Customer Signature:

Date: _____

DISCLOSURE NOTICE 2: Model Written Disclosure for Insurance Products that Are Solicited, Offered, or Sold in Connection with an Extension of Credit

In connection with your credit application, [Name of financial institution] advises you of the following:

- [Name of financial institution] may not condition the lending of money, extension of credit, or renewal of a loan on whether you purchase an insurance product or annuity from the [financial institution] or any particular entity. [Name of financial institution] may require that you purchase a certain amount of coverage and may require a certain level of financial soundness and service by the insurance company.

Insurance products and annuities:

- Are not a deposit or other obligation of, or guaranteed by, the [financial institution] or by the person soliciting the insurance on behalf of the [financial institution];
- Are not insured by the Federal Deposit Insurance

Corporation (FDIC) or any other agency of the United States, the [financial institution], or the person soliciting the insurance on behalf of the [financial institution];

- [Involve investment risk, including the possible loss of value.] *Note: This disclosure is required only if the insurance contains investment risk and may lose value.*

Please sign to acknowledge receipt of these disclosures:

Name of Customer:

Customer Signature:

Date: _____

Forms and Instructions

Attached to this bulletin is a uniform filing transmittal form that has been agreed upon by Alaska and other states. An insurer wishing to receive expedited treatment of its filing for approval under AS 21.42.120 shall complete the EXPEDITED FILING—SECTION 305 APPLICATION Form Filing Transmittal Header as directed. In addition, the insurer(s) submitting this filing must certify that the only change made from the previous application form is the addition of the disclosure notices required under AS 21.36.168 and by Section 305 of the Gramm-Leach-Bliley Act. Certification is made by signing the appropriate blank on the transmittal form.

To be complete, a form filing must include the following:

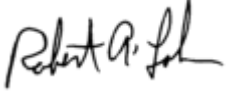
1. A completed, certified Form Filing Transmittal Header for each insurer
2. One copy of each application form to be reviewed for the reviewer's records for each insurer.
3. A postage-paid, self-addressed envelope **large enough to accommodate the return.**

If this filing is for multiple companies, please provide a copy of the transmittal header for each company and an extra copy for return to the company. (i.e. 7 companies = 8 copies)

The forms must be received by the Alaska Division of Insurance no later than September 15, 2001, in order for the form to be approved with an effective date of October 1, 2001.

The division will not apply the expedited review process for form filings received by the division after September 15, 2001.

Dated: August 10, 2001



Robert A. Lohr
Director

This page applies to the following state(s) _____.

Department Use only

Company Name(s)	Domicile	NAIC #	FEIN #
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Contact Info for Filer

Name and address of Filer(s)	Telephone #	FAX #	e-mail
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Filing information

Line of Insurance

Company Program Title (Marketing title) (if applicable)

Filing Type ** see note below Form (Application)

This application is used with: (Insert policy form number to which the application attaches)

Effective Date Requested (Enter your desired effective date)

Filing date (Date Company sends filing)

Company Tracking Number (Enter your filing tracking number, if applicable)

Date filing approved in domiciliary state

<u>Component/Form Name</u> <u>/Description/Synopsis</u>	<u>Form #)</u> <u>Include</u> <u>edition date</u>	<u>Replacement</u> <u>Or withdrawn?</u>	<u>If</u> <u>replacement,</u> <u>give form #</u> <u>it replaces</u>	<u>Previous State</u> <u>Filing Number,</u> <u>if required</u> <u>by state</u>
01		<input type="checkbox"/> Replacement		
		<input type="checkbox"/> Withdrawn		
		<input type="checkbox"/> Neither		
02		<input type="checkbox"/> Replacement		
		<input type="checkbox"/> Withdrawn		
		<input type="checkbox"/> Neither		

To be complete, a form filing must include the following:

1. A completed Form Filing Transmittal Header for each insurer
2. One copy of each application form to be reviewed for the reviewer's records for each insurer.
3. The appropriate filing fees, if required
4. A postage-paid, self-addressed envelope **large enough to accommodate the return.**

The insurer(s) submitting this filing certifies that the only change made from any previously filed and, if applicable, approved application form is the addition of the disclosure notices required by Section 305 of the Gramm-Leach-Bliley Act.

_____ Print Name: _____ Title: _____