



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

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To: Chief Executive Officers of National Banks, All Examining Personnel, and Comptroller's Handbook Subscribers

The enclosed "Insurance Activities" booklet is part of the revised *Comptroller's Handbook*. This booklet provides information for bankers and national bank examiners on the risks, controls, and supervision of national banks' insurance activities. It also incorporates the functional supervision process outlined in the Gramm–Leach–Bliley Act (GLBA).

This booklet describes the various insurance activities permissible for national banks and their subsidiaries and the organizational structures within which these activities may be conducted. It outlines the OCC's regulatory and supervisory responsibilities under GLBA and clearly defines how those responsibilities differ from those of other regulators under functional regulation. The booklet addresses legal and regulatory requirements, identifies the primary risks associated with insurance activities, and summarizes the components of an effective risk management system for insurance activities.

The functional regulatory framework established by GLBA reaffirms the authority of states to regulate insurance activities conducted within banks and through a functionally regulated affiliate (FRA). Therefore, the OCC's primary supervisory focus, with respect to a bank's insurance activities, is assessing the material risks that those activities may pose to the national bank and the effectiveness of the bank's oversight systems for monitoring and controlling those risks. These assessments will consider the risks that may be posed to the bank by activities conducted by an FRA or an unaffiliated third party. The booklet includes a protocol that is consistent with the GLBA functional regulatory framework that the OCC will follow should further examinations of an FRA or unaffiliated third-party insurance provider be required. However, as noted in the booklet, the OCC anticipates that such examinations will be infrequent.

This booklet should be used in conjunction with other OCC booklets such as "Large Bank Supervision" and "Community Bank Supervision." Examiners will exercise judgment when determining which of the procedures in this booklet are appropriate for a particular bank based on the bank's risk profile and the quality of its risk management process.

Rescinded issuance: Advisory Letter 96-8, "Guidance to National Banks on Insurance and Annuity Sales Activities," October 8, 1996, is rescinded. Some of the information has been incorporated in the handbook booklet; the rest was superseded by GLBA.