



**Comptroller of the Currency
Administrator of National Banks**

Washington, DC 20219

**Corporate Decision #96-69
December 1996**

November 22, 1996

Steven Alan Bennett, Esq.
Senior Vice President and General Counsel
Banc One Corporation
100 East Broad Street
Columbus, Ohio 43721-0158

Re: Banc One Corporation, Establishment of Operating Subsidiaries in Ten National Banks to Engage in Certain General Insurance Agency Activities and the Sale of Fixed and Variable Rate Annuities
Application Control Numbers: 96-ML-08-0033, 96-ML-08-0053 thru 0061

Dear Mr. Bennett:

This letter is in response to your operating subsidiary notification dated November 14, 1996. The notification was filed on behalf of ten national bank subsidiaries (collectively, the "Banks" and, individually, the "Bank") of Banc One Corporation, Columbus, Ohio. The notification was filed on behalf of: (1) Bank One, Colorado, NA, Denver, Colorado; (2) Bank One, Arizona, NA, Phoenix, Arizona; (3) Bank One, Kentucky, NA, Louisville, Kentucky; (4) Bank One, Louisiana, NA, Baton Rouge, Louisiana; (5) Bank One, Texas, NA, Dallas, Texas; (6) Bank One, West Virginia, NA, Huntington, West Virginia; (7) Bank One, Columbus, NA, Columbus, Ohio; (8) Bank One, Rockford, NA, Rockford, Illinois; (9) Bank One, Richmond, NA, Richmond, Indiana; and (10) Bank One, Crawfordsville, NA, Crawfordsville, Indiana. Each Bank proposes to establish an operating subsidiary (collectively, the "Subsidiaries" and, individually, the "Subsidiary") to engage in certain general insurance agency activities pursuant to 12 U.S.C. § 92 and to act as agent for the sale of fixed and variable rate annuities pursuant to 12 U.S.C. § 24(Seventh).

In the OCC's letter dated November 4, 1996, responding to operating subsidiary notifications filed by First Union Corporation (the "*First Union letter*") (copy attached), the OCC thoroughly analyzed section 92 and concluded that a national bank insurance agency selling insurance pursuant to the authority of section 92 should be permitted the same marketing range and be able to use the same marketing tools and facilities as generally available for licensed insurance agencies, not affiliated with a bank, in the state(s) in which the bank agency operates. Accordingly, the OCC stated that the following general principles can be

distilled to define the scope of solicitation and sales activities permissible for national banks under 12 U.S.C. § 92:¹

- The agency located in the “place of 5,000” must, of course, be bona fide Agents will be managed through the agency and the “place of 5,000” will be the agency’s business location for licensing purposes. Each agency will be responsible for collecting commissions from insurance carriers and paying commissions to its licensed sales staff. The agency also generally will be responsible for processing insurance applications, delivery of insurance policies, and collection of premiums, where consistent with procedures of the relevant insurance carriers. In addition, business records of the agency, including copies of customer application and policy information, and licensing, customer complaint and other compliance records, will be available at the “place of 5,000.”²
- The bank agency and its agents may seek the same market range and use the same marketing tools and facilities as generally available for a licensed insurance agency, not affiliated with a bank, that is based in the “place of 5,000.”³ This will generally allow the following:
 - Meetings with customers and solicitations and sales of insurance by agents of the bank agency may take place at locations inside the “place of 5,000” as well as at locations outside that “place,” provided the agents are managed and paid through the bank agency located in the “place of 5,000” and use that location as their place of business for licensing purposes. If an insurance company has adopted other procedures for its nonbank agents, however, the bank agency may follow the same procedures as other insurance agents selling the company’s policies.
 - Mailings to advertise and sell insurance may originate from inside or outside of the “place of 5,000,” and brochures, leaflets, and other literature alerting

¹ The OCC recognized in the *First Union letter* that solicitation and sales techniques can vary with the different marketing strategies employed by different banks and still be consistent with the general principles described in the *First Union letter*.

² Some of these business records may be maintained and available at the agency in electronic form, with the original hardcopy kept in off-site storage.

³ The *First Union letter* does not address and is not intended to express any opinion on any state law preemption issues. The application of state law would need to comply with recognized preemption standards. See generally *Barnett Bank of Marion County, N.A. v. Nelson*, 134 L. Ed. 2d 237 (1996), and the cases cited therein.

potential customers to the bank's insurance activities may be distributed from locations both inside and outside of the "place of 5,000," including other branches of the same bank. Personnel of bank branches outside of the "place of 5,000" also may make referrals to the bank's insurance agency. Likewise, telephone and cybermarketing may be used and the calls and messages need not originate within the "place of 5,000."

- The bank may contract with third parties to assist the agency's sales activities. For example, third parties might provide advertising support, direct mail marketing services, telemarketing services, payments processing, or other types of "back office" support.

The analysis and discussion set forth in the *First Union letter* are equally applicable to the notification submitted by the Banks and are hereby incorporated by reference. By letter dated November 14, 1996, the Banks have represented that they will conduct the Banks' and the Subsidiaries' activities consistent with the *First Union letter*. Accordingly, the Banks' notification is approved, provided that the insurance sales activities of the Banks and the Subsidiaries shall be conducted in a manner consistent with the interpretation of section 92 and the principles for applying section 92 set forth in the *First Union letter*.

Finally, the Subsidiaries' proposed sales, as agent, of fixed and variable rate annuities are authorized under 12 U.S.C. 24(7) and approved.

Sincerely,

/s/

Julie L. Williams
Chief Counsel