



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Interpretive Letter #882
April 2000
12 U.S.C. 92

February 22, 2000

Re: Insurance Agency Activities in Kentucky and Florida Under 12 U.S.C. § 92

Dear []:

This is in response to your letter requesting confirmation that [] (the “Agency”), a wholly-owned subsidiary of [] National Bank, [*City, State*] (the “Bank”)¹, may sell insurance through satellite offices of the Agency in the states of Kentucky and Florida, in addition to the Agency’s “place of 5,000” location in Kentucky, as permitted under Kentucky and Florida law pursuant to 12 U.S.C. § 92. We have addressed similar issues concerning the use of satellite offices in previous opinions of this office and you may rely on the standards contained in those opinions to establish the permissibility under section 92 of the satellite offices the Agency proposes to operate.

In our *First Union Letter*, for example, we provided an extensive analysis of the scope of activities permissible under 12 U.S.C. § 92. Our letter considers the plain language of the statute, the legislative history, the contemporaneous practices of banks and insurance agents in 1916 when the law was enacted, the OCC’s longstanding interpretive ruling under section 92, and recent judicial opinions construing the scope of section 92.²

¹ The Agency is a wholly-owned subsidiary of [], a wholly-owned subsidiary of the Bank.

² See *Interpretive Letter No. 753* (November 4, 1996), reprinted in [1996-1997 Transfer Binder] Fed. Banking L. Rep. (CCH) ¶ 81-107.

In applying section 92 in the modern context, we found in the *First Union Letter* that section 92, by its literal terms, consistent with Congressional intent and as construed by relevant case law, does not subject national banks soliciting and selling insurance to unique restrictions or disabilities relative to insurance agents generally in a particular state. Further, given the flexibility with which banks and insurance agents operated in 1916, we found it to be entirely consistent with section 92's authority and purpose to allow national bank insurance agencies to employ the same variety of marketing resources and tools as are used today by other insurance agencies.

In the *Louisiana Letter*³, we considered whether the principles of section 92 set forth in the *First Union Letter* would permit a bank insurance agency that is located in a "place of 5,000" to establish auxiliary or "satellite" offices in locations outside the "place of 5,000." Louisiana law expressly permitted insurance agencies, including a bank-established agency, to conduct business at locations in addition to the agency's business location shown on its insurance license. We concluded that, for a national bank in Louisiana, the use of the same methods and facilities available to licensed insurance agencies generally includes the ability of the national bank insurance agency to establish auxiliary locations of the agency outside of the "place of 5,000" and to engage in insurance sales activities at those locations.

In the *Illinois/Michigan Letter*⁴, we applied the principles of section 92 set forth in the *First Union Letter* and the *Louisiana Letter* and concluded that the insurance agency subsidiary of a national bank located in a "place of 5,000" in Illinois could establish satellite offices in both Illinois and Michigan. We have also concluded that the same insurance agency subsidiary located in Illinois could establish satellite offices in New York.⁵

You may rely on these precedents to establish the permissibility of the satellite offices the Agency proposes to operate in Kentucky and Florida. To the extent that the Agency's situation

³ *Interpretive Letter No. 844* (October 20, 1998), reprinted in [1998-1999 Transfer Binder] Fed. Banking L. Rep. (CCH) ¶ 81-299.

⁴ *Interpretive Letter No. 864* (May 19, 1999), reprinted in [Current Binder] Fed. Banking L. Rep. (CCH) ¶ 81-358.

⁵ *Interpretive Letter No. 874* (December 1, 1999), reprinted in [Current Binder] Fed. Banking L. Rep. (CCH) ¶ 81-368. See also *Interpretive Letter No. 873* (December 1, 1999), reprinted in [Current Binder] Fed. Banking L. Rep. (CCH) ¶ 81-367 (a limited liability company that qualified as a section 92 insurance agency in a "place of 5,000" in New York, and in which the national bank owned a 50 percent non-controlling investment, could establish satellite offices in New York) (the "*New York Letters*").

is fundamentally the same as those addressed in our previous letters, the Agency is authorized, under 12 U.S.C. § 92, to operate the satellite offices.

If you should have any questions, please feel free to contact Virginia Rutledge at (202) 874-5210.

Sincerely,

/s/

Julie L. Williams
First Senior Deputy Comptroller
and Chief Counsel