



American
Bankers
Association

American Bankers Insurance Association
an ABA subsidiary

Advanced Bank-Insurance Compliance: The Political and Regulatory Future

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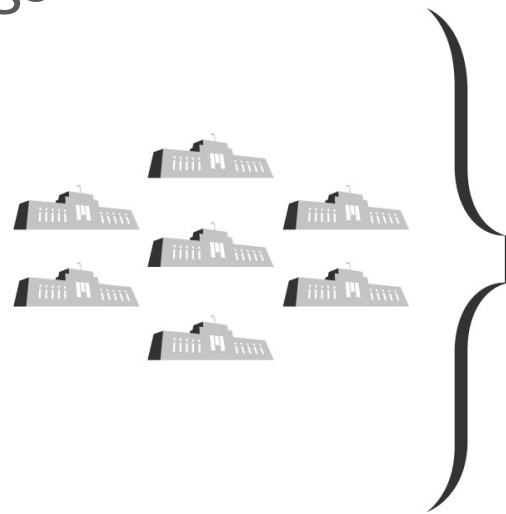
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Consumer Financial Protection Bureau

- Designated Transfer Date: July 21, 2011
- Transferred Powers
 - Consumer financial protection laws
 - Pending rulemakings
- Significant budget
 - 2011 - \$498m
 - 2012 - \$548m
 - 2013 - \$598m



cfpb

Consumer Financial
Protection Bureau



Consumer Financial Protection Bureau

- Structure: Six divisions
 - Consumer Engagement and Education
 - Supervision, Fair Lending, and Enforcement
 - Research, Markets, and Regulation
 - The Office of the General Counsel
 - External Affairs
 - Chief Operating Officer
- Report on CFPB status at transfer date:
http://www.consumerfinance.gov/wp-content/uploads/2011/07/Report_BuildingTheCfpb1.pdf



Consumer Financial Protection Bureau

- Leadership:

- Raj Date – Special Advisor to the Secretary of the Treasury on the CFPB; Associate Director of Research, Markets, and Regulations
- Richard Cordray – Nominated for Director; Assistant Director of Enforcement
- Steve Antonakes – Assistant Director for Large Bank Supervision
- Leonard Chanin – Assistant Director for Regulations
- Len Kennedy – General Counsel
- Patricia McCoy - Assistant Director for Mortgage and Home Equity Markets
- David Silberman – Assistant Director for Card and Prepaid Markets



Consumer Financial Protection Bureau

- Powers limited until Director is in place
- Activity since transfer date
 - Accepting complaints about credit cards on website
 - “Know Before You Owe” – mortgage disclosures
 - Report on consumer vs. lender credit scores
 - Conference on credit card transparency
 - Proposed definition of “larger participant” for nonbank supervision

Consumer Financial Protection Bureau

- Future activity?
 - Legislative opposition
 - Abusive
 - Supervision and enforcement



Federal Reserve Proposed Rule R-1390

OPTIONAL COSTS

Option to Purchase Disability Debt Cancellation Coverage

STOP. You do **not** have to buy Disability Debt Cancellation Coverage to get this line of credit. Go to www.frb.gov/creditprotectionproducts to learn more about this product.

Do I need this product?	If you already have enough insurance or savings to make payments on this line of credit if you are temporarily disabled, you may not need this product. Other types of insurance can give you similar benefits and are often less expensive.
How much does it cost?	This product will cost up to \$42 per month if you borrow the entire credit limit. The cost depends on your balance and interest rate.
What is the maximum benefit amount?	This product will make your minimum payments of up to \$2,000 for 6 months.
Can I receive benefits?	<u>You may not receive any benefits even if you buy this product.</u> You meet the employment eligibility requirements, but there are other requirements that you must meet. If you do not meet these requirements, you will not receive any benefits even if you buy this product and pay the monthly charge.
How long does the coverage last?	This product provides coverage for the first 10 years of your line of credit.

Yes, I want to purchase optional Disability Debt Cancellation Coverage at a cost of up to \$42 per month.

Signature



Dodd-Frank Act

- Single-premium debt protection products prohibited on mortgages
- Preemption standard modified
 - OCC final rule
- FSOC, FIO, FACI

Nonadmitted and Reinsurance Reform Act

- Intent – to streamline surplus lines regulation and taxation
- Current implementation
 - NAIC: NIMA
 - NCOIL: SLIMPACT-Lite
 - State interpretations
 - New York and Maryland
 - Captives
- Need for federal action





NAIC Activities

- Producer Licensing
 - Business entity licensing standards
- Risk Retention Groups
 - Model Risk Retention Act
 - Risk Retention and Purchasing Group Handbook





Annuities

- NAIC Suitability in Annuity Transactions Model Regulation
 - Illustration guidelines
 - Suitability factors, training, record retention, and disclosure requirements
 - FINRA rules as safeharbor
 - Self-reporting
 - Know your customer
 - Suitability – Effective July 9, 2012
 - Florida proposed cover page



Montana

- No longer treats DCCs as insurance
- Rulemaking being conducted



Other Issues

- FCC Proposed Auto-Dialer Rules
- Restore Online Shoppers Confidence Act
- NARAB II
- Lender-Placed Insurance



New York Producer Compensation Disclosures

- Burdensome regulation
 - Only insurer payee compensation required to be disclosed
- Challenge by Independent Insurance Agents & Brokers of New York, Inc. and the Council of Insurance Brokers of Greater New York **failed** at trial court



Compliance Checklist

- 2011 Compliance Handbook
 - Fairly comprehensive compliance checklist
- OCC Examiners Handbook

Insurance Commissions

- When can licensed insurance producers of Ben's Bank share their insurance commissions with others?
 - Administrative tasks
 - Teller referrals
 - Leasing space
 - Advertising
 - Bonus Arrangements





Third Parties

- Can Ben's Bank outsource its consumer marketing and customer billing functions to an expert?
 - Due diligence
 - Varied for the task



Suitability in Annuity Transactions

- Ben's Bank tellers refer every customer to the branch insurance agent to purchase a "one size fits all annuity." Is that problematic?
- NAIC Model Regulation
 - Gather suitability information
 - Reasonable basis to believe a recommended product is appropriate for a particular consumer
 - Disclosures
 - Third parties
 - Exemptions