

IX. Retail Sales – Insurance

Job Aids

Job Aid for Review of Retail Sales of Insurance and Annuities				
Policies and Procedures	Yes	No	N/A	Comments
<p>1. Do the bank's policies and procedures prohibit sales practices which materially mislead consumers into believing that:</p> <ul style="list-style-type: none"> • extensions of credit are tied to the sale of insurance or annuities; • insurance or annuities are backed by the federal government; or • products that carry investment risk do not do so? <p>See §343.30(a) and (b)</p>				
<p>2. Do the bank's policies and procedures detail sales employee qualification, training, licensing and compensation practices?</p> <p>See §343.60.</p>				
<p>3. Do the bank's policies and procedures establish referral procedures for employees who are not authorized to sell insurance which include limits on referral compensation to a one-time, fixed dollar, nominal fee that is not tied to whether the referral results in a transaction?</p> <p>See §343.50(b)</p>				
<p>4. To the extent practical, do the bank's policies and procedures require that the area in which insurance is sold is physically distinct from the area in which retail deposits are taken?</p> <p>See §343.50(a)</p>				
<p>5. Do the bank's policies and procedures prohibit discrimination against victims of domestic violence or providers of services to such victims?</p> <p>See §343.30 (c)</p>				

Job Aid for Review of Retail Sales of Insurance and Annuities (cont.)				
Disclosures	Yes	No	N/A	Comments
<p>6. Are disclosures readily understandable and meaningful?</p> <p><i>See §343.40(c)(5)& (6);</i></p>				
<p>7. Are written customer acknowledgment forms available for all insurance product disclosures, including those which must be provided when credit applications are taken?</p> <p><i>See §343.40(c)(7);</i></p>				
<p>8. Do disclosures contain at least the minimum required content? “Minimum required content” means that:</p> <ul style="list-style-type: none"> • Except to the extent that it is not accurate, disclosures inform customers that insurance and annuities are: • <i>not</i> deposits or obligations of the bank or its affiliates; <i>See §343.40(a)(1)</i> • <i>not</i> guaranteed by the bank or its affiliates; <i>See §343.40(a)(1)</i> • <i>not</i> insured by the FDIC; <i>See §343.40(a)(2)</i> • <i>not</i> insured by or any other agency of the United States or any affiliate of the bank; <i>See §343.40(a)(2)</i> and • are subject to investment risk, including potential loss of principal. <i>See §343.40(a)(3)</i> 				

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Disclosures (cont.)	Yes	No	N/A	Comments
<p>9. Where insurance is solicited, offered, or sold in connection with a credit application, do disclosures state that the bank may not condition the extension of credit on either:</p> <ul style="list-style-type: none"> • the consumer’s purchase of an insurance product or annuity from the bank or any of its affiliates <p>See §343.40(b)(1); or</p> <ul style="list-style-type: none"> • the consumer’s agreement not to obtain, or a prohibition on obtaining, an insurance product or annuity from an unaffiliated entity? <p>See §343.40(b)(2)</p>				
Advertising and Promotional Materials	Yes	No	N/A	Comments
<p>10. Are they readily understandable and meaningful?</p> <p>See §343.40(c)(5)and (6);</p>				
<p>11. Do they contain at least the minimum required disclosures, unless they are not accurate for a particular product? The minimum disclosures explains that the product is</p> <ul style="list-style-type: none"> • NOT A DEPOSIT • NOT FDIC-INSURED • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY • NOT GUARANTEED BY THE BANK • MAY GO DOWN IN VALUE <p>See §343.40(c)(5)</p>				
Training	Yes	No	N/A	Comments
<p>12. Does the bank’s training program cover insurance sales? Does it offer appropriate training to all employees and management?</p> <p>See §343.60</p>				

Job Aid for Review of Retail Sales of Insurance and Annuities (cont.)				
Monitoring	Yes	No	N/A	Comments
<p><i>Sales Practices</i></p> <p>13. Does the bank ensure that sales representatives do not engage in misleading or coercive sales practices?</p> <p>See §343.30.</p> <p>14. Does the bank ensure that tellers or other employees who are not authorized or qualified to sell insurance do not make sales recommendations or take orders for such products?</p> <p>See §343.60</p>				
<p><i>Manner and Timing of Disclosures</i></p> <p>15. Does the bank ensure that disclosures are made in an appropriate and timely way? Does the bank's monitoring system ensure that:</p> <ul style="list-style-type: none"> • disclosures are provided orally and in writing before an initial sale is completed, <p>See §343.40(c)(1),</p> <ul style="list-style-type: none"> • disclosures are provided in advertisements, unless general in nature, <p>See §343.40(d)</p> <ul style="list-style-type: none"> • where insurance is solicited, offered, or sold in connection with a credit application, disclosures are provided orally and in writing when the credit application is taken. <p>See §343.40(c)(1)</p>				

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Job Aid for Review of Retail Sales of Insurance and Annuities (cont.)				
Monitoring (cont.)	Yes	No	N/A	Comments
<p>16. Does the bank's monitoring system consider that:</p> <ul style="list-style-type: none"> For insurance transactions completed by mail or through electronic media, oral disclosures are not required. <p>See §343.40(c)(2) and (4)(iii);</p> <ul style="list-style-type: none"> For insurance transactions completed by telephone, written disclosures may be provided by mail within three business days after the sale is completed or the credit application is taken. <p>See §343.40(c)(3)</p> <ul style="list-style-type: none"> For insurance transactions completed electronically, written disclosures may be provided electronically, if the consumer affirmatively consents and the disclosures are provided in a format that the consumer may retain or obtain later. <p>See §343.40(c)(4).</p>				
<p><i>Customer Acknowledgment of Receipt of Disclosures</i></p> <p>17. Does the bank's monitoring system ensure that a written customer acknowledgement of receipt of all insurance disclosures, including those which must be provided when credit applications are taken, is obtained:</p> <ul style="list-style-type: none"> either when such disclosures are given or before an initial sale is completed. <p>See §343.40(c)(7)</p> <ul style="list-style-type: none"> Except that oral acknowledgements are sufficient for telephone transactions, as long as the bank maintains documentation which shows that acknowledgements have been received and makes reasonable attempts to obtain written acknowledgements from consumers. <p>See §343.40(c)(7)(I) and (ii).</p>				

Job Aid for Review of Retail Sales of Insurance and Annuities (cont.)				
Employee Qualifications	Yes	No	N/A	Comments
<p>18. <i>Do hiring practices</i> for insurance sales personnel include consideration of applicants' qualifications and experience? Does the bank ensure that:</p> <ul style="list-style-type: none"> Insurance sales personnel are appropriately licensed under applicable state insurance licensing standards. <p>See §343.60.</p> <ul style="list-style-type: none"> Agents possess current licenses for particular products offered. <p>See §343.60.</p>				
<ul style="list-style-type: none"> For agencies with multi-state operations, agents possess current licenses for all states in which the agency operates. <p>See §343.60.</p>				
<ul style="list-style-type: none"> Bank employees who sell variable insurance products must be properly licensed and trained to sell both insurance and securities because these products are treated as securities for the purpose of securities brokerage activities under the Securities Exchange Act of 1934. <p>See §343.60.</p>				
<p>19. Does the bank maintain a <i>system to periodically confirm</i> that employees remain in good professional standing and are not subject to disciplinary or enforcement action by any state insurance commissioner, or any state or federal regulatory agency?</p>				
Audit Program	Yes	No	N/A	Comments
<p>20. Does the bank have an audit program that includes insurance sales?</p> <p>Is it sufficient given the volume and complexity of the bank's products, as well as the bank's monitoring program?</p>				

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Complaint Resolution and Monitoring	Yes	No	N/A	Comments
21. Does the bank have a complaint resolution and monitoring program? Is it sufficient? Is it being used as an early warning system to detect potential breakdowns in compliance?				
Management Oversight	Yes	No	N/A	Comments
22. Does the bank responsibly manage the insurance and annuity sales compliance process?				