



400 California St.
San Francisco CA 94101

April 12, 2011

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street NW
Washington DC 20429

Attention: Comments

(via e-mail and U.S. mail)

RE: FDIC Part 330 – Deposit Insurance Education
Request for Comment on Proposed Regulations
RIN #3064-AD37

Dear Mr. Feldman:

Union Bank, N.A. respectfully submits the following response to the Federal Deposit Insurance Corporation's ("FDIC's") request for public comment on the above-captioned proposed regulations, published in the February 11, 2011, *Federal Register*, concerning deposit insurance education ("Proposal").

Union Bank, N.A. ("we" or "Bank") is a California-based national bank with assets of \$79 billion, 406 branch offices located in California, Oregon, Washington, and Texas, and approximately 10,000 employees. We appreciate the opportunity to comment on the Proposal.

Summary

We agree with the Proposal's goal of making deposit insurance information more accessible to depositors, and support some aspects of the Proposal. We support providing the FDIC's Deposit Insurance Summary publication to customers and linking the FDIC's EDIE deposit insurance calculator to the Bank's online sites.

However, we do not support the requirement to first ask customers about whether the customer's aggregate ownership interest in deposit accounts exceeds the standard maximum deposit insurance amount. We find this aspect of the Proposal could potentially mislead customers about their individual responsibility for making informed financial decisions and be construed by the customer as the Bank providing legal advice. Banks should ensure that FDIC deposit insurance information is readily available to customers and that accounts are accurately established as directed by our depositors.

Ascertaining Insured Status

Proposed section 330.17(c)(2) would require the Bank to implement procedures such that, whenever a customer opens a new deposit account, the employee opening the account must inquire whether the customer has an ownership interest in any other accounts at the Bank and, if so, whether the customer's aggregate ownership in deposit accounts, including the new account, exceeds the FDIC's standard maximum deposit insurance amount. The proposed requirement to ascertain insured status would also apply to deposit accounts opened by mail, Internet or other technology. If the customer responds affirmatively, then the employee must provide the customer with the FDIC's *Deposit Insurance Summary* publication.

We fully support providing FDIC insurance publications to customers. We currently distribute and make available the FDIC's *Deposit Insurance Summary* pamphlet at all our branch offices and post information about deposit insurance coverage on the Bank's public website. However, we oppose the requirement for an employee to ask a customer whether their current balance combined with the new account balance would exceed the current maximum insurance amount.

Often, a customer with multiple accounts is unsure about how accounts are structured or titled, or the account balances. Such customer uncertainty, and resulting Bank questions, may lead the customer to believe that the Bank employee is under an obligation to make a legal determination about the current amount of FDIC insurance coverage for the customer.

FDIC insurance is a complex topic and the manner in which customers may hold/structure accounts is complex and inconsistent. We believe determination of deposit insurance coverage is not the responsibility of the Bank, but rather is the depositor's responsibility, perhaps in conjunction with advice from the depositor's legal or financial advisor and/or the FDIC.

In the Proposal, the FDIC states that the rule would not require a bank employee to provide counsel or advice to the customer regarding how to structure multiple deposit accounts to maximize deposit insurance coverage. However, we believe this is precisely what a customer would reasonably be led to expect and/or infer as a result of Bank questions required under the Proposal.

As an alternative to this aspect of the Proposal, we propose that the FDIC allow insured depository institutions to satisfy the requirement to inquire about balances by providing the information contained in the FDIC's *Deposit Insurance Summary* pamphlet to all depositors at new account opening or to any depositor upon request. The information could be distributed in paper format and made available electronically for accounts opened on the Internet.

Further, in the spirit of making the FDIC's deposit insurance information easily accessible, we support linking the FDIC's EDIE deposit insurance calculator to the Bank's public website and online banking applications.

Training Requirement

Proposed section 330.17(a) would require all Bank employees with authority to open accounts and/or respond to customer inquiries regarding deposit insurance coverage to complete training on basic deposit insurance principles. The training would be prescribed and provided by the FDIC and take less than two hours. Current employees would be required to complete the training within 60 days of the effective date of the final rule; new employees would be required to complete training within 30 days after beginning employment; and all affected employees would be required to complete the training annually thereafter.

Currently, over 50 percent of the Bank's employees have authority to open new accounts and/or respond to customer inquiries. The Bank provides training to those employees about the broad aspects of FDIC insurance coverage. New employees receive the training before they engage in customer contact, and training for existing employees is refreshed annually and as changes to insurance coverage occur.

We welcome the FDIC's recommendations for training content, but request that banks be allowed to incorporate the FDIC content into existing training programs. With respect to timing for training completion for existing employees, it would be burdensome to administer training out of cycle and meet the proposed 60-day time frame. We request that existing employees be allowed to complete the training as part of bank's ongoing training programs within one year of the implementation of final regulations and annually thereafter.

Additional Requests for Comment

- The FDIC requested comment on whether the proposed rule strikes the right balance between meeting depositors' need for accurate deposit insurance information and the potential cost to and regulatory burden on insured depository institutions.

We believe it does not. We do not think that it is the Bank's responsibility to confirm FDIC insurance coverage to depositors or directly or indirectly assist a depositor in structuring accounts to maximize FDIC insurance coverage. It is appropriate for the Bank to make FDIC deposit insurance information easily available and to accurately establish accounts as directed by our depositors. This is very similar to the Bank's position of not providing tax advice, and is not an issue of cost or regulatory burden, but rather is one of legal risk.

The Proposal stated that the FDIC receives "tens of thousands of telephone calls, emails and correspondence annually about deposit insurance coverage." In the event the Proposal is adopted as a final rule, we ask for more precise information about the nature of the phone calls and the duration of the calls, so that we may adequately staff our retail offices and call centers.

- Comment was requested about whether the Bank should be required to maintain in retail office lobbies a dedicated computer terminal containing the EDIE application, which customers could use on their own or with assistance from bank employees.

We oppose this suggestion. In the past, the Bank has experimented with a public computer in retail lobbies for various purposes. Use of the computer was very low and did not justify the

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cost of purchasing and maintaining the equipment. With the current widespread availability of computers, nearly all Bank customers have Internet access. We therefore believe the cost of placing a public computer in each lobby for this purpose is not justified.

We appreciate the opportunity to provide comment on the Proposal and thank you for consideration of our concerns. If questions regarding the information in this comment letter arise, please contact me at 415-765-2907 or at lynn.sullivan@unionbank.com.

Sincerely,

Lynn Sullivan
Executive Vice President
Chief Consumer Compliance Officer
Union Bank, N.A.