



BULLETIN

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This Bulletin will clarify the Commissioner's position relative to the distribution of credit life insurance income. Although the State Banking Act does not address this issue, the Department of Financial Institutions has adopted Regulation 2 of the Office of the Comptroller of the Currency pursuant to T.C.A. Section 45-2-601 which provides that state banks may engage in powers authorized for national banks in Tennessee, subject to regulation by the Commissioner.

This regulation prohibits employees, officers, directors and principal shareholders of banks from benefiting personally on the sale of credit life insurance to loan customers and to encourage marketing of credit life insurance through the use of bank facilities only under arrangements which assure that individuals with the bank do not receive benefits not shared with all stockholders of the bank.

A copy of Regulation 2 is attached.

Please address any questions to Assistant Commissioner Louise Johnson or Staff Attorney Greg Gonzales at 741-2236.

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