

Bulletin 253

PERMISSIBLE ACTIVITIES OF FINANCIAL INSTITUTIONS CONTRACTING WITH INSURERS OR PURCHASING GROUP POLICIES

It has recently been noted that there may be some lack of clarity regarding the extent to which financial institutions may be involved in the solicitation or advertising of insurance products. Pursuant to Title 24-A M.R.S.A. § 1514-A, a financial institution, financial institution holding company or the subsidiary of either, or an officer, employee, agent, or representative of a financial institution, financial institution holding company or the subsidiary of either may not be licensed as, or act as an insurance agent, broker or consultant in Maine. For the purposes of this Bulletin, all of the above constitute "financial institutions," as do credit unions. Section 1514-A also prohibits insurance professionals from contracting with a financial institution for the purpose of engaging in the insurance business. A financial institution may purchase a group credit life, group credit health, group health, or group life insurance policy and may be licensed for the limited purpose of selling annuities as authorized by Title 9-B, section 443, subsection 11.

Some financial institutions have entered into or wish to enter into arrangements with insurers or agents for the purpose of making automobile, homeowners, or life and health insurance products available to financial institution customers. With respect to individual insurance products, a financial institution may not advertise, solicit, take application for, endorse, or share fees or commissions for insurance. Pursuant to Title 24-A M.R.S.A. § 1512, such activities may be performed only by licensed insurance professionals, and financial institutions are prohibited from being licensed as or "acting as" insurance professionals. If an insurer wishes to make individual insurance products available to financial institution customers, all communications regarding the product must come from the insurer. A financial institution may not jointly advertise with an insurer and may not include insurance advertisements in any financial institution publication. Insurers wishing to offer individual casualty and property insurance products to financial institution customers may also have to comply with Title 24-A M.R.S.A. Chapter 40, Mass Marketing of Casualty and Property Insurance.

Title 24-A M.R.S.A. Chapters 31, 35, and 37 allow a financial institution to purchase a group policy to cover its members or customers. A financial institution may inform its customers or members that they are automatically covered by a group policy or are eligible to apply for coverage under the policy. A financial institution may not advertise for the insurer, solicit additional insurance for the insurer, or collect commission. A financial institution purchaser of a group policy is a policyholder and has the authority to discuss insurance issues with its customers only to the extent authorized in Chapters 31, 35, and 37. Communications from a financial institution group policyholder to customers or members must be limited to answering general questions regarding the type of coverage and discussing the cost of the coverage, if any. Specific questions about what may or may not be covered under the policy or questions about the purchase of additional coverage should be directed to and answered by the insurer, or its agent.

Nothing in this Bulletin prohibits a financial institution from purchasing vendor single interest coverage. This Bulletin does not address the laws and rules that apply to an insurer or agent which leases space on financial institution premises. A financial institution licensed for the limited purpose of selling annuities may engage in permissible activities under that license, but is subject to Title 24-A M.R.S.A. § 1514-A and this Bulletin with respect to all types of insurance other than annuities.

Questions regarding this Bulletin may be directed to the Market Conduct Division of the Bureau of Insurance at (207) 624-8437 or (207) 624-8463.

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