

**STATE OF MISSISSIPPI
COOPERATIVE AGREEMENT**

between

**Department of Insurance
and
Department of Banking and Consumer Finance**

February 12, 2008

In an effort to provide guidance to the banking industry of Mississippi, as to the authority of the Mississippi Department of Insurance (DOI) and the Mississippi Department of Banking and Consumer Finance (DBCF), this Cooperative Agreement (Agreement) is entered into with regard to the regulation of the sale of insurance by banks who anticipate selling all types of insurance products.

This Agreement is also intended to ensure that state banks will be allowed to receive the same rights, privileges, and equal treatment as national banks in the sale of insurance products which are regulated by DOI. This action is predicated under HB1409 as passed in the 1997 Regular Session of the Mississippi Legislature.

As noted in the October 8, 1996 Advisory Letter issued by the Comptroller of the Currency, all national banks selling or underwriting insurance are subject to the licensing laws and regulatory authority of DOI under Titles 27 and 83 of the Mississippi Code, Annotated as well as all applicable rules and regulations of that agency as long as that regulatory authority does not prohibit or significantly interfere with the right of a national bank to sell insurance.

While not mandated that banks form separate corporations to become licensed to engage in insurance activities, banks are greatly encouraged to operate through an affiliated or subsidiary agency structure, which would be regulated by DOI. Those financial institutions that obtain a license for the bank to sell directly as an agency must provide access to insurance regulators all documents and records required by DOI to ensure compliance of all applicable state insurance laws, rules, and regulations.

Any bank employee, affiliated corporation, or subsidiary corporation, acting in any capacity, and compensated in any manner as defined under such state insurance statutes, must be properly licensed. All insurance agents must comply with applicable licensing requirements for initial and renewal licenses.

Federal regulation of all banks prohibits the conditioning of any loan on the purchase of any insurance product. Federal regulation of all banks also requires that any investment type of insurance product that is sold by an affiliate include a disclosure that it is not federally insured nor guaranteed by the bank.

DBCF totally supports DOI in its mission to regulate and license banks to sell insurance products in the State of Mississippi and DOI totally supports DBCF in its mission to regulate and supervise the safety and soundness of banks in Mississippi. Only in extreme cases that would be detrimental to the bank and its depositors or to the insurance agency and its customers would there be joint intervention by DOI and DBCF.

If any provision of this Agreement, or the application thereof, to any person or circumstance is held invalid, such determination shall not affect other provisions or applications of this Agreement which can be given effect without the invalid provision or application. To that end, the invalid provision or application of this Agreement is severable.


Mike Chaney, Commissioner
Mississippi Department of Insurance


John S. Allison, Commissioner
Mississippi Department of Banking
and Consumer Finance