

#2 Received Via Email

December 9, 2002

VIA E-Mail: [regcomments@fincen.treas.gov](mailto:regcomments@fincen.treas.gov)

ATTN: Section 352 - Insurance Company Regulations

Dear Sir or Madam:

I am writing on behalf of the American Association of Health Plans (AAHP) to comment on the proposed rule requiring insurance companies to report suspicious transactions as required by the Bank Secrecy Act as amended by the USA Patriot Act. 67 Fed. Reg. 64067 (October 17, 2002).

AAHP is the national trade association representing health maintenance organizations, preferred provider organizations, point-of-service plans, and other similar health plans. AAHP represents more than 1,000 managed health care organizations serving nearly 160 million Americans, the majority of whom are participants or beneficiaries of employee benefit plans under the Employee Retirement Income Security Act of 1974 ("ERISA"), 29 U.S.C. §1001, et seq.

AAHP supports the provisions in the proposed rule which limit the definition of "insurance company" to "any person engaged within the United States as a business in (A) The issuing, underwriting, or reinsuring of a life insurance policy; (B) The issuing, granting, purchasing, or disposing of any annuity contract; or (C) The issuing, underwriting, or reinsuring of any insurance product with investment features similar to those of a life insurance policy or an annuity contract, or which can be used to store value and transfer that value to another person."

The above definition does not include health plans within the definition of "insurance company" which is consistent with the Department of Treasury's "determination that a suspicious transaction reporting requirement should be imposed on those sectors of the insurance industry that pose the most significant risk of money laundering and terrorist financing." As noted in the proposed rules, "FinCEN believes that the most significant money laundering and terrorist financing risks in the insurance industry are found in life insurance and annuity products because such products allow a customer to place large amounts of funds into the financial system and seamlessly transfer such funds to disguise their true origin."

If I can provide you with any additional information please do not hesitate to contact me at 202-778-3259.

Sincerely,  
Diana C. Dennett  
Executive Vice President