



Federal Deposit Insurance Corporation  
550 17th Street NW, Washington, D.C. 20429-9990

Financial Institution Letter  
FIL-52-2018  
September 28, 2018

## BANK SECRECY ACT

### Customer Identification Program Rule Exemption for Insurance Premium Finance Loans

**Summary:** The FDIC, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, and the National Credit Union Administration, collectively the federal banking agencies (FBAs), with the concurrence of the Financial Crimes Enforcement Network (FinCEN), grant an exemption from the requirements of the customer identification program (CIP) rules for loans extended by banks and their subsidiaries to commercial customers to facilitate purchases of property and casualty insurance policies.

**Statement of Applicability to Institutions:** This Financial Institution Letter applies to all FDIC-supervised banks and savings associations, including community banks.

**Distribution:**

FDIC-Supervised Banks (Commercial and Savings)

**Suggested Routing:**

Chief Executive Officer  
BSA Compliance Officer

**Related Topics:**

Bank Secrecy Act  
Anti-Money Laundering  
Counter-Terrorist Financing

**Attachments:**

[Order Granting CIP Exemption](#)

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**Note:**

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**Highlights:**

- The appropriate FBA, with the concurrence of FinCEN, may by order or regulation, exempt any bank or type of account from the requirements of the CIP rules after consideration of whether the proposed exemption is consistent with the purposes of the Bank Secrecy Act (BSA) and with safe and sound banking practices.
- FinCEN, the Administrator of the BSA, has stated that insurance premium finance loans present a low risk of money laundering because of the purpose for which the loans are extended and limitations on the ability of a customer to use such funds for any other purpose.
- The FDIC, based on FinCEN's determination, has issued an order with the other FBAs granting an exemption from the requirements of the CIP rules for loans extended by banks and their subsidiaries to commercial customers to facilitate the purchase of property and casualty insurance policies.
- Banks engaging in insurance premium finance lending must continue to comply with all other regulatory requirements implementing the BSA, including the requirement to file suspicious activity reports.