

Interpretive Letter #1194
September 2026

September 3, 2026



Subject: Personal Guarantee Insurance Product

Dear [REDACTED]:

This letter responds to your request on behalf of [REDACTED] (the “Bank”) regarding the Bank’s proposal to offer personal guarantee insurance (“PGI”) in connection with its commercial lending business. Based on the information submitted by the Bank through its counsel, we conclude that the offering of PGI as proposed is permissible for a national bank under 12 U.S.C. § 24(Seventh) and section 302 of the Gramm-Leach-Bliley Act (“GLBA”).¹

I. Background

PGI is insurance for a personal guarantor of a loan against the risk that the primary borrower defaults and the guarantor becomes liable to cover the guarantee. The Bank would offer PGI as an optional product to its commercial loan customers in partnership with [REDACTED] (the “Agent”).² The Agent serves as managing general agent for the policy, which is then issued by a carrier insurance company.³ After the carrier issues the policy, a wholly owned Bank subsidiary known as a captive PGI cell (“PGI Cell”) then reinsures the policy in favor of the carrier.⁴ Should the primary borrower on a loan default, the terms of the PGI policy would require the guarantor to pay the carrier co-insurance or a deductible of 5 to 10 percent of the amount guaranteed. The remainder would be paid by the carrier under the PGI policy, with the PGI Cell reimbursing the carrier.

¹ 15 U.S.C. § 6712.

² If the borrower chooses to purchase PGI, the cost of the policy’s premiums is rolled into the borrower’s loan payments.

³ Neither the Agency nor the carrier insurance company are affiliated with the Bank.

⁴ A national bank establishing a subsidiary, or conducting a new activity in a subsidiary, may be required to file an after the fact notice or an application for prior approval with the OCC under 12 C.F.R. § 5.34.

II. Discussion

A. Statutory Language.

Under Section 302 of GLBA, national banks and their subsidiaries may provide “authorized products” but may not otherwise provide insurance⁵ as principal. The statutory language provides, in relevant part:

- (a) In General— . . . a national bank and the subsidiaries of a national bank may not provide insurance in a State as principal except that this prohibition shall not apply to authorized products.
- (b) Authorized products—For the purposes of this section, a product is authorized if—
 - (1) as of January 1, 1999, the Comptroller of the Currency had determined in writing that national banks may provide such product as principal, or national banks were in fact lawfully providing such product as principal;
 - (2) no court of relevant jurisdiction had, by final judgment, overturned a determination of the Comptroller of the Currency that national banks may provide such product as principal; and
 - (3) the product is not title insurance, or an annuity contract the income of which is subject to tax treatment under section 72 of title 26.

B. Credit-Related Insurance is a “Product” Under the GLBA.

As discussed below, the OCC has previously determined that credit-related insurance meets the three-pronged test to qualify as a “product” under the GLBA, as set forth in Section 302(b).⁶

In multiple cases before January 1, 1999, the OCC had found in writing that it was permissible for national banks to underwrite, reinsure, and sell as agent credit-related insurance products.⁷ Twelve U.S.C. § 24(Seventh) permits national banks to engage in activities that are part of, or incidental to, the business of banking.⁸ The OCC considers the underwriting, reinsurance, and sale as agent of credit-related insurance products to be an activity that was part of or incidental to

⁵ “Insurance” is defined in § 302(c) and generally depends on the law of the state where the product is provided. 15 U.S.C. § 6712(c).

⁶ OCC Interpretive Letter No. 886 (Mar. 27, 2000).

⁷ See OCC Corporate Decision No. 98-31 (May 26, 1998). See also OCC Interpretive Letter No. 277 (December 13, 1983) (authorizing reinsurance of credit life insurance products as a logical complement to a national bank’s power to sell credit life); OCC Interpretive Letter No. 283 (March 16, 1984) (authorizing the sale, as agent, of credit related insurance); and OCC Corporate Decision No. 97-92 (October 17, 1997) (authorizing underwriting of credit disability and involuntary unemployment insurance products).

⁸ *NationsBank of N.C., N.A. v. Variable Annuity Life Ins. Co.*, 513 U.S. 251 (1995).

the business of banking pursuant to 12 U.S.C. § 24(Seventh).⁹ OCC precedent defines “credit-related insurance” as insurance products that “guarantee or secure payment of an outstanding obligation in a credit transaction in the event that the borrower is unable to pay.”¹⁰

As of January 1, 1999, no court of relevant jurisdiction had, by final judgment, overturned a determination by the OCC that national banks may provide such credit-related insurance product as principal.¹¹ Credit-related insurance products are not title insurance nor are they an annuity contract as defined in section 302.¹²

Based on those considerations, the OCC concluded that credit-related life insurance qualifies as an “authorized product” within the meaning of Section 302(b) of the GLBA.¹³

C. PGI is Credit-Related Insurance.

As explained below, PGI meets the definition of “credit related insurance” as defined in published OCC precedent.

Section 302 uses the term “product” to refer to general categories of insurance that serve different purposes.¹⁴ Each of these general categories describes a product that protects against a different type of risk. Credit risk is one category of risk, and credit-related insurance products are designed to protect against credit risk. As noted above, OCC precedent defines credit-related insurance as products that guarantee or secure payment of an outstanding obligation in a credit transaction in the event that the borrower is unable to pay.¹⁵

PGI is insurance offered in conjunction with a “credit transaction,” namely a loan, with the “outstanding obligation” constituting a guarantee of that loan and the “borrower” constituting the guarantor. A guarantee functions in the same manner as other outstanding obligations that a lender considers in connection with a loan. A guarantor of a loan promises to pay the debt if the primary obligor fails to meet its obligations.¹⁶ When a guarantee is available, an analysis of the

⁹ OCC Corporate Decision No. 98-31 (May 26, 1998); OCC Corporate Decision No. 97-92 (Oct. 17, 1997) (“Credit-related insurance activities are part of, or incidental to, the business of banking because they enhance banks’ ability to recover payments on loans.”).

¹⁰ Letter No. 886, *supra* note 6.

¹¹ *Id.* at 4.

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.* at 3.

¹⁵ *Id.*

¹⁶ *Comptroller’s Handbook*, “Rating Credit Risk” (Apr. 2001) at 53. *See also* Guaranty, *Black’s Law Dictionary* (12th Ed. 2024) (“A promise to answer for the payment of some debt, or the performance of some duty, in case of the failure of another who is liable in the first instance; a collateral undertaking by one person to be answerable for the payment of some debt or

financial responsibility of the guarantor is an important part of the underwriting process, which takes place alongside the lender's evaluation of other credit risks in connection with the loan.¹⁷ In that way, PGI performs the same function as other credit-related insurance products recognized by the OCC, such as credit reinsurance, in that it guarantees payment of a loan amount that another party is obligated to pay when the borrower defaults.

The Bank proposes to offer PGI to a guarantor at the time of signing the guarantee, thereby offering the product in conjunction with a lending product. As noted, a bank considers the credit worthiness of the guarantor alongside that of the primary borrower in determining whether to extend credit. Risk mitigants such as PGI help ensure payment that would otherwise be due by the guarantor and factor into the Bank's analysis.

III. Conclusion

Because PGI is credit-related insurance and credit-related insurance is an authorized product under section 302 of the GLBA, we conclude that the PGI product proposed by the Bank constitutes an "authorized product" within the meaning of Section 302 of GLBA. It is therefore permissible for a national bank to provide PGI.

This conclusion is based on the facts and circumstances represented in your correspondence. Different facts and circumstances could result in a different conclusion.

Sincerely,

//s// Digitally Signed, Dated: 2026.09.03

Will C. Giles
Principal Deputy Chief Counsel

performance of some duty or contract for another person who stands first bound to pay or perform.").

¹⁷ For example, the "guarantee of a financially responsible party" that secures an asset is sufficient to qualify that asset as "well secured" when a bank determines the accrual status for consumer loans on its call report. *See* Federal Financial Institutions Examination Council's "Instructions for Preparation of Consolidated Reports of Condition and Income", Schedule RC-N – Past Due and Nonaccrual Loans, Leases, and Other Assets; *see also* *Comptroller's Handbook*, "Residential Real Estate" (Version 1.0, Jun. 2015) at 33. Safe and sound banking practices include consideration of guarantor support and related financial information as part of underwriting standards. *See, e.g.,* *Comptroller's Handbook*, "Commercial Real Estate Lending" (Version 2.0, Mar. 2022) at 29-30; *Comptroller's Handbook*, "Loan Portfolio Management" (Apr. 1998) at 21.