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Himamauli Das  
Acting Director  
Financial Crimes Enforcement Network  
Policy Division  
P.O. Box 39  
Vienna, VA 22183

**RE: Docket No. FINCEN-2021-0005**  
**Docket Name: Beneficial Ownership Information Reporting Requirements**  
**Docket RIN: 1506-AB49**

Dear Acting Director Das:

The Independent Insurance Agents & Brokers of America (IIABA) respectfully submits the following comments in response to the efforts of the Financial Crimes Enforcement Network (FinCEN) to implement the Corporate Transparency Act (CTA) and to the Notice of Proposed Rulemaking referenced above. IIABA is the nation's oldest and largest association of independent insurance agents and brokers (i.e. insurance producers), and our members operate from more than 25,000 agency locations across the country under the Trusted Choice brand. Trusted Choice independent agents offer consumers all types of insurance—property, casualty, life, health, employee benefit plans, and retirement products—from a variety of insurance companies. IIABA appreciates having the opportunity to comment on the proposed rule and the manner in which it would apply to insurance producers.

The CTA excludes from the definition of “reporting company” state licensed producers that have “an operating presence at a physical office within the United States,” but the proposed rule unreasonably restricts the intended application of the exclusion. Specifically, the proposed rule creates a definition for the term “operating presence at a physical office within the United States” that does not include (1) physical offices that are located at a site that is also a residence or (2) those that are not formally owned or leased by entity. Although Congress imposed no such restrictions on the ability of state licensed producers to qualify for the exclusion, the addition of this definition effectively adds new conditions and sweeps certain state licensed producers into the definition of “reporting company.” In other words, state licensed insurance producers who operate from a genuine physical office found at the same location as a residence or at a location not formally owned or leased by the entity itself would now be uniquely subject to the reporting requirements (despite the fact that they are already disclosing their beneficial ownership information to regulators in the same manner that all producers must).

While the vast majority of state licensed insurance producers have a physical office that is not located at a residence, there are some producers that maintain a working office and residence at the same location. This occurs in both rural areas (where agents may have their genuine offices located adjacent to or within the structures where they reside) and in urban ones (where, for example, producers may live on floors above their offices). The COVID-19 pandemic has also highlighted the fact that businesses can, and in some cases need, to operate in this manner. There is no reason, however, to penalize these insurance producers and subject them to heightened and unnecessary reporting mandates that are not applied to their peers. There is no rationale for, or public interest served in treating them as “reporting company[ies],” and it would be unfair and arbitrary to do so.



Additionally, IIABA is concerned the proposed definition of “operating presence at a physical office within the United States” would, in effect, require a producer to operate at “a physical location ... that the entity owns or leases” in order to be excluded from the definition of “reporting company.” As a result of the proposed rule, an insurance agency that operates from a property individually owned by the business owner would find itself swept into the definition of “reporting company.” The CTA imposed no such condition or restriction on the exclusion for state licensed insurance producers, and there is similarly no rationale for establishing such a limitation by rule.

We also do not understand how an insurance producer with an office that is located at the same site as a residence or one that is not formally owned or leased by the entity itself could be considered not to have “an operating presence at a physical office within the United States.” These entities have genuine offices, and those offices are located in the United States. To say that a business does not have “an operating presence at a physical office within the United States” would mean that it is operating from a foreign country, and that is certainly not the case with these businesses.

IIABA appreciates FinCEN’s focus on this particular aspect of the proposed rule, which the bureau highlighted and specifically asked for comments about in Question 28. The drafters of the proposal were correct to inquire about the impact of the definition of the phrase “operating presence at a physical office within the United States” and whether any such definition should exclude a physical location that is also an individual’s residence or a location not formally owned or leased by the entity itself. The definition of the phrase found in the proposed rule produces an unwarranted outcome in which some types of insurance producers would be made subject to the new federal reporting requirements, despite the fact that these entities were expressly and unequivocally excluded from this obligation by Congress and already provide this information to state officials. IIABA believes the phrase is clearly understood and does not require a definition, and we urge FinCEN to simply delete the proposed definition in the final rule and to exclude state licensed producers from the definition of “reporting company” as intended by Congress.

IIABA greatly appreciates the opportunity to comment and thanks FinCEN for considering the perspective of the insurance producer community. Please do not hesitate to reach out to our organization should you require further information.

Respectfully submitted,



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