



---

Comptroller of the Currency  
Administrator of National Banks

---

Washington, DC 20219

**Interpretive Letter #901**  
**January 2001**  
**12 USC 24(7)**

June 29, 2000

Dear [ ]:

This is in response to your letter of March 23, 2000, addressed to William B. Glidden, Assistant Director, Bank Activities and Structure Division. You related that your client, [ ] (“the Bank”), owns a number of life insurance policies issued by [ ] Insurance Company (“”). These policies cover various officers and employees of the Bank. Due to the planned “demutualization,” or conversion to stock form, of [ ], the Bank was scheduled to receive a certain number of shares of [ ] common stock. You requested confirmation that the Bank may retain these shares of stock.

You represented that the Bank purchased the life insurance policies for purposes that the OCC has found to be incidental to banking under 12 U.S.C. § 24(Seventh), and in accordance with the guidance contained in OCC Bulletin 96-51, Bank Purchases of Life Insurance. When a mutual life insurance underwriter converts to stock form, which has become relatively common in recent years, shares in the new company are distributed to the policyholders based on the amount of insurance that they own. Under these circumstances, the Bank’s receipt of the stock is probably most properly characterized as a byproduct of the permissible activity of purchasing life insurance for the Bank’s needs, and not as a “purchase” of stock within the meaning of 12 U.S.C. § 24(Seventh). Moreover, the Bank’s retention of this stock does not raise any safety and soundness concerns, according to examining personnel who have considered it.

Accordingly, the OCC does not object to retention of the [ ] stock by the Bank. I trust that this has been responsive to your inquiry. If you have further questions, please feel free to contact me at (202) 874-5300.

Sincerely,

**-signed-**

Christopher C. Manthey  
Senior Attorney  
Bank Activities and Structure Division

