

## Interpretive Letter 2002-05 (April 11, 2002)

### **Bank may provide confidential supervisory information to insurance carrier for purposes of obtaining or renewing bond coverage, subject to conditions.**

This letter responds to your request seeking permission from the Office of Banks and Real Estate (“Agency”) to respond to certain questions presented by \*\*\* (“Company”) in connection with the renewal of bond coverage. Specifically, the renewal application asks about the existence and details of any regulatory action or agreement under which \*\*\* Bank (“Bank”) is operating, including Memoranda of Understanding or Cease and Desist Orders. The application also asks for details regarding loans classified as substandard, doubtful, and loss during the most recent regulatory examination. The Bank may answer these questions and provide the necessary detail, subject to the conditions set forth in this letter and subject to the approval of its primary federal regulator for all documents and reports also issued by that agency.

The information requested would generally constitute confidential supervisory information, and disclosure would normally be restricted pursuant to Section 48.3 of the Illinois Banking Act (“Act”).<sup>1</sup> The Act, however, provides limited exceptions to the statutory restriction on disclosure. Section 48.3(b)(5) of the Act provides that a bank or its officers, agents, and employees may disclose confidential supervisory information “...to the bank's insurance company in relation to an insurance claim or the effort by the bank to procure insurance coverage, provided that, when possible, the bank shall *disclose only information that is relevant to the insurance claim or that is necessary to procure the insurance coverage, while maintaining the confidentiality of financial information pertaining to its customers*. When appropriate, the bank may delete identifying data relating to any person.”

Pursuant to this provision, the Bank may answer the questions on the renewal application and allow the Company to inspect relevant portions of reports of examination or other documents in connection with an examination, investigation, or visitation conducted by the Agency, including any regulatory orders or agreements issued by the Agency. Inspection of the requested information is subject to the following terms and conditions:

1. Copies of reports and documents may not be reproduced or redisclosed by the Company in any way; and
2. Copies of all reports and documents specifically produced for inspection must be destroyed by the Bank after inspection.

In addition to satisfying the above-mentioned conditions, the Bank must also obtain the input and approval of its primary federal regulator before making any disclosures pertaining to documents or reports issued jointly by that agency, including regulatory orders or agreements.

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<sup>1</sup> 205 ILCS 5/48.3.