OTS Grants Thrift Charter to Guardian Life Insurance

WASHINGTON, D.C., March 26, 1999 - Guardian Life Insurance Company of America, a $25 billion asset insurer, received a federal charter today from the Office of Thrift Supervision (OTS) to organize a new thrift institution that will offer trust products nationwide through the insurance company's employees and agents. Guardian Life becomes a unitary thrift holding company.

The new thrift, named Guardian Trust Company, FSB, will locate its office, which will be open to the public, in Guardian Life's new headquarters in New York City. The thrift charter will enable the company to expand financial services it currently offers customers and create new products and services. These include, but are not limited to, irrevocable life insurance trusts, credit shelter trusts, special needs trusts, charitable trusts, revocable living trusts and individual retirement account trusts. Guardian, which was founded in 1860 as Germainia Life Insurance Company, also maintains regional offices in Bethlehem, Pa.; Appleton, Wis.; and Spokane, Wash. It has 5,000 employees and 3,000 field agents.

In granting the charter, OTS is requiring Guardian Trust to submit quarterly reports on the number and type of trust accounts serviced and their assets and to obtain OTS approval before making any major changes to its approved business plan.

In a letter to OTS, Guardian stated it will inform customers, "at or prior to the time a trust account is opened," that trust assets held by the thrift are not FDIC-insured and are, therefore, subject to investment risks and possible loss of the principal invested. Guardian also will separately inform trust customers that, as permitted by state law and terms of the trust instrument, it may invest trust assets in mutual funds or annuity and insurance products for which an affiliate of the thrift serves as underwriter or investment adviser; delegate to a third party responsibility for making investment decisions; and use broker-dealer affiliates of the thrift to execute securities transactions on behalf of trust accounts.

The thrift also must set up comprehensive programs to oversee compliance with applicable consumer protection laws and regulations and manage risk; comply with anti-tying laws; obey regulations governing transactions with affiliates and submit to OTS for approval any new
transactions beyond those covered in the chartering order; and make certain that at least 40 percent of the thrift's directors are individuals who are not officers or employees of affiliates.

Guardian Trust must comply with interagency guidance on Year 2000 readiness and sales of non-deposit products.

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The Office of Thrift Supervision (OTS), a bureau of the U.S. Treasury, regulates and supervises the nation's thrift industry. OTS' mission is to ensure the safety and soundness of thrift institutions and to support their role as home mortgage lenders and providers of other community credit and financial services. For copies of news releases or other documents call PubliFax at 202/906-5660, or visit the OTS web page at [www.ots.treas.gov](http://www.ots.treas.gov).

[Guardian Approval Order]