

113TH CONGRESS
2D SESSION

S. 2270

IN THE HOUSE OF REPRESENTATIVES

JUNE 5, 2014

Referred to the Committee on Financial Services

AN ACT

To clarify the application of certain leverage and risk-based requirements under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Insurance Capital
3 Standards Clarification Act of 2014”.

4 **SEC. 2. CLARIFICATION OF APPLICATION OF LEVERAGE**
5 **AND RISK-BASED CAPITAL REQUIREMENTS.**

6 Section 171 of the Dodd-Frank Wall Street Reform
7 and Consumer Protection Act (12 U.S.C. 5371) is amend-
8 ed—

9 (1) in subsection (a), by adding at the end the
10 following:

11 “(4) BUSINESS OF INSURANCE.—The term
12 ‘business of insurance’ has the same meaning as in
13 section 1002(3).

14 “(5) PERSON REGULATED BY A STATE INSUR-
15 ANCE REGULATOR.—The term ‘person regulated by
16 a State insurance regulator’ has the same meaning
17 as in section 1002(22).

18 “(6) REGULATED FOREIGN SUBSIDIARY AND
19 REGULATED FOREIGN AFFILIATE.—The terms ‘regu-
20 lated foreign subsidiary’ and ‘regulated foreign affil-
21 iate’ mean a person engaged in the business of in-
22 surance in a foreign country that is regulated by a
23 foreign insurance regulatory authority that is a
24 member of the International Association of Insur-
25 ance Supervisors or other comparable foreign insur-
26 ance regulatory authority as determined by the

1 Board of Governors following consultation with the
 2 State insurance regulators, including the lead State
 3 insurance commissioner (or similar State official) of
 4 the insurance holding company system as deter-
 5 mined by the procedures within the Financial Anal-
 6 ysis Handbook adopted by the National Association
 7 of Insurance Commissioners, where the person, or
 8 its principal United States insurance affiliate, has
 9 its principal place of business or is domiciled, but
 10 only to the extent that—

11 “(A) such person acts in its capacity as a
 12 regulated insurance entity; and

13 “(B) the Board of Governors does not de-
 14 termine that the capital requirements in a spe-
 15 cific foreign jurisdiction are inadequate.

16 “(7) CAPACITY AS A REGULATED INSURANCE
 17 ENTITY.—The term ‘capacity as a regulated insur-
 18 ance entity’—

19 “(A) includes any action or activity under-
 20 taken by a person regulated by a State insur-
 21 ance regulator or a regulated foreign subsidiary
 22 or regulated foreign affiliate of such person, as
 23 those actions relate to the provision of insur-
 24 ance, or other activities necessary to engage in
 25 the business of insurance; and

1 “(B) does not include any action or activ-
 2 ity, including any financial activity, that is not
 3 regulated by a State insurance regulator or a
 4 foreign agency or authority and subject to State
 5 insurance capital requirements or, in the case of
 6 a regulated foreign subsidiary or regulated for-
 7 eign affiliate, capital requirements imposed by a
 8 foreign insurance regulatory authority.”; and

9 (2) by adding at the end the following new sub-
 10 section:

11 “(c) CLARIFICATION.—

12 “(1) IN GENERAL.—In establishing the min-
 13 imum leverage capital requirements and minimum
 14 risk-based capital requirements on a consolidated
 15 basis for a depository institution holding company or
 16 a nonbank financial company supervised by the
 17 Board of Governors as required under paragraphs
 18 (1) and (2) of subsection (b), the appropriate Fed-
 19 eral banking agencies shall not be required to in-
 20 clude, for any purpose of this section (including in
 21 any determination of consolidation), a person regu-
 22 lated by a State insurance regulator or a regulated
 23 foreign subsidiary or a regulated foreign affiliate of
 24 such person engaged in the business of insurance, to

1 the extent that such person acts in its capacity as
2 a regulated insurance entity.

3 “(2) RULE OF CONSTRUCTION ON BOARD’S AU-
4 THORITY.—This subsection shall not be construed to
5 prohibit, modify, limit, or otherwise supersede any
6 other provision of Federal law that provides the
7 Board of Governors authority to issue regulations
8 and orders relating to capital requirements for de-
9 pository institution holding companies or nonbank fi-
10 nancial companies supervised by the Board of Gov-
11 ernors.

12 “(3) RULE OF CONSTRUCTION ON ACCOUNTING
13 PRINCIPLES.—

14 “(A) IN GENERAL.—A depository institu-
15 tion holding company or nonbank financial com-
16 pany supervised by the Board of Governors of
17 the Federal Reserve that is also a person regu-
18 lated by a State insurance regulator that is en-
19 gaged in the business of insurance that files fi-
20 nancial statements with a State insurance regu-
21 lator or the National Association of Insurance
22 Commissioners utilizing only Statutory Ac-
23 counting Principles in accordance with State
24 law, shall not be required by the Board under
25 the authority of this section or the authority of

1 the Home Owners' Loan Act to prepare such fi-
2 nancial statements in accordance with Generally
3 Accepted Accounting Principles.

4 “(B) PRESERVATION OF AUTHORITY.—
5 Nothing in subparagraph (A) shall limit the au-
6 thority of the Board under any other applicable
7 provision of law to conduct any regulatory or
8 supervisory activity of a depository institution
9 holding company or non-bank financial com-
10 pany supervised by the Board of Governors, in-
11 cluding the collection or reporting of any infor-
12 mation on an entity or group-wide basis. Noth-
13 ing in this paragraph shall excuse the Board
14 from its obligations to comply with section
15 161(a) of the Dodd-Frank Wall Street Reform
16 and Consumer Protection Act (12 U.S.C.
17 5361(a)) and section 10(b)(2) of the Home
18 Owners' Loan Act (12 U.S.C. 1467a(b)(2)), as
19 appropriate.”.

Passed the Senate June 3, 2014.

Attest: NANCY ERICKSON,
Secretary.