

One Hundred Thirteenth Congress
of the
United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Friday,
the third day of January, two thousand and fourteen*

An Act

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

*Be it enacted by the Senate and House of Representatives of
the United States of America in Congress assembled,*

SECTION 1. SHORT TITLE.

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

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

Section 171 of the Dodd-Frank Wall Street Reform and Con-
sumer Protection Act (12 U.S.C. 5371) is amended—

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

“(4) BUSINESS OF INSURANCE.—The term ‘business of insur-
ance’ has the same meaning as in section 1002(3).

“(5) PERSON REGULATED BY A STATE INSURANCE REGU-
LATOR.—The term ‘person regulated by a State insurance regu-
lator’ has the same meaning as in section 1002(22).

“(6) REGULATED FOREIGN SUBSIDIARY AND REGULATED FOR-
EIGN AFFILIATE.—The terms ‘regulated foreign subsidiary’ and
‘regulated foreign affiliate’ mean a person engaged in the busi-
ness of insurance in a foreign country that is regulated by
a foreign insurance regulatory authority that is a member
of the International Association of Insurance Supervisors or
other comparable foreign insurance regulatory authority as
determined by the Board of Governors following consultation
with the State insurance regulators, including the lead State
insurance commissioner (or similar State official) of the insur-
ance holding company system as determined by the procedures
within the Financial Analysis Handbook adopted by the
National Association of Insurance Commissioners, where the
person, or its principal United States insurance affiliate, has
its principal place of business or is domiciled, but only to
the extent that—

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

“(B) the Board of Governors does not determine that
the capital requirements in a specific foreign jurisdiction
are inadequate.

“(7) CAPACITY AS A REGULATED INSURANCE ENTITY.—The
term ‘capacity as a regulated insurance entity’—

“(A) includes any action or activity undertaken by a person regulated by a State insurance regulator or a regulated foreign subsidiary or regulated foreign affiliate of such person, as those actions relate to the provision of insurance, or other activities necessary to engage in the business of insurance; and

“(B) does not include any action or activity, including any financial activity, that is not regulated by a State insurance regulator or a foreign agency or authority and subject to State insurance capital requirements or, in the case of a regulated foreign subsidiary or regulated foreign affiliate, capital requirements imposed by a foreign insurance regulatory authority.”; and

(2) by adding at the end the following new subsection:

“(c) CLARIFICATION.—

“(1) IN GENERAL.—In establishing the minimum leverage capital requirements and minimum risk-based capital requirements on a consolidated basis for a depository institution holding company or a nonbank financial company supervised by the Board of Governors as required under paragraphs (1) and (2) of subsection (b), the appropriate Federal banking agencies shall not be required to include, for any purpose of this section (including in any determination of consolidation), a person regulated by a State insurance regulator or a regulated foreign subsidiary or a regulated foreign affiliate of such person engaged in the business of insurance, to the extent that such person acts in its capacity as a regulated insurance entity.

“(2) RULE OF CONSTRUCTION ON BOARD’S AUTHORITY.—This subsection shall not be construed to prohibit, modify, limit, or otherwise supersede any other provision of Federal law that provides the Board of Governors authority to issue regulations and orders relating to capital requirements for depository institution holding companies or nonbank financial companies supervised by the Board of Governors.

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

“(A) IN GENERAL.—A depository institution holding company or nonbank financial company supervised by the Board of Governors of the Federal Reserve that is also a person regulated by a State insurance regulator that is engaged in the business of insurance that files financial statements with a State insurance regulator or the National Association of Insurance Commissioners utilizing only Statutory Accounting Principles in accordance with State law, shall not be required by the Board under the authority of this section or the authority of the Home Owners’ Loan Act to prepare such financial statements in accordance with Generally Accepted Accounting Principles.

“(B) PRESERVATION OF AUTHORITY.—Nothing in subparagraph (A) shall limit the authority of the Board under any other applicable provision of law to conduct any regulatory or supervisory activity of a depository institution holding company or non-bank financial company supervised by the Board of Governors, including the collection or reporting of any information on an entity or group-wide basis. Nothing in this paragraph shall excuse the Board from its obligations to comply with section 161(a)

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of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5361(a)) and section 10(b)(2) of the Home Owners' Loan Act (12 U.S.C. 1467a(b)(2)), as appropriate.”.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*