

113TH CONGRESS  
2D SESSION

# S. 2270

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

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IN THE SENATE OF THE UNITED STATES

APRIL 29, 2014

Ms. COLLINS (for herself, Mr. BROWN, Mr. JOHANNES, Mr. KIRK, and Mr. TESTER) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

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,*

3 **SECTION 1. SHORT TITLE.**

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

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

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

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

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

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

15 “(6) REGULATED FOREIGN SUBSIDIARY AND  
16 REGULATED FOREIGN AFFILIATE.—The terms ‘regu-  
17 lated foreign subsidiary’ and ‘regulated foreign affil-  
18 iate’ mean a person engaged in the business of in-  
19 surance in a foreign country that is regulated by a  
20 foreign insurance regulatory authority that is a  
21 member of the International Association of Insur-  
22 ance Supervisors or other comparable foreign insur-  
23 ance regulatory authority as determined by the  
24 Board of Governors following consultation with the  
25 State insurance regulators, including the lead State  
26 insurance commissioner (or similar State official) of

the insurance 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

1 foreign agency or authority and subject to State  
 2 insurance capital requirements or, in the case of  
 3 a regulated foreign subsidiary or regulated for-  
 4 eign affiliate, capital requirements imposed by a  
 5 foreign insurance regulatory authority.”; and

6 (2) by adding at the end the following new sub-  
 7 section:

8 “(c) CLARIFICATION.—

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

24 “(2) RULE OF CONSTRUCTION ON BOARD’S AU-  
 25 THORITY.—This subsection shall not be construed to

1 prohibit, modify, limit, or otherwise supersede any  
2 other provision of Federal law that provides the  
3 Board of Governors authority to issue regulations  
4 and orders relating to capital requirements for de-  
5 pository institution holding companies or nonbank fi-  
6 nancial companies supervised by the Board of Gov-  
7 ernors.

8 “(3) RULE OF CONSTRUCTION ON ACCOUNTING  
9 PRINCIPLES.—Notwithstanding any other provision  
10 of law, a depository institution holding company or  
11 nonbank financial company supervised by the Board  
12 of Governors of the Federal Reserve that is also a  
13 person regulated by a State insurance regulator or  
14 a regulated foreign subsidiary or a regulated foreign  
15 affiliate of such person that files its holding com-  
16 pany financial statements utilizing only Statutory  
17 Accounting Principles in accordance with State law,  
18 shall not be required to prepare such financial state-  
19 ments in accordance with Generally Accepted Ac-  
20 counting Principles.”.

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