

114TH CONGRESS  
1ST SESSION

# H. R. 2141

To require consultation with Congress, insurers, and consumers with respect to domestic insurance and international insurance standards, regulations, or frameworks, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 30, 2015

Mr. DUFFY (for himself, Mr. NEUGEBAUER, Mr. WESTMORELAND, Mr. GARRETT, and Mr. HUIZENGA of Michigan) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To require consultation with Congress, insurers, and consumers with respect to domestic insurance and international insurance standards, regulations, or frameworks, and for other purposes.

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 “International Insur-  
5 ance Standards Transparency and Policyholder Protection  
6 Act of 2015”.

1 **SEC. 2. CONSULTATION CONCERNING NEGOTIATIONS WITH**  
2 **RESPECT TO INTERNATIONAL INSURANCE**  
3 **REGULATORY FRAMEWORKS.**

4 (a) FINDINGS.—Congress finds the following:

5 (1) The State-based system for insurance regu-  
6 lation in the United States has served American con-  
7 sumers well for more than 150 years.

8 (2) Protecting policyholders by guaranteeing an  
9 insurer’s ability to pay claims has been the hallmark  
10 of the successful U.S. system and should be the  
11 paramount objective of domestic prudential regula-  
12 tion and emerging international standards.

13 (3) The Dodd-Frank Wall Street Reform and  
14 Consumer Protection Act (Public Law 111–203) re-  
15 affirmed the State-based insurance regulatory sys-  
16 tem, while giving the Board of Governors of the  
17 Federal Reserve System authority to regulate certain  
18 non-bank entities on a consolidated basis, including  
19 insurers that have been designated systemically im-  
20 portant financial institutions or that include an in-  
21 sured depository institution and are regulated by the  
22 States at the insurance entity level.

23 (4) United States regulators participating in  
24 discussions or negotiations regarding international  
25 insurance regulatory frameworks should support

1 standards designed solely for the protection of pol-  
2 icyholders.

3 (5) The Federal Insurance Office should seek  
4 advice and recommendations from a diverse group of  
5 outside experts in performing the duties and au-  
6 thorities of the Office to ensure policy holders are  
7 protected.

8 (b) NEGOTIATING OBJECTIVES FOR INTERNATIONAL  
9 INSURANCE REGULATORY FRAMEWORKS.—The negoti-  
10 ating objectives of the United States regarding inter-  
11 national insurance regulatory frameworks are as follows:

12 (1) To seek standards, requirements, and rules  
13 focused solely on protection of policy holders, as re-  
14 flected in the United States solvency regime.

15 (2) To promote a principles-based approach to  
16 insurance supervision, in which capital adequacy is  
17 assessed using risk-based capital requirements com-  
18 bined with qualitative risk assessment and manage-  
19 ment tools on a legal entity basis, rather than a  
20 quantitative global capital standard for insurance  
21 groups.

22 (3) To seek the most efficient and least disrupt-  
23 tive approaches to enhancing regulatory assessment  
24 of the capital adequacy of insurance groups, includ-  
25 ing tools that are already in place, such as super-

1 visory colleges, as well as the evaluation of the cap-  
2 italization of an insurance group using the existing  
3 internal model of the group, where appropriate,  
4 which captures the risks associated with each unique  
5 line of business and geographic mix of the group.

6 (4) To negotiate an international insurance reg-  
7 ulatory framework that recognizes United States  
8 prudential measures as equivalent to foreign meas-  
9 ures.

10 (c) PROHIBITIONS AND FOCUS ON POLICY HOLDER  
11 PROTECTION.—With respect to negotiations related to any  
12 international insurance regulatory framework:

13 (1) INAPPROPRIATE BANK CAPITAL STAND-  
14 ARDS.—United States representatives shall not agree  
15 to, accept, or establish, and shall use their voice and  
16 vote to oppose, any international standard that ap-  
17 plies to—

18 (A) insurers, capital standards, and rules  
19 designed for banks; or

20 (B) any insurer that has not been des-  
21 ignated a systemically important financial insti-  
22 tution under United States law or a global sys-  
23 temically important insurer by the Financial  
24 Stability Oversight Council, capital standards

1 and rules designed for systemically important  
2 bank or non-bank financial institutions.

3 (2) FOCUS ON POLICYHOLDER PROTECTION.—

4 (A) IN GENERAL.—United States rep-  
5 resentatives shall not agree to, accept, or estab-  
6 lish, and shall use their voice and vote to op-  
7 pose, any capital standard or rule applicable to  
8 United States insurance entities or groups un-  
9 less that standard is designed solely to help en-  
10 sure that sufficient funds are available to pay  
11 claims to an insurer’s policyholders in the event  
12 of the liquidation of that entity.

13 (B) ENHANCED CAPITAL STANDARDS.—  
14 The limitation under subparagraph (A) does  
15 not apply to enhanced capital standards appli-  
16 cable to insurance entities or groups designated  
17 under section 113 of the Dodd-Frank Wall  
18 Street Reform and Consumer Protection Act  
19 (12 U.S.C. 5323).

20 (d) NOTICE AND CONSULTATION.—

21 (1) IN GENERAL.—With respect to any inter-  
22 national insurance regulatory framework, the Presi-  
23 dent shall—

24 (A) not less than 90 days before the  
25 United States intends to participate in or enter

1 into negotiations with respect to such a regu-  
2 latory framework, provide to the covered con-  
3 gressional committees written notice of the in-  
4 tention of the United States to participate in or  
5 enter into such negotiations and an outline of  
6 the objectives of such negotiations, including  
7 whether and how such objectives achieve the ob-  
8 jectives set forth in subsection (b) and are con-  
9 sistent with the prohibitions under subsection  
10 (c) and with existing Federal and State laws or  
11 regulations or policy related to prudential regu-  
12 lation of insurance;

13 (B) during the negotiations of such a regu-  
14 latory framework, including prior to significant  
15 decisions points in the negotiations and prior to  
16 development of interim drafts, and before  
17 agreeing to, accepting, or establishing such  
18 framework, consult with the covered congres-  
19 sional committees and the Federal Advisory  
20 Committee on Insurance established under sec-  
21 tion 313(f) of title 31, United States Code, in-  
22 cluding with respect to whether and how such  
23 negotiations or any international insurance reg-  
24 ulatory framework achieves the objectives set  
25 forth in subsection (b) and is consistent with

1 the prohibitions under subsection (e) and with  
2 existing Federal and State laws or regulations  
3 or policy related to prudential regulation of in-  
4 surance;

5 (C) in the course of negotiating such a reg-  
6 ulatory framework, provide members and appro-  
7 priate staff of the covered congressional com-  
8 mittees access to pertinent documents relating  
9 to the negotiations of such framework;

10 (D) not less than 60 days before the date  
11 on which the United States intends to agree to,  
12 accept, or establish such a framework, the  
13 President shall—

14 (i) notify the covered congressional  
15 committees of the intention of the United  
16 States to agree to, accept, or establish  
17 such a framework by providing a descrip-  
18 tion in enough detail for the covered con-  
19 gressional committees to comment;

20 (ii) notify the Federal Advisory Com-  
21 mittee on Insurance of the intention of the  
22 United States to agree to, accept, or estab-  
23 lish such framework by providing a de-  
24 scription in enough detail for the members  
25 to comment; and

1 (iii) publish notice of such intention  
2 by providing a description in enough detail  
3 in the Federal Register to meet the re-  
4 quirements for public consultation under  
5 subsection (h); and

6 (E) not less than 15 days before the  
7 United States agrees to, accepts, or establishes  
8 such a regulatory framework, the President  
9 shall submit to the covered congressional com-  
10 mittees and the Federal Advisory Committee on  
11 Insurance the final text of such framework and  
12 a description of how the proposed framework  
13 achieves the objectives set forth in subsection  
14 (b) and is consistent with the prohibitions  
15 under subsection (c), and how such proposed  
16 framework differs from existing Federal and  
17 State laws or regulations or policy related to  
18 prudential regulation of insurance.

19 (2) AVAILABILITY OF INFORMATION TO MEM-  
20 BERS OF CONGRESS.—The covered congressional  
21 committees shall make available to all Members of  
22 Congress the information required to be provided  
23 under paragraph (1)(A).

24 (e) COORDINATION WITH THE NATIONAL ASSOCIA-  
25 TION OF INSURANCE COMMISSIONERS.—In developing ob-



1 jectives pursuant to subsection (d)(1)(A) for an inter-  
2 national insurance regulatory framework, and throughout  
3 the negotiations of such framework, the President shall  
4 closely consult and coordinate with the National Associa-  
5 tion of Insurance Commissioners.

6 (f) GOVERNMENT ACCOUNTABILITY OFFICE ASSESS-  
7 MENTS.—

8 (1) NOTICE AND SUBMISSION.—Not later than  
9 60 days before the date on which the United States  
10 intends to agree to, accept, or establish an inter-  
11 national insurance regulatory framework, the Presi-  
12 dent shall provide to the Comptroller General of the  
13 United States a description of such framework in  
14 enough detail to allow the Comptroller General to  
15 conduct the assessment required under paragraph  
16 (2).

17 (2) ASSESSMENT.—Not later than 60 days  
18 after the date on which President provides the infor-  
19 mation described in paragraph (1) with respect to an  
20 international insurance agreement, the Comptroller  
21 General shall submit to the President and the cov-  
22 ered congressional committees an assessment of the  
23 economic effects of such agreement on the United  
24 States insurance industry, consumers of insurance,  
25 and the United States economy.

1 (g) NEGOTIATIONS IN PROGRESS ON DATE OF EN-  
2 ACTMENT.—

3 (1) NOTICE.—Not later than 15 days after the  
4 date of the enactment of this Act, the President  
5 shall provide to the covered congressional commit-  
6 tees and the Federal Advisory Committee on Insur-  
7 ance the written notice described in subsection  
8 (d)(1) with respect to negotiations relating to an  
9 international insurance regulatory framework that  
10 were in progress on such date.

11 (2) GOVERNMENT ACCOUNTABILITY ASSESS-  
12 MENT.—

13 (A) NOTICE AND SUBMISSION.—Not later  
14 than 60 days after the date of the enactment of  
15 this Act, the President shall provide to the  
16 Comptroller General of the United States a de-  
17 scription of each international insurance regu-  
18 latory framework for which negotiations were in  
19 progress on such date in enough detail to allow  
20 the Comptroller General to conduct the assess-  
21 ment required under subparagraph (B).

22 (B) ASSESSMENT.—Not later than 60 days  
23 after the date on which the President provides  
24 the information described in subparagraph (A)  
25 with respect to an international insurance regu-

1 latory framework, the Comptroller General shall  
2 submit to the President and the covered con-  
3 gressional committees an assessment of the eco-  
4 nomic effects of such framework on the United  
5 States insurance industry, consumers of insur-  
6 ance, and the United States economy.

7 (h) PUBLIC CONSULTATION.—

8 (1) NOTICE OF NEGOTIATIONS.—Not later than  
9 90 days before the United States intends to partici-  
10 pate in or enter into negotiations to agree to, accept,  
11 or establish an international insurance regulatory  
12 framework with an international standard-setting or-  
13 ganization or a foreign government, authority, or  
14 regulatory entity, the President shall publish in the  
15 Federal Register and make available for public com-  
16 ment written notice of the intention of the United  
17 States to participate in or enter into such negotia-  
18 tions and an outline of the objectives of such nego-  
19 tiations, including whether and how such objectives  
20 achieve the objectives set forth in subsection (b) and  
21 are consistent with the prohibitions under subsection  
22 (c) and with existing Federal and State laws or reg-  
23 ulations or policy related to prudential regulation of  
24 insurance.

1           (2) DESCRIPTION OF FRAMEWORK.—Not later  
2 than 60 days before the date on which the United  
3 States agrees to, accepts, or establishes an inter-  
4 national insurance regulatory framework with an  
5 international standard-setting organization or a for-  
6 eign government, authority, or regulatory entity, the  
7 President shall publish in the Federal Register a de-  
8 scription of the framework in enough detail to make  
9 such framework available for public comment.

10           (3) FRAMEWORK AGREEMENT.—Not later than  
11 15 days before agreeing to, accepting, or estab-  
12 lishing an international insurance regulatory frame-  
13 work, publish in the Federal Register the final text  
14 of the framework and a description of how the  
15 framework achieves the objectives set forth in sub-  
16 section (b) and is consistent with the prohibitions  
17 under subsection and how such proposed framework  
18 differs from existing Federal and State laws or regu-  
19 lations or policy related to prudential regulation of  
20 insurance.

21           (i) SAVINGS PROVISIONS.—Nothing in this section  
22 shall—

23           (1) preempt—

1 (A) any State insurance measure that gov-  
2 erns any insurer's rates, premiums, under-  
3 writing, or sales practices;

4 (B) any State coverage requirements for  
5 insurance;

6 (C) the application of the antitrust laws of  
7 any State to the business of insurance; or

8 (D) any State insurance measure gov-  
9 erning the capital or solvency of an insurer, ex-  
10 cept to the extent that such State insurance  
11 measure results in less favorable treatment of a  
12 non-United States insurer than a United States  
13 insurer;

14 (2) be construed to alter, amend, or limit any  
15 provision of the Consumer Financial Protection Act  
16 of 2010 (12 U.S.C. 5481 et seq.); or

17 (3) affect the preemption of any State insur-  
18 ance measure otherwise inconsistent with and pre-  
19 empted by Federal law.

20 (j) EXCLUSION.—The requirements of this section  
21 shall not apply to any covered agreement, as such term  
22 is defined in section 313(r) of title 31, United States Code  
23 (as added by the amendment made by section 502(a)(3)  
24 the Dodd-Frank Wall Street Reform and Consumer Pro-  
25 tection Act (Public Law 111–203, 124 Stat. 1587)).

1 (k) DEFINITIONS.—In this section:

2 (1) COVERED CONGRESSIONAL COMMITTEES.—

3 The term “covered congressional committees” means  
4 the Committee on Financial Services of the House of  
5 Representatives and the Committee on Banking,  
6 Housing and Urban Affairs of the Senate.

7 (2) INTERNATIONAL INSURANCE REGULATORY

8 FRAMEWORK.—The term “international insurance  
9 regulatory framework” means any international su-  
10 pervisory standards developed by an international  
11 standards setting organization in which the United  
12 States participates, including the Common Frame-  
13 work for the Supervision of Internationally Active  
14 Insurance Groups, that provides for group-wide su-  
15 pervision of internationally active insurance groups  
16 and includes an insurance capital standard.

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