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(Original Signature of Member)

113TH CONGRESS
2D SESSION

H. R. _____

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

IN THE HOUSE OF REPRESENTATIVES

Mr. GARY G. MILLER of California introduced the following bill; which was referred to the Committee on _____

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

1 the insurance holding company system as deter-
2 mined by the procedures within the Financial Anal-
3 ysis Handbook adopted by the National Association
4 of Insurance Commissioners, where the person, or
5 its principal United States insurance affiliate, has
6 its principal place of business or is domiciled, but
7 only to the extent that—

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

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

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

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

23 “(B) does not include any action or activ-
24 ity, including any financial activity, that is not
25 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.”.