

115TH CONGRESS
2D SESSION

H. R. 5059

To amend the Home Owners' Loan Act with respect to the registration and supervision of insurance savings and loan holding companies, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 15, 2018

Mr. ROTHFUS (for himself and Mrs. BEATTY) introduced the following bill;
which was referred to the Committee on Financial Services

A BILL

To amend the Home Owners' Loan Act with respect to
the registration and supervision of insurance savings and
loan holding companies, 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 "State Insurance Regu-
5 lation Preservation Act".

1 **SEC. 2. SUPERVISION OF INSURANCE SAVINGS AND LOAN**

2 **HOLDING COMPANIES.**

3 (a) **DEFINITIONS.**—Section 10(a)(1) of the Home
4 Owners' Loan Act (12 U.S.C. 1467a(a)(1)) is amended
5 by adding at the end the following:

6 “(K) **INSURANCE SAVINGS AND LOAN**
7 **HOLDING COMPANY.**—The term ‘insurance sav-
8 ings and loan holding company’ means—

9 “(i) a top-tier savings and loan hold-
10 ing company that is an insurance under-
11 writing company;

12 “(ii) a savings and loan holding com-
13 pany that held 75 percent or more of its
14 total consolidated assets in an insurance
15 underwriting company or insurance under-
16 writing companies, other than assets asso-
17 ciated with insurance for credit risk, dur-
18 ing the 4 most recent consecutive quarters,
19 as calculated in accordance with generally
20 accepted accounting principles or the Stat-
21 utory Accounting Principles of the Na-
22 tional Association of Insurance Commis-
23 sioners, as applicable; or

24 “(iii) a top-tier savings and loan hold-
25 ing company that—

1 “(I) was registered as a savings
2 and loan holding company before July
3 21, 2010; and

4 “(II) is a New York not-for-profit
5 corporation formed for the purpose
6 of holding the stock of a New York in-
7 surance company.

8 “(L) INSURANCE UNDERWRITING COM-
9 PANY.—The term ‘insurance underwriting com-
10 pany’ means an entity that is—

11 “(i) engaged in the business of insur-
12 ance;

13 “(ii) subject to regulation by a State
14 insurance regulator; and

15 “(iii) covered by a State law that is
16 designed to specifically deal with the reha-
17 bilitation, liquidation, or insolvency of an
18 insurance company.

19 “(M) MATERIAL SUBSIDIARY.—The term
20 ‘material subsidiary’—

21 “(i) means a subsidiary that has—

22 “(I) off-balance sheet activities
23 not less than \$5,000,000,000;

24 “(II) equity capital not less than
25 5 percent of the consolidated equity

1 capital of the top-tier holding com-
2 pany; or

3 “(III) consolidated operating rev-
4 enue not less than 5 percent of the
5 consolidated operating revenue of the
6 top-tier holding company; and

7 “(ii) does not include a subsidiary
8 that is—

9 “(I) a functionally regulated sub-
10 sidiary;

11 “(II) a nonoperating shell hold-
12 ing company; or

13 “(III) primarily engaged in—

14 “(aa) servicing activities for
15 the holding company or its affili-
16 ates, including the activities de-
17 scribed in section 225.22(b)(2) of
18 title 12, Code of Federal Regula-
19 tions; or

20 “(bb) internal financial ac-
21 tivities, as that term is defined in
22 section 10A(a).”.

23 (b) REGISTRATION AND EXAMINATION.—Section
24 10(b) of the Home Owners’ Loan Act (12 U.S.C.
25 1467a(b)) is amended—

1 (1) in paragraph (1), by inserting “, and which
2 shall, if applicable, provide for a savings and loan
3 holding company to register as an insurance savings
4 and loan holding company” before the period at the
5 end of the first sentence;

6 (2) in paragraph (2)—

7 (A) in subparagraph (A), by striking
8 “Each savings and loan holding company” and
9 inserting “Subject to subparagraph (D), each
10 savings and loan holding company”;

11 (B) in subparagraph (C)—

12 (i) by striking “Upon” and inserting
13 the following:

14 “(i) IN GENERAL.—Upon”; and

15 (ii) by adding at the end the fol-
16 lowing:

17 “(ii) INSURANCE SAVINGS AND LOAN
18 COMPANIES.—In the case of an insurance
19 savings and loan holding company—

20 “(I) clause (i) shall not apply;

21 and

22 “(II) the Board shall submit a
23 request for any information described
24 in clauses (i) through (iii) of subpara-

graph (B) to the appropriate Federal or State regulatory agencies.”; and

3 (C) by adding at the end the following:

4 “(D) INSURANCE SAVINGS AND LOAN
5 HOLDING COMPANIES.—An insurance savings
6 and loan holding company may be required only
7 to file reports related to—

22 (4) in paragraph (4)—

(B) by adding at the end the following:

1 “(D) INSURANCE SAVINGS AND LOAN
2 HOLDING COMPANIES.—

3 “(i) TAILORED EXAMINATIONS AND
4 SUPERVISION.—Board examinations of,
5 and supervisory guidance applicable to, an
6 insurance savings and loan holding com-
7 pany shall be based upon a supervisory
8 framework that is—

9 “(I) tailored to the risks and ac-
10 tivities of the business of insurance;
11 and

12 “(II) developed in consultation
13 with State insurance authorities to en-
14 sure that such framework does not
15 duplicate or conflict with State insur-
16 ance requirements.

17 “(ii) EXEMPTION FOR COMPANIES
18 THAT MEET APPLICABLE CAPITAL STAND-
19 ARDS.—Subject to clause (iii), the Board
20 shall neither examine nor apply supervisory
21 guidance to an insurance savings and loan
22 holding company, or any subsidiary of an
23 insurance savings and loan holding com-
24 pany (other than a material subsidiary), if
25 such company—

1 “(I) meets or exceeds applicable
2 State insurance capital standards; and
3 “(II) meets or exceeds any min-
4 imum capital standards for an insur-
5 ance savings and loan holding com-
6 pany promulgated by the Board under
7 section 171 of the Financial Stability
8 Act of 2010 (12 U.S.C. 5371).

9 “(iii) CORRECTIVE ACTION PLAN.—

10 “(I) IN GENERAL.—If, based
11 upon a capital report submitted pur-
12 suant to paragraph (2)(D)(iv), an in-
13 surance savings and loan holding com-
14 pany is not in compliance with any
15 applicable minimum capital standards,
16 the Board shall provide a notice of
17 noncompliance to the company and re-
18 quire the company to submit, within
19 45 days of the receipt of such notice,
20 a plan to restore the capital of the
21 company to a level that meets the ap-
22 plicable minimum standards not later
23 than the later of—

1 “(aa) 1 year after the date
2 on which the plan is submitted;
3 or

4 “(bb) a date determined by
5 the Board.

6 “(II) FAILURE TO SUBMIT
7 PLAN.—If a company fails to submit a
8 required capital restoration plan, or
9 fails to restore capital to applicable
10 minimum standards within the time
11 period specified in the plan, the
12 Board, following notice and an oppor-
13 tunity for a hearing, may prohibit the
14 application of clause (ii) to the com-
15 pany until the later of—

16 “(aa) the date on which the
17 company has met applicable min-
18 imum capital standards for 2 cal-
19 endar years; or

20 “(bb) a date determined by
21 the Board.”.

22 (c) ADMINISTRATION AND ENFORCEMENT.—Section
23 10(g) of the Home Owners’ Loan Act (12 U.S.C.
24 1467a(g)) is amended—

1 (1) in paragraph (1), by inserting “In issuing
2 any regulation, order, or supervisory guidance appli-
3 cable to an insurance savings and loan holding com-
4 pany, including a regulation, order, or guidance re-
5 lated to capital, stress testing, and cybersecurity, the
6 Board shall tailor such regulation, order, or guid-
7 ance to the risks and activities of the business of in-
8 surance and shall consult with State insurance au-
9 thorities to ensure that the regulation, order, or
10 guidance does not duplicate or conflict with State in-
11 surance requirements.” after the period at the end;
12 and

13 (2) in paragraph (2), by inserting “In the case
14 of an insurance savings and loan holding company,
15 the authority of the Board to conduct investigations
16 shall be limited to the material subsidiaries of the
17 insurance savings and loan holding company.” after
18 the period at the end.

19 (d) INTERMEDIATE HOLDING COMPANIES.—Section
20 10A(d) of the Home Owners’ Loan Act (12 U.S.C.
21 1467b(d)) is amended by adding at the end the following:

22 “(3) INSURANCE SAVINGS AND LOAN HOLDING
23 COMPANIES.—If the Board requires a grandfathered
24 unitary savings and loan holding company that is an
25 insurance savings and loan holding company to es-

1 establish an intermediary holding company to engage
2 in financial activities, the intermediary holding com-
3 pany shall be treated as an insurance savings and
4 loan holding company for purposes of supervision
5 and regulation by the Board.”.

6 (e) EMERGENCY SUPERVISORY AUTHORITY.—Sec-
7 tion 10 of the Home Owners’ Loan Act (12 U.S.C. 1467a)
8 is amended by adding the following new subsection at the
9 end thereof:

10 “(u) EMERGENCY SUPERVISORY AUTHORITY.—The
11 Board, by order, may suspend the application of para-
12 graphs (2)(C)(ii), (2)(D), and (4)(D) of subsection (c) and
13 the final sentences of paragraphs (1) and (2) of subsection
14 (g) to an insurance savings and loan holding company and
15 apply subsection (b)(3) to an insurance savings and loan
16 holding company if the Board, after consultation with the
17 State insurance authority for the insurance savings and
18 loan holding company, reasonably determines that the op-
19 erations and activities of the insurance savings and loan
20 holding company pose a serious and imminent risk to the
21 financial safety and soundness or stability of the insurance
22 savings and loan holding company’s subsidiary saving as-
23 sociation.”.

1 **SEC. 3. ASSESSMENTS AND FEES FOR INSURANCE SAVINGS**

2 **AND LOAN HOLDING COMPANIES.**

3 Section 11 of the Federal Reserve Act (12 U.S.C.
4 248) is amended, in the second subsection (s) (relating
5 to assessments), by adding at the end the following:

6 “(3) EXCLUDED ASSETS.—With respect to an
7 insurance savings and loan holding company, as de-
8 fined in section 10 of the Home Owners’ Loan Act
9 (12 U.S.C. 1467a), the total consolidated assets de-
10 scribed in paragraph (2)(B) shall not include any
11 asset of an insurance company.”.

