

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.

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## 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

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## 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-prof-  
5 it 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-

1 graph (B) to the appropriate Federal  
2 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—

8 “(i) the organizational structure of  
9 the company and any changes in that  
10 structure;

11 “(ii) transactions between the com-  
12 pany and its affiliates;

13 “(iii) balance sheet and income state-  
14 ments of a material subsidiary of the com-  
15 pany; and

16 “(iv) the capital holdings of the com-  
17 pany in relation to applicable minimum  
18 capital standards.”;

19 (3) in paragraph (3), by inserting “, other than  
20 an insurance savings and loan holding company,”  
21 after “company”; and

22 (4) in paragraph (4)—

23 (A) in subparagraph (A), by inserting  
24 “and subparagraph (D)” after “2010”; and

25 (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       tablish 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.”.

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