

116TH CONGRESS  
1ST SESSION

# S. 3123

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 SENATE OF THE UNITED STATES

DECEMBER 19, 2019

Mr. TILLIS (for himself and Ms. SINEMA) 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 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) DOMICILE.—The term ‘domicile’  
7 means the State in which an insurance under-  
8 writing company or the holding company for  
9 the insurance underwriting company is incor-  
10 porated, chartered, or organized.

11 “(L) BUSINESS OF INSURANCE.—The term  
12 ‘business of insurance’ means any activity that  
13 is regulated in accordance with the relevant  
14 State insurance laws and regulations, including  
15 the writing of insurance and the reinsuring of  
16 risks.

17 “(M) INSURANCE SAVINGS AND LOAN  
18 HOLDING COMPANY.—The term ‘insurance sav-  
19 ings and loan holding company’ means—

20 “(i) a savings and loan holding com-  
21 pany with 75 percent or more of its total  
22 consolidated assets in not less than 1 in-  
23 surance underwriting company, other than  
24 assets associated with insurance for credit  
25 risk, during the 4 most recent consecutive  
26 quarters, as calculated in accordance with

1 generally accepted accounting principles or  
2 the statutory accounting principles in ac-  
3 cordance with State law;

4 “(ii) a company that—

5 “(I) was a savings and loan hold-  
6 ing company as of July 21, 2010, and  
7 through date of enactment of this  
8 clause; and

9 “(II) was not subject to the  
10 Basel III capital regulation promul-  
11 gated by the Board of Governors of  
12 the Federal Reserve System and the  
13 Comptroller of the Currency on Octo-  
14 ber 11, 2013 (78 Fed. Reg. 62018),  
15 because the savings and loan holding  
16 company held 25 percent or more of  
17 its total consolidated assets in subsidi-  
18 aries that are insurance underwriting  
19 companies (other than assets associ-  
20 ated with insurance for credit risk); or  
21 “(iii) a top-tier savings and loan hold-  
22 ing company that—

23 “(I) was registered as a savings  
24 and loan holding company before July  
25 21, 2010; and

1                   “(II) is a New York not-for-prof-  
2                   it corporation formed for the purpose  
3                   of holding the stock of a New York in-  
4                   surance company.

5                   “(N) INSURANCE UNDERWRITING COM-  
6                   PANY.—The term ‘insurance underwriting com-  
7                   pany’ means an insurer that is subject to regu-  
8                   lation by a State insurance authority of the  
9                   domicile of the insurer.

10                  “(O) STATE INSURANCE AUTHORITY.—The  
11                  term ‘State insurance authority’ means the  
12                  State insurance authority of the State in which  
13                  an insurance underwriting company or the hold-  
14                  ing company for the insurance underwriting  
15                  company is domiciled.

16                  “(P) TOP-TIER SAVINGS AND LOAN HOLD-  
17                  ING COMPANY.—The term ‘top-tier savings and  
18                  loan holding company’ means the ultimate par-  
19                  ent company in a savings and loan holding com-  
20                  pany structure.”.

21                  (b) REGISTRATION.—Section 10(b)(1) of the Home  
22                  Owners’ Loan Act (12 U.S.C. 1467a(b)(1)) is amended  
23                  by adding at the end the following: “A savings and loan  
24                  holding company that is an insurance savings and loan

1 holding company shall register as an insurance savings  
2 and loan holding company.”.

3 (c) REPORTS.—Section 10(b)(2) of the Home Own-  
4 ers’ Loan Act (12 U.S.C. 1467a(b)(2)) is amended by add-  
5 ing at the end the following:

6 “(D) INSURANCE SAVINGS AND LOAN  
7 HOLDING COMPANIES.—The Board, to the full-  
8 est extent possible, shall request reports and  
9 other information filed by insurance savings  
10 and loan holding companies and any insurance  
11 underwriting company that is a subsidiary of  
12 the insurance savings and loan holding com-  
13 pany with other Federal authorities and the  
14 State insurance authority for the insurance sav-  
15 ings and loan holding company before request-  
16 ing those reports or information from the insur-  
17 ance savings and loan holding company or any  
18 insurance underwriting company that is a sub-  
19 sidiary of the insurance savings and loan hold-  
20 ing company.

21 “(E) RULE OF CONSTRUCTION.—Nothing  
22 in this section may be construed as prohibiting  
23 the Board from requesting reports and other in-  
24 formation that is not otherwise collected and

1 shared with other Federal or State authori-  
2 ties.”.

3 (d) BOOKS AND RECORDS.—Section 10(b)(3) of the  
4 Home Owners’ Loan Act (12 U.S.C. 1467a(b)(3)) is  
5 amended—

6 (1) by striking “Each” and inserting the fol-  
7 lowing:

8 “(A) IN GENERAL.—Each”; and

9 (2) by inserting at the end the following:

10 “(B) INSURANCE SAVINGS AND LOAN  
11 HOLDING COMPANIES.—The Board, to the full-  
12 est extent possible, shall align any prescribed  
13 recordkeeping requirements for an insurance  
14 savings and loan holding company with the re-  
15 cordkeeping requirements imposed by the State  
16 insurance authority of the insurance savings  
17 and loan holding company and any insurance  
18 underwriting company that is a subsidiary of  
19 the insurance savings and loan holding com-  
20 pany.”.

21 (e) EXAMINATIONS.—Section 10(b)(4)(C) of the  
22 Home Owners’ Loan Act (12 U.S.C. 1467a(b)(4)(C)) is  
23 amended—

24 (1) in clause (i), by striking the word “and” at  
25 the end;

1           (2) in clause (ii), by striking the period at the  
2           end and inserting “; and”; and

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

4                           “(iii) INSURANCE SAVINGS AND LOAN  
5                           HOLDING COMPANIES.—

6                           “(I)           COORDINATION.—The  
7                           Board, to the fullest extent possible,  
8                           shall coordinate examinations of an  
9                           insurance savings and loan holding  
10                          company in conjunction with the State  
11                          insurance authority of the insurance  
12                          savings and loan holding company and  
13                          any insurance underwriting company  
14                          that is a subsidiary of insurance sav-  
15                          ings and loan holding company and  
16                          other State and Federal authorities in  
17                          order to minimize the potential for  
18                          duplication and conflict between the  
19                          examinations conducted by the Board  
20                          and the examinations conducted by  
21                          other State and Federal authorities.

22                          “(II) SCOPE AND FREQUENCY.—  
23                          Following public notice and comment,  
24                          the Board shall establish a schedule  
25                          for the frequency and the scope of ex-

1                   aminations of insurance savings and  
 2                   loan holding companies that is con-  
 3                   sistent with the supervisory frame-  
 4                   work required under paragraph (7).”.

5           (f) SUPERVISION.—Section 10(b) of the Home Own-  
 6   ers’ Loan Act (12 U.S.C. 1467a(b)) is amended by insert-  
 7   ing at the end the following:

8                   “(7) INSURANCE SAVINGS AND LOAN HOLDING  
 9   COMPANIES.—

10                   “(A) TAILORED SUPERVISION.—The  
 11   Board, by rule, shall establish a supervisory  
 12   framework for insurance savings and loan hold-  
 13   ing companies that—

14                   “(i) is tailored to the unique risks, op-  
 15   erations, and activities of insurance sav-  
 16   ings and loan holding companies; and

17                   “(ii) to the fullest extent possible, and  
 18   consistent with the safe and sound oper-  
 19   ation of insurance savings and loan holding  
 20   companies, does not unnecessarily dupli-  
 21   cate the supervision of insurance under-  
 22   writing companies by the State insurance  
 23   authorities for insurance savings and loan  
 24   holding companies or insurance under-  
 25   writing companies that are subsidiaries of



1 insurance savings and loan holding compa-  
 2 nies.

3 “(B) REVIEW OF SUPERVISORY GUID-  
 4 ANCE.—Following public notice and comment,  
 5 the Board shall review and revise supervisory  
 6 policy letters and guidance applicable to insur-  
 7 ance savings and loan holding companies to en-  
 8 sure that those letters and guidance are not in-  
 9 consistent with the supervisory framework re-  
 10 quired under this paragraph.”.

11 **SEC. 3. ASSESSMENTS AND FEES FOR INSURANCE SAVINGS**  
 12 **AND LOAN HOLDING COMPANIES.**

13 The second subsection (s) of section 11 of the Federal  
 14 Reserve Act (12 U.S.C. 248; relating to assessments and  
 15 fees) is amended by adding at the end the following:

16 “(4) EXCLUDED ASSETS.—For purposes of  
 17 paragraph (2)(B), the total consolidated assets of an  
 18 insurance savings and loan holding company, as de-  
 19 fined in section 10(a)(1) of the Home Owners’ Loan  
 20 Act (12 U.S.C. 1467a(a)(1)), shall not include as-  
 21 sets attributable to the business of insurance con-  
 22 ducted by the insurance savings and loan holding  
 23 company or any affiliate of the insurance savings  
 24 and loan holding company, other than assets associ-  
 25 ated with insurance for credit risk.”.

1 **SEC. 4. IMPLEMENTATION.**

2 (a) DEFINITION OF BOARD.—In this section, the  
3 term “Board” means the Board of Governors of the Fed-  
4 eral Reserve System.

5 (b) IMPLEMENTATION OF SUPERVISORY FRAME-  
6 WORK.—Not later than 2 years after the date of enact-  
7 ment of this Act, the Board shall establish the supervisory  
8 framework required under paragraph (7) of section 10(b)  
9 of the Home Owners’ Loan Act (12 U.S.C. 1467a(b)), as  
10 added by this Act.

11 (c) REVIEW OF SUPERVISORY GUIDANCE.—Not later  
12 than 30 months after the date of enactment of this Act,  
13 the Board shall complete the review of supervisory policy  
14 letters and policy guidance required under paragraph (7)  
15 of section 10(b) of the Home Owners’ Loan Act (12  
16 U.S.C. 1467a(b)), as added by this Act.

17 (d) REPORT TO CONGRESS.—Not later than 3 years  
18 after the date of enactment of this Act, the Board shall  
19 submit to the Committee on Banking, Housing, and  
20 Urban Affairs of the Senate and the Committee on Finan-  
21 cial Services of the House of Representatives a report on  
22 the implementation of this Act.

23 **SEC. 5. RELATIONSHIP TO OTHER LAWS.**

24 This Act and the amendments made by this Act shall  
25 not limit any authority over insurance savings and loan  
26 holding companies, as defined in section 10(a)(1) of the

1 Home Owners' Loan Act (12 U.S.C. 1467a(a)(1)), as  
2 added by this Act, that is provided by a Federal law other  
3 than the Home Owners' Loan Act (12 U.S.C. 1461 et  
4 seq.).

5 **SEC. 6. RULEMAKING AUTHORITY.**

6 The Board may issue regulations and orders as may  
7 be necessary to—

8 (1) administer and carry out this Act and the  
9 amendments made by this Act; and

10 (2) prevent evasions of this Act and the amend-  
11 ments made by this Act.

12 **SEC. 7. RULE OF CONSTRUCTION.**

13 Nothing in this Act or the amendments made by this  
14 Act may be construed to affect the authority of the Board  
15 of Governors of the Federal Reserve System over any sub-  
16 sidiary of an insurance savings and loan holding company  
17 that is not an insurance underwriting company, as those  
18 terms are defined in section 10(a)(1) of the Home Owners'  
19 Loan Act (12 U.S.C. 1467a(a)(1)), as added by this Act.

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