

**Minority Views on H.R. 5143,  
“Transparent Insurance Standards Act of 2016”**

---

H.R. 5143, the “Transparent Insurance Standards Act of 2016,” would prescribe strict negotiating objectives for United States representatives in international fora regarding international insurance standards, and would establish several new processes and reporting requirements to be completed before any standard could be agreed to. These requirements would add significant delays and limitations to the process for developing an international insurance capital standard, ultimately weakening the United States’ ability to negotiate effectively for standards that best accommodate our unique regulatory regime.

Following the 2008 financial crisis, and specifically after the near-collapse of American International Group, Inc. (AIG), the Wall Street Reform and Consumer Protection Act (Dodd-Frank) established a new supervisory and regulatory framework to examine financial stability for insurance companies both domestically and internationally. Dodd-Frank created the Federal Insurance Office (FIO), which is directed in part to “coordinate federal efforts and develop federal policy on prudential aspects of international insurance matters, including representing the United States, as appropriate, in the International Association of Insurance Supervisors (IAIS) and assisting the Secretary in negotiating covered agreements.” Dodd-Frank also expanded the scope of the Federal Reserve’s supervisory authority and it now serves as the consolidated supervisor of insurance holding companies that own federally chartered thrifts or banks, as well as non-bank systemically important financial institutions designated by the Financial Stability Oversight Council (FSOC).

FIO, the Federal Reserve, and state insurance commissioners are all actively engaged at the IAIS and they regularly coordinate with one another, ensuring that each aspect of the unique United States regulatory regime is adequately represented in any international negotiation. Despite their effective coordination and extensive work thus far to improve global insurance regulation, H.R. 5143 stops this work in its tracks and puts in place cumbersome and counterproductive requirements.

At best, H.R. 5143 is unnecessary because international insurance negotiations do not create binding U.S. law. Any such international agreement would only take effect domestically if regulations are promulgated by a federal or state regulator in accordance with U.S. law, including required notice and comment periods. At worst, H.R. 5143 is a harmful bill that includes requirements that are difficult if not impossible to achieve. For example, the bill requires the Treasury and Federal Reserve achieve “consensus positions” with state insurance regulators before any insurance-related negotiations or discussions with international regulators. Achieving a consensus position with more than 50 state commissioners is virtually impossible to achieve, which is one of the reasons that Dodd-Frank tasked FIO with representing the United States internationally.

H.R. 5143 is also opposed by Americans for Financial Reform.

Because this legislation would tie the hands of U.S. representatives, and prevent them from effectively negotiating on international insurance matters, the Minority opposes H.R. 5143.

Maxine Waters

Keith Elton

Loren Grune

Steve Largent

R. G. Allen

Wm Lacy Clay

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_