



Property Casualty Insurers
Association of America

Advocacy. Leadership. Results.

NATHANIEL F. WIENECKE
SENIOR VICE PRESIDENT

March 15, 2018

The Honorable Paul Ryan
Speaker of the House of Representatives
United States House of Representatives
Washington, DC 20515

The Honorable Nancy Pelosi
Democratic Leader
United States House of Representatives
Washington, DC 20515

Dear Mr. Speaker and Madam Leader:

The Property Casualty Insurers Association of America (PCI) strongly supports H.R. 4061, the Financial Stability Oversight Council Improvement Act. We are pleased to learn that the House will consider H.R. 4061 next week and we commend Representatives Ross and Delaney for their leadership on this important legislation. In January, the bill was reported from the House Financial Services Committee on a strong bipartisan vote of 45-10. PCI urges all members of the House to vote in favor of H.R. 4061.

A primary purpose of the Dodd-Frank Act was to mitigate systemic risk to avoid another financial crisis. It should follow that the Financial Stability Oversight Council (FSOC) would place a high priority on providing sufficiently detailed and credible information to companies it designates as systemically important. This information would allow a company's management to make decisions to reduce the company's exposure to systemic risk and to be delisted as a systemically important financial institution. Unfortunately, the FSOC has too often not provided designated nonbank financial firms with the information necessary to permit them to reduce or eliminate the activities FSOC has identified as posing systemic risk and thus to have their designation rescinded. Indeed, one of FSOC's designations of an insurer was rescinded by a Federal court in part because of FSOC's failure to provide an adequate explanation of the basis for its decision and to follow FSOC's own rules.

H.R. 4061 would require FSOC, upon considering a company for systemic risk designation, to provide the company with notice setting forth "with specificity the basis for so identifying the company." A company would then have the opportunity to comment and/or to develop a plan to modify its business, structure, and operations to mitigate the systemic risk FSOC has identified.

The bill would also require FSOC to consult with a company's primary financial regulator before designating the company as systemically important. This is an extremely important provision in light of the FSOC's decisions in previous years to designate insurance companies as systemically important over the strong and substantive objections of state insurance regulators as well as the FSOC's own Independent Member with Insurance Expertise. In addition, the consensus amongst most insurance experts is that U.S. insurance companies do not present systemic risk.

Again, PCI appreciates the efforts of House Leadership and Representatives Ross and Delaney to get H.R. 4061 to the House floor and we stand ready to work with all members to achieve its enactment.

Sincerely,

A handwritten signature in black ink, appearing to read "Nathaniel F. Wienecke". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

Nathaniel F. Wienecke

CC Chairman Jeb Hensarling
Ranking Member Maxine Waters
Representative Dennis Ross
Representative John Delaney