Meeting between Federal Reserve Board Staff
and Representatives of the American Council of Life Insurers
February 7, 2012

Participants: Felton Booker, Anna Harrington, and Christopher Paridon (Federal Reserve Board)

Julie Spezio (American Council of Life Insurers); William Ding and Michael Mazzola (Met Life); Bridget Hagan and David Verbance (Nationwide); Timothy Harris and Scott Sleyster (Prudential); David Brown and William Forgione (TIAA-CREF); John Dembeck and Paul Lee (Debevoise & Plimpton LLP)

Summary: Staff of the Federal Reserve Board met with representatives and members of the American Council of Life Insurers ("ACLI") to discuss the restrictions on proprietary trading and hedge fund and private equity fund activities under section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (also known as the "Volcker Rule").

Among matters discussed in the meeting were the ACLI's views regarding the proposed rule's implementation of the statutory exemption related to activities of life insurance companies. Specifically, the ACLI indicated that the final rule should be modified so that the exemption for certain life insurance company activities applies to both the prohibition of proprietary trading and the prohibition on covered fund activities and investments. The ACLI provided an overview of how insurance companies have traditionally conducted their activities, both for the general account of the insurance company as well as for separate or "hybrid" accounts. The ACLI commented that the definition of "separate account" should be either modified or clarified to encompass "hybrid accounts" where not all the profits or losses of the account inure to the benefit or detriment of the client. Finally, the ACLI noted that, given the necessity of matching long-term liabilities with long-term assets in the business conducted by insurance companies, the conformance periods provided by the statute and proposed rule would be of limited utility to them in many instances.