



February 13, 2017

Robert deV. Frierson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, D.C. 20551
E-mail: regs.comments@federalreserve.gov

Re: Application of the RFI/C(D) Rating System to Savings and Loan Holding Companies (Docket No. OP-1555)

Dear Mr. Frierson:

I write on behalf of The Insurance Coalition, a group of federally supervised insurance companies and interested parties. We share a common interest in federal regulations that apply to insurance savings and loan holding companies (“insurance SLHCs”) and insurers that have been designated as systemically important nonbank financial institutions (“insurance SIFIs”). In this case, we write because as insurance SLHCs, many Insurance Coalition members would be affected by the future application of the RFI/C(D) rating system (“the RFI system”) to insurance SLHCs. We appreciate the opportunity to comment.

The Notice and Request for Comment (“Notice”) does not extend the RFI system to insurance SLHCs at this time, but rather notes that such companies will continue to receive indicative ratings. We believe that excluding insurance SLHCs at this time is appropriate because the capital rules for such firms are not final, and because we believe that financial ratings for insurance SLHCs should reflect insurance-specific considerations and state ratings.

Therefore, we respectfully request that the Board delay imposing a rating system on insurance SLHCs until the insurance capital rules are final, and that when it does act, the Board impose a ratings system on insurance SLHCs that is tailored to the insurance business model and reflects the existing state regulatory capital framework.

In the interim, the Notice proposes that insurance SLHCs continue to receive an indicative rating under the RFI system, and that Board examiners consider “the risks inherent in the SLHC’s activities and the ability of capital to absorb unanticipated losses, provide a base for growth, and support the level and composition of the parent



company and subsidiaries' debt."¹ We generally support this approach, with the additional suggestion that such analysis explicitly take into account the unique risks in the insurance business model, an insurance SLHC's compliance with state capital rules, and the policyholder protection mandate.

While the Notice does not directly address insurance SIFIs, we believe that the same principles should apply to such firms - namely, that any financial ratings rulemaking should follow a final capital rule applicable to these institutions, be tailored to the business of insurance, and reflect the state capital framework.

Again, we appreciate the opportunity to comment on the Notice and look forward to further engagement as the rulemaking process proceeds. Please do not hesitate to contact Bridget Hagan (bridget@cypressgroupdc.com; 202-337-1661) with any questions regarding these comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Bridget Hagan", with a long horizontal flourish extending to the right.

Bridget Hagan
Executive Director, The Insurance Coalition

¹ Application of the RFI/C(D) Rating System to Savings and Loan Holding Companies, 81 Fed. Reg. 89941 (Dec. 13, 2016).