The Cypress Group

March 15, 2018

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, D.C. 20551
Email: regs.comments@federalreserve.gov

Re: Proposed Guidance on Core Principles of Effective Senior Management, Management of Business Lines, and Independent Risk Management and Controls

Dear Ms. Misback:

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 the lack of clarity around existing supervisory expectations regarding risk management and oversight described in the proposed Risk Management ("RM") Guidance[1] has been burdensome on many of our members, and we have suggestions for the Board of Governors of the Federal Reserve System ("Board") to effectively implement a robust risk management approach tailored to insurance SLHCs and SIFIs. We appreciate the opportunity to comment.

Executive Summary

We support the intent and direction of the proposed Guidance. Specifically, we support the Board's efforts to better distinguish, consolidate and clarify supervisory expectations for boards of directors from those of senior management with respect to risk management. We also support the Board's efforts to ensure that the key principles within the proposed Guidance are in-line with the National Association of Insurance Commissioners' ("NAIC") Own Risk and Solvency Assessment ("ORSA") Guidance Manual – Enterprise Risk Management Framework – key principles,[2] as we believe these principles are robust operating practices. Along with expressing our support, we also address some specific questions posted in the proposed Guidance, and potential solutions to concerns.

[1] Proposed Guidance on Supervisory Expectations for Risk Management for Large Financial Institutions, 83 Fed. Reg. 1351 (Jan. 11, 2018).
[2] NAT'L ASS'N OF INS. COMM'RS, NAIC OWN RISK AND SOLVENCY ASSESSMENT (ORSA) GUIDANCE Manual 6 (2014) (stating the principles are: risk culture & governance; risk identification and prioritization; risk appetite, tolerances and limits; risk management and controls; and risk reporting and communication).

We respectfully suggest that the Board, in issuing its final Guidance, use language that makes clear that the Board adopts a principles-based approach, and avoids prescriptive requirements, when addressing an effective risk management approach. We believe that the proposed Guidance could be read to prescribe a one-size-fits-all risk management approach that is designed to fit traditional banking entities, rather than being specifically tailored to accommodate a variety of firms, including insurance companies. As such, we recommend the Board adopt a high-level approach to risk management and avoid a prescriptive tone. This way, the Board would acknowledge that different firms maintain different businesses with different types of risks, and better promote its goal of clarifying the distinction between boards of directors and senior management risk management and oversight expectations.

We also respectfully suggest that the proposed Guidance fails to take into consideration that the current state-based insurance regulatory regime subjects insurance SLHCs to examinations that cover risk management activities. As such, we recommend the Board defer to state insurance regulators in areas of risk management that are already covered by the current state-based regulatory regime, so as to avoid overlap and duplicative regulation.

The proposed Guidance could also be read as adopting expectations of senior management that go beyond traditional expectations as a result of ambiguous language. We recommend that the Board, in order to remain consistent with its goal of delineating expectations of senior management and boards, clarify any ambiguous language with respect to senior management.

We believe that, where appropriate, business lines should be able to rely upon global/enterprise policies, procedures, systems, and processes without needing to create them specific to each business line, and we recommend clarifying ambiguous language related to business lines.

We also recommend the Board refrain from mandating the Chief Risk Officer ("CRO") or Independent Risk Management ("IRM") function report directly to a single risk committee of the board. Instead, the Board should establish the principle that firms have clear and effective oversight of risk without prescribing which committee of the board has responsibility to oversee that risk.

We are concerned that the proposed Guidance is unintentionally shifting the traditional, and appropriate, expectations of the IRM function's role. We believe the appropriate role of IRM is one that manages risk associated with activities and compliance with risk limits, and we recommend avoiding language that implies IRM has functional control over potential risk-creating activities.

With regard to risk limits, we recommend the Board revise any ambiguous and inflexible language and correct any assumptions with respect to risk limits and risk tolerances, as failure to do so would run counter to the goal of clarifying the distinction between senior management and board expectations.

We also recommend the Board clarify that "risk objectives" cover centralized/enterprise risks not stemming directly from a business line and that the Board refrain from interchangeably using the terms "risk appetite" and "risk tolerance."

Furthermore, we recommend the Board clarify that the "financial strength and resilience" of insurance SLHC's and SIFIs is measured by loss absorption resources, not just capital, as loss absorption includes capital, which often makes up less than half of a firm's total loss absorption resources.

Finally, we encourage the Board to ensure that its final Guidance is harmonized with both the Board Effectiveness proposed Guidance ("BE Guidance") and the LFI Rating System proposed Guidance ("LFI Rating Guidance")[3] in order to avoid potential duplication and conflicts.

Specific Comments

I. We support the Board's effort to consolidate and clarify supervisory expectations for boards of directors from those of senior management

We appreciate the Board's willingness to reduce the burden on directors and senior management that has resulted from a lack of clarity regarding risk management supervisory expectations, and we agree with the Board's observation that its supervisory expectations for boards of directors and senior management have become conflated. As the proposed Guidance states, there is a need to "delineate the roles and responsibilities for individuals and functions related to risk management" in order for the Board to "provide firms with more specific and consistent supervisory feedback."[4]

We support the proposed Guidance's key principles,[5] as these are in-line with the NAIC ORSA Guidance Manual – Enterprise Risk Management Framework – key principles.[6] Generally, we consider these principles to be sound operating practices, and to the extent these principles "enable the Federal Reserve to provide firms with more specific and consistent supervisory feedback,"[7] we welcome the updated approach.

We also support the Board's proposal that, while a board of directors sets a firm's strategy and risk tolerance, the board is not also responsible for implementation of the strategy and risk tolerance: senior management is much better positioned to ensure such implementation. As the proposed Guidance notes, explicit delineation between expectations and roles of boards and

[3] Proposed Guidance on Supervisory Expectation for Boards of Directors, 82 Fed. Reg. 37219 (Aug. 9, 2017); Large Financial Institutions Rating System; Regulations K and LL, 82 Fed. Reg. 39049 (Aug. 17, 2017).
[4] Proposed Guidance on Supervisory Expectations for Risk Management for Large Financial Institutions, 83 Fed. Reg. 1353 (Jan. 11, 2018).
[5] Proposed Guidance on Supervisory Expectations for Risk Management for Large Financial Institutions, 83 Fed. Reg. 1353-54 (Jan. 11, 2018).
[6] NAT'L ASS'N OF INS. COMM'RS, NAIC OWN RISK AND SOLVENCY ASSESSMENT (ORSA) GUIDANCE Manual 6 (2014).
[7] Proposed Guidance on Supervisory Expectations for Risk Management for Large Financial Institutions, 83 Fed. Reg. 1353 (Jan. 11, 2018).

senior management is necessary, and lack of clarity with respect to expectations has burdened firms.

We appreciate the Board's desire for providing necessary clarity regarding the distinction between board and senior management expectations, particularly with respect to risk management, and we believe that the proposed Guidance is a step in the right direction towards reducing the burden placed on directors and benefiting policyholders.

II. Answers to specific questions posed by the proposed Guidance and suggestions for remedying concerns.

i. The Board should adopt a principle-based approach to risk management, and avoid a prescriptive tone.

Although the proposed Guidance is laid out in a principles-based manner, in practice, it may result in a prescriptive approach to risk management. There are multiple structures and methods that can be used for ensuring strategy and appropriate risk tolerances are being adhered to, and as such, rather than specifying which model is "right," the Board should allow for more flexibility for firms to choose an appropriate model to meet each principle.

In order to be more in line with a truly principles-based approach, we recommend the Board make clear that each of the "should" statements following each principle are illustrative in nature, rather than expectations that demand strict adherence. For example, the proposed Guidance states that "business line management should reassess all key controls periodically to ensure relevancy and alignment with current approved policies."[8] This appears to create the expectation that the business line management must be performing these assessments when, for some firms, these "key controls" may actually reside somewhere outside of the business line itself. Firms should be free to develop individualized risk management processes that meet these principles without conforming to a single model for effective risk management.

ii. The Board should avoid prescribing a one-size-fits-all approach to risk management that has been tailored for traditional banking entities.

The proposed Guidance can be read as prescribing a one-size-fits-all approach to risk management without taking into account the unique aspects of insurance SLHCs or SIFIs whose business models and accompanying risks may differ from those of traditional banking entities. Further, the proposed Guidance fails to take into consideration that certain insurance SLHCs and SIFIs are already subject to group-wide supervision by state departments of insurance, which includes examinations that cover risk management and governance activities.

[8] Proposed Guidance on Supervisory Expectations for Risk Management for Large Financial Institutions, 83 Fed. Reg. 1359 (Jan. 11, 2018).

Under section III.A.1. of the proposed Guidance,[9] it should be more clearly stated that, for risk committee requirements, Regulation YY does not apply to insurance SLHCs that have not been designated as systemically important and that are not publically traded. The statutory requirement in Section 165 of the Wall Street Reform and Consumer Protection Act ("Dodd-Frank")[10] to establish a risk committee of the board applies only to (i) nonbank financial companies that have been designated as systemically important and that are publically traded companies, and (ii) bank holding companies with over $10 billion in assets that are publically traded.[11] In addition, the Board only has permissive authority under Section 165 to require a risk committee for publically traded bank holding companies with less than $10 billion in assets.[12] The statutory intent is clear that Regulation YY should not apply to privately held insurance SLHCs that have not been designated as systemically important.

Furthermore, while a single risk committee of the board may be an effective risk governance approach for certain firms, board oversight of risk can be accomplished in manners other than through a separate risk committee with prescribed Chief Risk Officer ("CRO") and Chief Compliance Officer ("CCO") reporting lines. For example, some firms utilize a distributed risk governance model, where multiple committees are assigned clearly delineated, but complementary, risk oversight responsibilities that are designed to work in concert.

In the absence of a statutory requirement for insurance SLHCs to establish a risk committee, we urge the Board to refrain from creating a one-size-fits-all approach to effective risk oversight by requiring insurance SLHCs to have a risk committee of the board under its general safety and soundness authority. Instead, the Board should establish the principle that firms must have clear and effective oversight over risk, as this would allow for alternative approaches to risk management and accurately reflect the unique business models and risks posed by insurance SLHCs.

iii. Where appropriate, the Board should defer to the existing state-based regulatory regime of insurance SLHCs.

We also caution that the proposed Guidance fails to take into consideration that the current state-based insurance regulatory regime subjects insurance SLHCs to group-wide supervision by state departments of insurance, which includes examinations that cover risk management activities. While we appreciate the Board's willingness to clearly delineate between senior management and board expectations, we caution the Board from disregarding the current state-based regulatory regime.

[9] Proposed Guidance on Supervisory Expectations for Risk Management for Large Financial Institutions, 83 Fed. Reg. 1359 (Jan. 11, 2018).
[10] Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, 124 Stat. 1376 (2010).
[11] Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, §165 124 Stat. 1376 (2010).
[12] *See* Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, §165 124 Stat. 1376 (2010) (noting that the Board only has permissive authority to require a risk committee for publically traded bank holding companies with less than $10 billion in assets).

For example, in 2012 the National Association of Insurance Commissioners ("NAIC") put into effect the Risk Management and Own Risk and Solvency Assessment Model Act ("Model Act"), with the purpose of providing "the requirements for maintaining a risk management framework and completing an Own Risk and Solvency Assessment (ORSA) and provide guidance and instructions for filing an ORSA Summary Report with the insurance commissioner of this state."[13] Under the revised Model Act, U.S. insurers subject to the ORSA requirements are expected to "Provide a confidential high-level ORSA Summary Report annually to the lead state commissioner if the insurer is a member of an insurance group and, upon request, by the domiciliary state regulator."[14]

We caution the Board from imposing any duplicative risk management regulatory requirements on insurance SLHCs, and we suggest deferring to state insurance regulators in areas of risk management that are already addressed by the current state-based insurance regulatory regime.

iv. The Board should refrain from using language that goes beyond the traditional expectations of senior management.

While we agree with and appreciate the Board's effort to clarify its expectations of senior management, we caution the Board when using terms that go beyond traditional senior management expectations. Specifically, the proposed Guidance provides, "Senior management is responsible for developing and maintaining the firm's policies and procedures and system of internal control . . ."[15] Alternatively, and more aligned with the expectations for members of management who are directly accountable to the board, we suggest revising the language to read, "Senior management is responsible for *ensuring development and maintenance of* the firm's policies, procedures and systems of internal control . . ."

Furthermore, the proposed Guidance uses ambiguous language with respect to senior management expectations, which dilutes the Board's intent to "delineate the roles and responsibilities" related to risk management expectations. For example, the proposed Guidance states, "Senior management should regularly report to the board regarding *material* audit and supervisory findings, risk management and control deficiencies, material compliance issues (including those related to consumer protection) . . ."[16] The Board is silent as to what constitutes "material," and it should be clarified that each firm is responsible for determining materiality. This will help to avoid any confusion when examinations related to this proposal are being conducted.

[13] NAT'L ASS'N OF INS. COMM'RS, MODEL REGULATION SERVICE – RISK MANAGEMENT AND OWN RISK AND SOLVENCY ASSESSMENT MODEL ACT (Oct. 2012).
[14] NAT'L ASS'N OF INS. COMM'RS, MODEL REGULATION SERVICE – RISK MANAGEMENT AND OWN RISK AND SOLVENCY ASSESSMENT MODEL ACT (July 2014).
[15] Proposed Guidance on Supervisory Expectations for Risk Management for Large Financial Institutions, 83 Fed. Reg. 1357 (Jan. 11, 2018).
[16] Proposed Guidance on Supervisory Expectations for Risk Management for Large Financial Institutions, 83 Fed. Reg. 1357 (Jan. 11, 2018).

v. Where appropriate, business lines should be able to rely upon enterprise policies, procedures, systems, and processes, and the Board should clarify any ambiguous language related to business lines.

We recommend the Board explicitly provide that, where appropriate, business lines are able to rely on enterprise policies, procedures, systems, and processes, instead of needing to create them specific to each business line. Failure to do so would unnecessarily increase the burdens on firms, and is contradictory to the Board's intent of consolidating risk management supervisory expectations.

We also recommend clarifying ambiguous language with respect to business lines. For example, the proposed Guidance provides that business line management is expected to "reassess all *key* controls periodically to ensure relevancy and alignment with current approved policies"[17] without defining "key." The guidance should clarify that what constitutes a key control should be determined by each firm in accordance with that firm's unique business model and risks. Also, the proposed Guidance uses the term "management of business lines"[18] to provide clarity, however, this language is too ambiguous. As such, we recommend refining this to read "management of risk within and across business lines and/or legal entities," in order to provide further clarity.

Furthermore, the proposed Guidance states, "Business line management should provide training and development to its staff to ensure sufficient knowledge of business line activities; compliance, operations and risk management processes; controls; and business continuity. Business line management should reinforce balanced risk-taking and provide incentives for appropriate behaviors through talent management processes, compensation arrangements, and other performance management processes."[19]

While we appreciate the Board's intent here, this ignores the unique business and attributes of insurance SLHCs and SIFIs: not every insurance SLHC or SIFI performs these activities at the business level, as many are done centrally within the firm. As such, we recommend revising the language to read, "For a LISCC firm . . . the core principles of the management of business lines would apply to all of the firm's business lines *as well as the overall enterprise*."

vi. The Board should establish the principle that firms have clear and effective oversight of risk without prescribing specific board committee oversight or reporting structures.

---

[17] Proposed Guidance on Supervisory Expectations for Risk Management for Large Financial Institutions, 83 Fed. Reg. 1359 (Jan. 11, 2018).
[18] See Proposed Guidance on Supervisory Expectations for Risk Management for Large Financial Institutions, 83 Fed. Reg. 1353 (Jan. 11, 2018) (showing the "Core Principles of the Management of Business Lines").
[19] Proposed Guidance on Supervisory Expectations for Risk Management for Large Financial Institutions, 83 Fed. Reg. 1359 (Jan. 11, 2018).

We respectfully urge the Board to resist creating a one-size-fits-all expectation that a firm's Compliance function report up through the CRO and ultimately to a single board-level risk committee. The proposed Guidance can be read as mandating that a compliance function is to be a part of the IRM and that the CRO has responsibility and oversight of the IRM.

While we agree that the objectivity of a firm's Compliance function is essential to ensuring the appropriate "stature and independence" from the first-line business units, we believe this can be achieved by alternative reporting relationships for the CCO and the Compliance function (e.g., reporting to the Chief Legal Officer). The Board should establish the principle that firms must have clear and effective oversight over risk, including compliance risk, without prescribing which committee of the board has the responsibility to oversee that risk or specific reporting lines for functions within IRM.

We also note that the proposed Guidance states, "To promote the stature and independence of IRM, the CRO must report directly to the board's risk committee as well as to the CEO. The CRO must also provide reports to the board's risk committee at least quarterly."[20] We caution the Board from creating an expectation that these reporting lines be structured directly up to the CEO, and from using ambiguous language regarding whether such reports must be written or verbal. Furthermore, the proposed Guidance requires the CRO to "also provide input to the board on incentive compensation plan design and effectiveness,"[21] and we believe that compensation planning and effectiveness are in the purview of Human Resources, not the CRO.

vii. The Board should refrain from shifting the traditional expectation of IRM's role.

We are concerned that the proposed Guidance is shifting the traditional, and appropriate, expectation of IRM's role. Traditionally, the expectation of IRM's role has been that of advising on the management of risk associated with activities and compliance with risk limits; however, we are concerned that the proposed Guidance is shifting this role to one of functional control over these potential risk-creating activities. Expanding IRM's role beyond these traditional expectations will add confusion surrounding IRM's proper role, and we urge the Board to refrain from doing so.

Furthermore, the "internal controls" stipulated within the proposed Guidance cover a wide range of activities and processes, and the Board notes that these internal controls could include, "Approvals and appropriate *dual* authorizations for key decisions, transactions, and execution of processes."[22] As the number of authorizing bodies can range anywhere from one to multiple, we suggest removing "dual." We believe that the use of "appropriate" is sufficient, and removing "dual" will provide further clarity.

[20] Proposed Guidance on Supervisory Expectations for Risk Management for Large Financial Institutions, 83 Fed. Reg. 1360 (Jan. 11, 2018).
[21] Proposed Guidance on Supervisory Expectations for Risk Management for Large Financial Institutions, 83 Fed. Reg. 1360 (Jan. 11, 2018).
[22] Proposed Guidance on Supervisory Expectations for Risk Management for Large Financial Institutions, 83 Fed. Reg. 1362 (Jan. 11, 2018).

viii. The Board uses ambiguous and inflexible language with respect to risk limits and makes assumptions regarding risk limits and risk tolerances.

We feel that the language, "Risk limits should include explicit thresholds that, if crossed, strictly prohibit the activity,"[23] is too inflexible. Instead, we recommend revising the language to allow for some possibility for escalation and mitigation when appropriate, such as, "Risk limits should include explicit thresholds that, if crossed, *either prohibit the activity, ensure additional mitigation, or require escalation as appropriate."*

Additionally, we feel that, "IRM should create lower-level risk limits, such as for an individual business line, based on the enterprise-wide risk limits,"[24] is ambiguous. Here, it is unclear how "lower-level risk limits" is defined, and whether the reference to "lower-level risk limits" aligns with the Risk Appetite Limits (Implied and Operating Limits) and the Risk-Type Limits. We do not have any suggested revised language, but we urge the Board to provide a detailed definition of "lower-level risk limits" in order to provide clarity.

Furthermore, the proposed Guidance assumes that risk limits are always established by business line management at each firm when it states, "Business line management may develop its own limits for internal business line use and may provide input to the risk limit-setting process defined by IRM. However, the internal limits of a business line should not be less stringent than the limits set by IRM because the limits set by IRM should be the operative, formal, and binding across the firm."[25] This ignores the fact that many insurance SLHCs and SIFIs differ in business structure and organization, and further heightens the one-size-fits-all approach to risk management.

Finally, we caution the Board from requiring the IRM evaluate whether a firm's risk tolerance "incorporates realistic risk and reward assumptions that, for example, do not overestimate expected returns from business activities or underestimate risks associated with business activities."[26] This assumes that risk tolerance is always determined at the IRM level, when in fact, some firms determine risk tolerance at the business unit level.

ix. The Board should clarify that "risk objectives" covers enterprise risks not stemming directly from a business line, and refrain from interchangeably using the terms "risk appetite" and "risk tolerance."

The proposed Guidance states:

---

[23] Proposed Guidance on Supervisory Expectations for Risk Management for Large Financial Institutions, 83 Fed. Reg. 1361 (Jan. 11, 2018).
[24] Proposed Guidance on Supervisory Expectations for Risk Management for Large Financial Institutions, 83 Fed. Reg. 1361 (Jan. 11, 2018).
[25] Proposed Guidance on Supervisory Expectations for Risk Management for Large Financial Institutions, 83 Fed. Reg. 1358 n.39 (Jan. 11, 2018).
[26] Proposed Guidance on Supervisory Expectations for Risk Management for Large Financial Institutions, 83 Fed. Reg. 1360 (Jan. 11, 2018).

> Risk objectives are the level and type of risks a business line plans to assume in its activities relative to the level and type specified in the firm wide risk tolerance. For example, a residential mortgage business unit should specify the level and type of credit risk, interest-rate risk, or other risks it plans to assume in its activities relative to the level and type specified in the risk tolerance.[27]

This language uses the term "risk objectives" and then provides an example that infers risk limit by line of business, rather than at the enterprise level, which assumes the limit is managed at the business level rather than enterprise level. This implies that an organization has a particular construct and fails to provide room for an enterprise-level new business, new initiative review process. In order to take into account companies with unique business models and risks, such as insurance SLHCs, we recommend revising the above language to cover enterprise level risks not stemming directly from a business line.

In response to question 6,[28] we note that "risk appetite" and "risk tolerance" are not used interchangeably within the industry: "risk appetite" refers to the amount or types of risk a company chooses to accept and is comfortable with, while "risk tolerance" is the maximum amount of risk that a company is able to sustain. Using the two interchangeably can create confusion within a firm's risk governance and oversight function, and further conflate senior management and board expectations.

x. The appropriate measure of financial strength and resilience for insurance SLHCs and SIFIs is loss absorption resources.

Throughout the proposed Guidance, the Board notes the importance of a "firm's capital," and defines "financial strength and resilience" as "maintain[ing] effective capital and liquidity governance and planning processes . . ."[29] The proposed Guidance also mandates senior management implement a "robust mechanism" for "[a]ssessing the potential impact of the firm's activities and risks positions on the firm's capital, liquidity, and overall risk profile."[30] We believe the appropriate measure of "financial strength and resilience" for insurance companies is loss absorption resources, as loss absorption resources includes capital, which in some cases makes up less than 50% of total loss absorption resources. As such, we recommend the Board clarify that the "financial strength and resilience" of insurance SLHC's and SIFIs be measured by loss absorption resources, not just capital.

xi. The Board should harmonize its final Guidance with the Board Effectiveness and LFI Rating System Guidances.

[27] Proposed Guidance on Supervisory Expectations for Risk Management for Large Financial Institutions, 83 Fed. Reg. 1357 n.30 (Jan. 11, 2018).
[28] See Proposed Guidance on Supervisory Expectations for Risk Management for Large Financial Institutions, 83 Fed. Reg. 1355 (Jan. 11, 2018) (asking, "Are the terms "risk appetite" and "risk tolerance" used interchangeably within the industry, and what confusion, if any, is created by the terminology used in this guidance?").
[29] Proposed Guidance on Supervisory Expectations for Risk Management for Large Financial Institutions, 83 Fed. Reg. 1358 n.41 (Jan. 11, 2018).
[30] Proposed Guidance on Supervisory Expectations for Risk Management for Large Financial Institutions, 83 Fed. Reg. 1357 (Jan. 11, 2018).

Since this proposed Guidance is "part of a broader initiative by the Federal Reserve to develop a supervisory rating system and related supervisory guidance that would align with its consolidated supervisory framework for LFIs,"[31] some elements of this proposed Guidance will likely overlap with the BE Guidance and LFI Rating Guidance once all three are finalized.[32] In order to avoid duplication and conflicts, we recommend the Board harmonize these Guidances.

Conclusion

Again, we appreciate the opportunity to comment on the proposed Guidance and look forward to continued engagement as the development of this guidance proceeds. We generally support the Board's efforts to consolidate and clarify its existing supervisory expectations regarding risk management and believe that our suggestions will improve firm safety and soundness, and ultimately benefit policyholders. Please do not hesitate to contact Bridget Hagan (bridget@cypressgroupdc.com; 202-337-1661) with any questions regarding these comments.

Sincerely,

Bridget Hagan
Executive Director, The Insurance Coalition

[31] Proposed Guidance on Supervisory Expectations for Risk Management for Large Financial Institutions, 83 Fed. Reg. 1351 (Jan. 11, 2018).
[32] Proposed Guidance on Supervisory Expectation for Boards of Directors, 82 Fed. Reg. 37219 (Aug. 9, 2017); Large Financial Institutions Rating System; Regulations K and LL, 82 Fed. Reg. 39049 (Aug. 17, 2017).