Proposal: 1673(AF56)Risk-Based Capital Requirements for Companies Significantly Engaged In Insurance Activitie

Description:

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From: Charity Crouse

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Subject: Risk-Based Capital Requirements for Depository Institution Holding Companies Significantly Engaged i

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Comments:

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Proposal: Regulatory Capital Rules: Risk-Based Capital Requirements for Depository Institution Holding Companies Significantly Engaged in Insurance Activities [R-1673]
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Your comment: In 2001 the state of Texas implemented numerous changes to its Insurance Code to take effect on Sept. 1, 2001. This year, the state of Texas made numerous changes to its pension code. This has a profound impact on insurance in Texas in many manners. This is merely two years after Hurricane Harvey. Outstanding issues of concern specific to how misrepresentations of "emergency" aid impact potential financing for municipal portfolios have yet to be addressed. In fact, four major and up to three other municipal bond issues, totaling billions of dollars of obligations, have been committed to in the state of Texas without addressing concerns outstanding prior to, during and following Hurricane Harvey. This includes the manners in which mischaracterizations of resource needs impact terms for group insurance policies that provide the reserves on municipal bonds connected to local pension funds. It also impacts the insurance on the municipal bonds themselves. The subjectivity of terminology such as "building block approach" would be less concerning except that a specific element of the Texas insurance marketplace involved "innovation" connected to testing telemedication regimes, as reflected in numerous commissions that were previously active in Texas, some of which were "termed out" on Sept. 1, 2019. The above-mentioned pension law changes also took effect two years after state licensing changes that included licensing for pharmacists and behavioral analysts. These changes went into effect while the official departments of concern were "closed" ostensibly due to the damage from Hurricane Harvey. Among the commissions of concern in this context were a Gubernatorial commission authorized under the purview of the state's small business code years earlier concerning nanotechnology, biotechnology, bioengineering and biomedicine. Thusfar, there has been no appropriate accounting for or disclosure regarding the activities of that commission or how it has impacted or was impacted by the last nine years of the Affordable Care Act marketplace. The mentioned commission and the relationship specifically to Texas' state marketplace has far-reaching consequences and many major insurance companies in sectors beyond healthcare have their business

situs in Texas. They would hence be subject to changes in Texas insurance and securities laws. What role did the "innovations" in bioengineering, biotech, nanotech and biomedicine have in the proliferation of the alleged "hacking" and other cybersecurity concerns that have been made public, especially in the last three years? I contend there is substantial foul play at work in the roll-out of various "cyberinsurance" schemes, which themselves are connected to misinformation on the status of the federal flood plain insurance program. These insurance schemes specifically depend upon appraisals on the value of real estate property, which are impacted by designations of "damaged" following a declaration of a state of emergency. Rather than implementing a pre-determined municipally-approved plan to upgrade the flood plain demarcators and engage processes of buy-outs or require property-owners to modify their existing property to accommodate the changes, the federal government is called in to provide a form of bailout comparable to what has happened in the past. At a minimum, entities have to be held to account for applying the law in regard to changing the financing status of their entities. At a maximum (with a low threshold) is assuring that all of those whose "pooled" resources and capital go into supporting other structures-including structures seeking insurance to protect their capital investments -are provided with records of their actual contributions that reflect the real and not abstracted or derivative value of their participation. These accountings also have to have appreciative terms rather than just leveraging of one liability against another liability. It is important to understand that even insurance companies and entities that investigate insurance claims and complaints have fiduciary responsibilities related to reporting and responding to requests for reports. Timely delivery of sufficient responses to insurance claims and complaints of fraud is necessary to guard against default on the attendant surety. Why do we not reward as value added successful investigation and prosecution of fraud and malfeasance? The last several years have made it apparent that fines and fees levied in the financial sector are used as leverage in future deals and just written off as business costs. The taxes get waived off onto whom? Does anyone keep track? We need to prevent the promulgation of methodologies that obscure important data so that what starts as awareness of fraud on a specific scale is not permitted to be leveraged by those with more high-risk investment into a high-risk scenario that has "catastrophic" consequences. We should be beyond "catastrophe" and those who profit from it. We should have far less payout on insurance policies connected to high-risk sectors because we engaged in appropriate preventive processes. We need to implement a system for accruing value based on adherence to high standards that includes providing returns which demonstrate a greater appreciative inculcation of all assets that were invested. That means being honest about what are actually "capital" investments. In Spring of 2019 I attempted to contact the Federal Depository Insurance Corporation to report that I understood there was an effort to use a municipal bond issued by a bank that is both a federally-insured bank as well as listed as a state depository institution for what I understood to be "fraud." I was informed by the Ombudsperson that the FDIC was not authorized to investigate this complaint as the complaint did not regard "state depository institutions." I responded by citing the applicable Texas Government Code regarding designation of state depository institutions as evidence that that the FDIC did in fact have jurisdiction in this regard. I received no assistance from the FDIC, however, on May 30, 2019 the Wall Street Journal featured an editorial quoting a release of information from the FDIC using as an example payday loans when considering applicable reporting processes. This is alarming not only because I was again intentionally misinformed by a federal institution about their jurisdiction to investigate reports of fraud, but the timing of the editorial and the references to payday loans leave open the possibility that the actual concern had to do with use of "overnight windows" by the Federal Reserve and what would be considered appropriate repayment. At that time there was in fact a pending public comment period regarding the Federal Reserve's overnight lending policies. Such finance is higher risk that ordinary business connected to a municipal bond issue. Again, what could have been attended to at one level at that time got deferred for what can only result in an even-greater risk paradigm when its accrual comes to bear. But, without appropriate accounting for the original reporting, what then becomes of the original act of "fraud?" The report attendant with this public comment period features the following quote on p. 11, stating it "does not require Board to exclude state-regulated or certain foreign-regulated insurers from its risk-based capital requirements." There is an Executive Order due to be implemented on Monday, Sept. 30, 2019 that will decommission one-third of currently active federal executive commissions. This action potentially includes commissions that have for several years and Presidential terms concentrated departmental authority and oversight directly under the President of the United States. This is in contravention to applying effective safeguards via appropriate application of the federal checks and balances system. The explanation for this decommissioning is that these commissions need to demonstrate their value. How? Who decides what that means? What happens to pending information or reports in regard to these commissions once that EO takes effect? Does it become "risk-based" capital that someone else contributed and for which they are not going to be credited? What then happens with the "streams" when this information gets mischaracterized and misapplied? This sort of paradigm accrues as we well know and are, it seems, in great need of dealing directly with at this time. Had the situation with the Affordable Care Act been addressed via specific investigations or lawsuits that addressed the fraud and malfeasance attendant with its rollout rather than torts or financial charges concerning pharmaceutical companies alone we would be in a much more secure position right now when discussing, analyzing and attempting to apply new insurance paradigms. By addressing and holding accountable breaches of patient privacy, theft, and other malfeasance connected to the delivery of services under various state marketplace schemes we would have real leverage to work with moving forward. As I understood it different state marketplaces had different schemes; in whose interests those schemes worked is the question at hand now. Without addressing that directly, these pharmaceutical suits appear to be nothing more than a way to acquire leverageable "capital" to meet risk requirements for entities that have concentrated individual assets as private as our biodata into their largesses. This has occurred without even giving us disclosure as to the processes by which that data has been financialized or applied in the current and unfolding financial paradigm, much less access to a means by which to invest it for ourselves. And what is the current corollary? Cyberinsurance. "Insurance-centric" is potentially one way of saying that reports on policy breaches that are evidentiary of criminal activity can be mischaracterized as a form of underwriting in connection with "risk assessments" to use in discussions on financiability. Reports on fraud need rather to be evaluated for their potential culpability with criminal activity, which starts with specificity around what is legal and what is actually "confidential." It is a great disservice to cut off disclosure on criminal activity reports and investigations and then to say that individual data can be obtained, anonymized, and then used by others. The long-term implications of this need to be evaluated for the manners in which they radically redefine safety standards for citizens and others. Another issue concerns "pooling" in terms of establishing standards regarding risk and valuations of associated assets. Qualitative analyses of specific "means tested" modalities in the past few years has been neglected, if not outright obstructed, in calibrating paradigms. Downgrading specific assets that are potentially high-performing and high-yield in one contextualization that may not be as popular or may not accept the same definitions of acceptable risk behaviors can have a long-term effect on miscalibrating the entire schema. It should be acknowledged that people's religious, spiritual and ethical perspectives can have a substantial impact on what they consider to be "acceptable" versus "unacceptable" risks and Constitutional rights concerning protections for religious and spiritual beliefs need to be applied. There must also be considered the relationship between money laundering and "insurance activities" as a form of cover up. How do mischaracterizations as "liability" for purposes of ascribing as insurance activity, as opposed to other types of activities, accrue? "Shifting risk from one subsidiary to another" can potentially be used in manners such as how many people for how long were supposed to "stabilize" using the offloading of mischaracterized capital while others took on this risk and did what with it? "double leverage, whereby an upstream company's debt proceeds are infused into a downstream subsidiary as equity, resulting in equity at the subsidiary level that is offset by the liability at the parent and, hence, capital-neutral at the enterprise-level." Is this how it is that despite the fact that in accordance with mandates regarding more explication in reporting source of income via the Basel Convention we have LESS specific reporting and rather appearance of derivative reportings that transfer capital and recharacterize it without actually acknowledging the processes by which these transfers have been accomplished? Whatever happened with the original TARP and TALF monies, including ones that were "double-leveraged" to offload a bankruptcy for a major employer of U.S. workers to the U.S. government so that the federal government could become majority shareholders? This is NOT about "capital-neutral" when we look at what Congress is actually doing and what they are NOT doing at this time. I understand this attempt at a "public comment" to be after posting numerous other "public comments" after years' worth of attempts to report "fraud" were left unaddressed but rather "converted" to some else's risk capital. The concurrent processes regarding the negligence in responding to the original reports is unacceptable. What now becomes of this? It finishes the "scheme" on a certain level. But in the context of the Federal Reserve system, wherein "public comments" are much more than an expression of an opinion, what sort of "investment" does this actually represent?

What am I "insuring" here?