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The Honorable Ben S. Bernanke
Chairman
Board of Governors of the Federal Reserve System
20th Street & Constitution Ave., N.W.
Washington, D.C. 20551

Re: FRS-2011-0027; Notice of Intent to Require Reporting Forms for Savings and Loan Holding Companies

Dear Chairman Bernanke:

These comments are submitted on behalf of the American Council of Life Insurers (“ACLI”). The ACLI is a national trade association with over 300 member companies representing more than 90 percent of the assets and premiums of the life insurance and annuity industry in the U.S. On behalf of all our members, we appreciate the opportunity to submit comments on the Notice of Intent (“NOI”) referenced above as published at 76 Federal Register 7091 (Feb. 8, 2011).

The NOI provides notice of the intention of the Board of Governors of the Federal Reserve System (the “Board”) to require savings and loan holding companies (“SLHCs”) to submit the same reports as bank holding companies (“BHCs”) beginning with the March 31, 2012 reporting period. As the NOI notes, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) transfers the current supervisory functions of the Office of Thrift Supervision (the “OTS”) related to SLHCs to the Board on July 21, 2011. The NOI indicates that the proposed reporting requirements for SLHCs outlined in the NOI would provide the Board with information necessary to analyze the overall financial condition of SLHCs to ensure their safe and sound operation. The NOI further indicates that the reports would also provide organizational structure and activity information for SLHCs to populate the Board’s National Information Center database with a comprehensive list of subsidiaries and affiliates of each SLHC.

In issuing the NOI, the Board acknowledged that there would be an initial “increased burden” for SLHCs converting to financial reports required by BHCs, but suggested that the Board would provide outreach to SLHCs to address questions in an effort to reduce the initial burden. The ACLI appreciates the Board’s sensitivity to the burden that the proposed new reporting requirements would impose on SLHCs, particularly at a time when other new requirements mandated by the Dodd-Frank Act will impose additional burdens on SLHCs and their depository institution subsidiaries. Any discretionary proposal that results in an additional burden on SLHCs must be carefully weighed in the context of increased burdens arising from the many other mandatory requirements of the Dodd-Frank Act. The ACLI believes that the proposed reporting requirements would in fact impose significant additional burdens on SLHCs and that these significant burdens must be considered in the context of the overall requirements that the Dodd-Frank Act imposes in

reaching a decision with respect to the appropriateness of the imposition of such reporting requirements.

1. *The NOI Would Impose Reporting Requirements Far Exceeding the Existing Reporting Requirements for SLHCs*

Under the requirements currently applicable to a SLHC, a SLHC is required to file reports with the OTS on Form H-(b)11 on a quarterly and annual basis. See 12 C.F.R. §584.1(a)(2) & (e). The reports principally involve the filing of consolidated financial statements and copies of all materials filed with the Securities and Exchange Commission. The reports also call for information relating to changes in the reporting entity's holding company structure and any other material developments relating to the holding company. The OTS permits SLHCs that are insurance companies to file financial statements prepared in accordance with statutory accounting principles ("SAP") if they do not prepare GAAP financial statements for any other purpose. See H-(b)11 Package Annual/Current Report General Instructions Current Reporting Instructions, OTS Form H-(b)11, Item 5. Financial Statements. In addition, a SLHC must provide summary financial information and other select information on Schedule HC to the Thrift Financial Report, which is filed on a quarterly basis by the savings association subsidiary of the SLHC. The OTS also permits the Schedule HC to the Thrift Financial Report to be filed with financial information prepared in accordance with SAP.

The NOI indicates that the Board intends to require SLHCs to file the following BHC forms: FR Y-6, FR Y-7, FR Y-9C, FR Y-9LP, FR Y-9SP, FR Y-9ES, FR Y-9CS, FR Y-10, FR Y-11/S, FR 2314/S, FR Y-8, and FR Y-12/12A. The number and scope of these reporting forms far exceed the number and scope of the reporting forms required to be filed by SLHCs under current OTS regulations and would result in a significant additional reporting burden being imposed on SLHCs. Many of these BHC forms call for financial information on items or in formats that SLHCs do not currently collect or prepare. For example, Form FR Y-9C contains various schedules, calling for such information as detailed consolidated financial information on specific categories of loans and lease financing receivables, and on servicing, securitization and asset sale activities. An SLHC that currently does not collect the data either in the precise categories required by Form FR Y-9C or on a consolidated basis as to all its consolidated entities will have to create new internal financial reporting and collection systems. That the BHC reporting forms call for information that SLHCs do not currently collect is not surprising. The BHCs reporting forms have been designed around the financial activities in which BHCs and financial holding companies engage. Many SLHCs engage in more diverse activities than BHCs and financial holding companies, including in the case of grandfathered SLHCs nonfinancial activities. Even as to financial activities, the focus of many SLHCs varies from that of many BHCs. This means that these SLHCs have developed their internal financial reporting systems based on business or regulatory considerations that differ from those of BHCs.

We note that the NOI does not attempt to estimate the burden that would be imposed on SLHCs in meeting these new reporting requirements. The NOI indicates that an estimate of the annual burden will be provided in a forthcoming notice of proposed rulemaking to be published by the Board after the July 21, 2011 transfer date. We submit that a detailed analysis of the burden should be undertaken by the Board not only to comply with the applicable statutory requirements, but also to ensure that the substantial burden that would result from these new reporting requirements is actually justified by the putative benefits of the new requirements. We also request that if the Board should ultimately decide based on the forthcoming proposed rulemaking to impose these reporting requirements on SLHCs, it delay the effective date for any such reporting requirements until the March 31, 2013 reporting period rather than the March 31, 2012 reporting period suggested in the NOI. We believe that the substantial changes to existing financial reporting and data collection systems that will be required to comply with the new reporting requirements cannot be made by SLHCs in time for a March 31, 2012 effective date. In addition to officially extending the effective

date until March 31, 2013, we also request that the Board consider the possibility that individual entities may need even longer to comply with certain components of the reporting requirements, and that the granting of Board exceptions in such cases may be appropriate.

2. *Financial Statements Prepared In Accordance with Statutory Accounting Principles*

The Board requires that the consolidated financial statements for BHCs filed under FR Y-9C be prepared in accordance with generally accepted accounting principles (GAAP). Certain SLHCs, including mutual insurance companies and fraternal benefit societies, do not prepare GAAP financial statements. U.S. mutual insurance companies and fraternal benefit societies prepare financial statements in accordance with SAP as required by state insurance laws and regulations. State insurance laws and regulations typically require that the quarterly and annual unaudited financial statements and the annual audited financial statements filed by U.S. insurers be prepared using forms and applying accounting principles adopted from time to time by the National Association of Insurance Commissioners ("NAIC"). The NAIC has adopted forms of quarterly and annual statutory financial statements and comprehensive accounting rules set out in its Accounting Practices and Procedures Manual ("Manual"). These are each subject to change from time to time by the NAIC. In fact, the Manual is reprinted each year in March and marked to show changes from the prior's years Manual. In addition, the Manual is also subject to formal interpretations as adopted from time to time by the NAIC's Emerging Accounting Issues Working Group. These interpretations are also published in the Manual. As noted in the Report of the National Association of Insurance Commissioners (NAIC) and the Federal Reserve System Joint Subgroup on Risk-Based Capital and Regulatory Arbitrage (May, 2002), SAP is based on a liquidation rather than a going concern perspective and is generally more conservative than GAAP.

Because U.S. mutual insurance companies and fraternal benefit societies are required by state insurance law and regulations to prepare their financial statements in accordance with SAP, the Board should permit these companies to continue to submit financial statements prepared in accordance with SAP rather than require such companies to undertake the very substantial burden of converting all their financial systems to a GAAP reporting methodology. This approach is consistent with the approach that the OTS has historically taken. This approach is also consistent with the approach that the Board itself has taken in respect of the filing requirements for foreign banking organizations under Form FR Y-7, which permits financial statements to be prepared in accordance with local accounting practices. See General Instructions for Preparation of the Annual Report of Foreign Banking Organizations FR Y-7, Report Item 1: Financial Information Regarding the Foreign Banking Organization (FBO). Because SAP is a statutorily mandated standard in the United States, it should a fortiori be accepted by the Board for purposes of reporting by those SLHCs that prepare their financial statements only in accordance with SAP.

3. *Additional Burden Arising from Form FR Y-10 and Form FR Y-6*

Among the forms that the NOI suggests an SLHC would be required to file would be Form FR Y1-10: Report of Changes in Organizational Structure. The FR Y-10 is used to report a wide range of events ("Reportable Events") that result in changes to the worldwide organizational structure of BHCs and other banking entities, including the acquisition of interests in nonbanking companies, transfers or sales of such interests, internal reorganizations, commencement of new activities, and changes in existing activities. This reporting requirement is based on the provisions of the Bank Holding Company Act of 1956 (the "BHC Act") and other federal banking statutes administered by Board that restrict or place conditions upon the structure or activities of BHCs and other banking entities. SLHCs are not subject to the type or range of restrictions on their structure or activities that BHCs and other banking entities are. The OTS currently uses the Form H-(b)(11) to require SLHCs to report to it those changes to the holding company structure that are relevant under the provisions of the Home Owners' Loan Act ("HOLA"). The ACLI submits that there is no need to impose the

Form FR Y-7 reporting requirements on SLHCs that, unlike BHCs, are not subject to the additional structural or activity restrictions of the BHC Act. Instead, the Board should continue to rely on the approach that the OTS has used for many years under HOLA, consistent with the narrower scope of the structural and activity restrictions of HOLA.

This approach would also be appropriate in light of the significant burden that imposing the FR Y-10 regime on SLHCs would entail. For example, a SLHC would conceivably have to do initial filing on Form FR Y-10 for every entity that it directly or indirectly “controls.” The term “control” is broadly defined in the Glossary to FR Y-10 and would require a SLHC to undertake a comprehensive review of all its direct and indirect investments to determine which might qualify as investments constituting “control” under the FR Y-10 definition. A SLHC would thereafter have to monitor changes in the investee company or entity, including changes in the primary and secondary activity of the company as those concepts are defined in the instructions to Form FR Y-10.

Creating de novo a reporting system to capture and then monitor on an ongoing basis the range of direct and indirect investments covered by FR Y-10 will impose a significant cost burden on SLHCs. The ACLI believes that it is unnecessary as a supervisory matter and inappropriate as a legal matter to extend a reporting requirement that is applicable to BHCs because of the specific restrictions of the BHC Act to SLHCs that are not subject to the same restrictions under HOLA. The same observations apply to the reporting requirements of the Form FR Y-6 as they relate to investments in more than 5% of any class of voting securities of a nonbank company.

In conclusion, the ACLI respectfully requests that the Board reconsider its initial expression of intention with respect to the wholesale imposition of BHC reporting requirements on SLHCs. The ACLI believes that the reporting requirements should recognize the differences between the legal regime applicable to BHCs under the BHC Act and the legal regime applicable to SLHCs under HOLA. The ACLI further requests that the Board carefully consider the significant additional burdens that the imposition of reporting requirements that have historically been designed for bank-centric entities will entail for the diversified range of SLHCs. Finally, the ACLI requests that the Board take special recognition of the issues presented for those SLHCs that currently prepare only SAP financial statements.

Respectfully submitted,

A handwritten signature in blue ink that reads "Julie A. Spiezio". The signature is fluid and cursive, with the first name being the most prominent part.

Julie A. Spiezio

cc: Ms. Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System