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The Honorable Ben Bernanke
Chairman
Board of Governors of the Federal Reserve System
20th Street & Constitution Ave., NW
Washington, DC 20551

Re: Docket No. R-1405; RIN No. 7100-AD64: Regulation Y-Definitions of “Predominantly Engaged in Financial Activity” and “Significant” Nonbank Financial Company and Bank Holding Company.

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. We appreciate the opportunity to offer the following comments on three specific aspects of the Proposed Rule referenced above.

1. Subsections (a), (b) and (c) of section 225.301 of the Proposed Rule provide definitions of the terms “predominantly engaged in financial activities,” “consolidated annual gross revenues” and “consolidated total financial assets,” respectively. Each of the proposed definitions provides that the relevant term will be determined “in accordance with applicable accounting standards.” Subsection (a) of section 225.300 of the Proposed Rule provides a definition of the term “applicable accounting standards” as follows:

The term “applicable accounting standards” with respect to a company means U.S. generally accepted accounting principles (GAAP), international financial reporting standards (IFRS), or such other accounting standards applicable to the company that the Board determines are appropriate, that the company uses in the ordinary course of its business in preparing its consolidated financial statements.

Some insurance companies, including mutual and fraternal companies, prepare their financial statements in accordance with statutory accounting principles (SAP) under applicable insurance law and regulation and are not required by insurance law or regulation to prepare financial statements in accordance with GAAP. The ACLI requests that the Board confirm that for purposes of subsection (a) of section 225.300, SAP will be regarded as the appropriate accounting standards for those insurance companies that in the ordinary course of their business do not prepare GAAP financial statements.

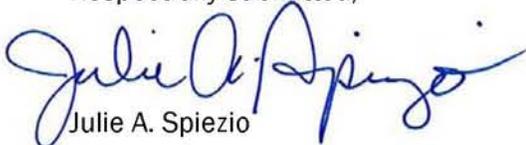
2. Subsection (e)(1) of section 225.301 provides a rule of construction for the treatment of investments that are not consolidated for purposes of determining whether a company is predominantly engaged in financial activities. Subsection (e)(1) provides that revenues derived from, or assets related to, an equity investment by the company in another company the financial statements of which are not consolidated with those of the company under applicable accounting standards will be treated as revenues derived from, or assets related to, activities that are financial in nature if the other company is itself predominantly engaged in financial activities as defined in section 225.301(a). The ACLI appreciates

that this rule of construction is intended to facilitate compliance and to avoid the need to determine the precise percentage of an investee company's activities that is financial in nature to determine the portion of the company's revenues or assets related to the investment that should be treated as financial. Nonetheless, the ACLI believes that there may well be situations in which a company will not have sufficient access to information about the business operations of an investee company in which it has a non-control minority investment to perform the required calculation itself. In addition, in the case of a non-control minority investment, the company will not be in a position to require the investee company to perform the required calculation. The ACLI requests that the Proposed Rule provide that a company may treat an investment in an unconsolidated investee company as not financial in nature if it is unable to obtain the relevant information from the investee company to perform the required calculation itself and if it is not in a position to require the investee company to perform the calculation for it.

3. As noted in the Background section of the Supplementary Information section of the Federal Register notice, the terms "significant nonbank financial company" and "significant bank holding company" are used in several sections of the Dodd-Frank Act, including section 113(a)(2)(C) in connection with a factor to be considered in the designation by the Council of a nonbank financial company for supervision by the Federal Reserve Board and section 165(d)(2) in connection with credit exposure reports. The ACLI recognizes that the Federal Reserve Board and the Federal Deposit Insurance Corporation are required by section 165(d)(8) to issue joint rules to implement the credit exposure report requirements of section 165(d)(2). At this time the ACLI simply wishes to note in advance that the rules implementing the credit exposure report requirement of section 165(d)(2) should make express provision for confidential treatment of information contained in such reports, including any information provided by or relating to a significant nonbank financial company. Additionally, we endorse the position stated in the NPR that a firm that is defined as a significant nonbank financial company or a significant bank holding company does not become subject to any additional supervision or regulation by virtue of that definition.

Thank you for your consideration of our views. We are available for further discussion on this matter at your convenience.

Respectfully submitted,



Julie A. Spiezo

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