



Property Casualty Insurers
Association of America

Shaping the Future of American Insurance

James M. Olsen
Vice President, Accounting and Investment Policy

VIA ELECTRONIC TRANSMISSION
www.regulations.gov

November 1, 2011

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve Board
20th Street and Constitution Ave., N.W.
Washington, D.C. 20551

RE: FR Y-6, FR Y-7, FR Y-9 reports FR Y-11/11S, FR 2314/2314S, FR Y-8, FR Y-12/12A, FR 7Q, or FR Y-7N/NS - Proposed Agency Information Collection Activities; Comment Request

Dear Secretary Johnson:

The Property Casualty Insurers Association of America (PCI) welcomes the opportunity to respond to the Board's request for comments regarding the above referenced topic. PCI's more than 1,000 member insurance companies write over \$180 billion in annual premium, which represents more than 38 percent of the property casualty insurance coverage written in the United States.

We commend the Board's recognition of the limited number of SLHCs that are insurance companies who have been exempted from the requirement to produce consolidated financial information on a GAAP basis. Such insurers are required to prepare the financial statements on an audited Statutory Accounting Principles (SAP) basis. The Board appropriately recognized the burden of requiring these companies to duplicate the accounting that would be GAAP based to be unjustifiably costly at this time. The Proposal further states, though, that the Board plans to re-evaluate its regulatory reporting requirements once the consolidated regulatory capital rules are finalized.

PCI proposes further clarification of the wording for the exemption for SLHCs. Instead of the statement "SLHCs where the top-tier holding company is an insurance company that only prepares SAP financial statements", replace "that only prepares" with "that is only required to file." Such clarification would ensure any such company who prepares ad-hoc or limited basis statements that are not SAP would unintentionally be subject to GAAP reporting. In addition, we request confirmation and clarification that the exemption provided to SLHC's who do not prepare GAAP statements also means those entities will not be mandated by the Board for any other GAAP filing, such as an audited GAAP financial statement. Clarification of the use of an audited SAP financial statement whenever such use may be required would seem appropriate.

PCI looks forward to providing additional input as the Board re-evaluates the reporting requirements for all SLHCs after it has more experience with the supervision of these companies and the consolidated regulatory capital rules are finalized. We believe the consolidated regulatory capital requirements for property casualty insurance underwriter SLHCs should take into consideration these entities existing capital requirements, which are more appropriate for the business of writing property and casualty insurance than say the application of bank holding company capital requirements. The nature of the liabilities for property and casualty insurers is significantly different than those for an insurance underwriter SLHC. Applying a banking holding company capital regime would ultimately not be reflective of SLHCs' core insurance operations.

If you have any question about our letter, please contact me at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "James M. Olsen", is displayed on a light gray rectangular background.

James M. Olsen