NEWPORT GROUP, INC. (AN ASCENSUS COMPANY), SAMUEL T. BRKICH

Proposal and Comment Information

Title: Regulatory Capital Rule: Category I and II Banking Organizations, Banking Organizations with Significant Trading Activity, and Optional Adoption for Other Banking Organizations, R-1887

Comment ID: FR-2026-0007-01-C142

Submitter Information

Organization Name: Newport Group, Inc. (an Ascensus company)

Organization Type: Company

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Submitted Date: 06/25/2026

Resubmission due to formatting issue in prior submission.

NEWPORT
an ASCENSUS company

June 18, 2026

Via: https://www.federalreserve.gov/apps/proposals/
[Docket No. 1887 RIN 7100-AH20]
Benjamin W. McDonough, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Via: Federal eRulemaking Portal: www.regulations.gov
(Agency: OCC Docket ID: OCC-2026-0265)
Chief Counsel's Office
Attn: Comment Processing
Office of the Comptroller of the Currency
400 7th Street SW, Ste 3E-218
Washington, DC 20219

Via :https://www.fdic.gov/resources/regulations/federal-register-publications
Jennifer M. Jones
Deputy Executive Secretary
Attention: Comments/Legal OES (RIN 3064-AF29)
Federal Deposit Insurance Corporation
550 17th Street NW, Washington, DC 20429.

Subject: Regulatory Capital Rule: Category I and II Banking Organizations, Banking Organizations with Significant Trading Activity, and Optional Adoption for Other Banking Organizations (Federal Reserve System Docket No. 1887 RIN 7100-AH20; OCC Docket ID OCC-2026-0265, RIN 1557-AF52; Federal Deposit Insurance Corporation RIN 3064-AF29)[1]

Dear Secretary McDonough, Chief Counsel and Deputy Executive Secretary Jones,

Newport, an Ascensus Company (Newport), thanks the Board of Governors of the Federal Reserve System, the Office of Comptroller of the Currency, and the Federal Deposit Insurance Corporation for their invitation to provide comments on the Notice of Proposed Rulemaking (Proposal) referenced above.

[1] Regulatory Capital Rule: *Category I and II Banking Organizations, Banking Organizations with Significant Trading Activity, and Optional Adoption for Other Banking Organizations*, Office of the Comptroller of the Currency, Federal Reserve System, and FDIC, 91 FR 14952, March 27, 2026.

For over three decades, Newport has provided insurance services to banks of all sizes relative to bank-owned life insurance programs (BOLI), including design, implementation and administration. As of December 31, 2025, Newport is responsible for the administration of approximately $64 billion of BOLI, including general, separate and hybrid account BOLI underwritten by over 70 different life insurers. Newport provides BOLI administration services to 19 of the top 30 owners of BOLI, many of which will be impacted by changes in the Proposal.

On behalf of our banking clients and the insurance carriers for which Newport acts as the placing agent for their BOLI products, we are seeking a more appropriate risk weighting to BOLI generally given the unique credit characteristics of the asset.

In the prior regulatory proposal,[2] the Federal Reserve, OCC and FDIC sought comment on the appropriate risk weighting for general account insurance products placed by mutual life insurance carriers and publicly traded stock insurers. Newport supports the current proposal in its recognition that highly regulated life insurance products generally should have a reduced risk weighting and that there should be no distinction between state-regulated mutual carriers and publicly traded stock companies.

§ _____.142 Equity Exposures To Investment Funds – Separate Account BOLI

The proposal provides:

> §__.142 Equity exposures to investment funds. (a) Available approaches. (1) Unless the exposure meets the requirements for a community development equity exposure in § __.141(b)(3)(i), a [BANKING ORGANIZATION] must determine the risk weighted asset amount of an equity exposure to an investment fund under the full look-through approach described in paragraph (b) of this section, the simple look-through approach described in paragraph (c), or the alterative modified look-through approach described in paragraph (d) of this section, provided, however, that the minimum risk weight that may be assigned to an equity exposure under this section is 20 percent.

Insurance company separate accounts are not subject to the claims of the carrier's creditors. Accordingly, the separate accounts should be risk-weighted consistent with investment assets held outside of a life insurance product.

In light of the banking organization's ability to calculate a direct risk weighting based on the actual investment under the full look-through approach, Newport asks that the minimum risk-weight of 20 percent be removed when the full look-through approach is used. The 20 percent minimum is unnecessary when conducting the full look-through approach and sets an arbitrary minimum. By removing the 20 percent minimum the calculation under the full look-through approach would provide a clearer picture of the overall separate account exposure.

[2] Regulatory Capital Rule: *Large Banking Organizations and Banking Organizations with Significant Trading Activity,* Office of the Comptroller of the Currency, Federal Reserve System, and FDIC, 88 Fed. Reg. 64028, Sept. 18, 2023.

If it is determined that a floor is appropriate, Newport suggests that the floor be reduced to 15%, which is consistent with the floor in the proposal for Securitizations.[3]

Risk-Weighting of Life Insurance used to Fund a Deferred Compensation Plan

Many banks utilize life insurance in order to informally finance the bank's obligations under its deferred compensation plans. Life insurance is particularly suited to informal financing as the product is designed so that its separate account portfolios rise and fall in tandem with the gains and losses of the plan's notional investment allocations. Without the insurance, the notional investment gains and losses of the plan could distort the bank's income statement for reporting periods when the capital markets experience temporary but unusual volatility. Over time, the growth in notional equity and bond investments in the plan, without a corresponding actual allocation by the bank, could result in substantial future net liabilities on the bank's balance sheet. The capital structure of the bank is improved with respect to this non-banking liability when separate account life insurance is paired with the deferred compensation plan. Under current guidance, some banks categorize the policies used as a set-aside for paying deferred compensation plan liabilities as non-significant equity exposures to be risk weighted at 100%.

The proposal eliminates the 100% risk-weight for non-significant equity exposures, regardless of the non-banking purpose of the policies which could significantly and adversely impact the ability of banking organizations to informally finance its benefit obligations relative to the informal financing options available to non-bank employers. The public policy objectives behind regulatory risk weightings for lending activities should not operate to the disadvantage of banks compared to employers in non-banking industries when it comes to recruiting and retaining executive talent. Newport asks the regulators to consider reinstatement of the 100% risk-weight for non-significant equity exposures to allow banks to continue using this important financing and risk-mitigating plan design. If the regulating agencies determine that a categorical exception is not an appropriate policy, Newport requests that the Proposal recognize the financial offset of plan liabilities with policies designated by the bank as informal financing set-asides and permit banks to perform a risk weighting based on the net of the plan's liabilities and the asset value of the designated insurance policies.

Conclusion

Newport requests that the regulators provide additional clarity around the risk-weight treatment of BOLI and consider changes proposed to the treatment of separate account BOLI, which Newport believes more closely align with the risks associated with the ownership of those assets.

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[3] Proposal, Page: 169: d. Supervisory risk-weight floors Consistent with the SSFA in the current capital rule, the SEC-SA would require banking organizations to apply a risk-weight floor to all securitization exposures. The proposed risk weight floor is intended to ensure that banking organizations maintain a minimum level of capital to account for risks that may not otherwise be captured by SEC-SA, such as modeling risks and correlation. The proposal would apply a risk-weight floor of 15 percent for securitization exposures that are not resecuritization exposures. The 15 percent risk-weight floor is most relevant for more senior securitization exposures. While junior tranches can absorb a significant amount of credit or equity risk, senior tranches are still exposed to some amount of credit or equity risk on the underlying exposures. Therefore, a minimum capital requirement continues to be appropriate for all securitization exposures.

Thank you again for the opportunity to provide comments on the proposal. If you have any questions or would like to discuss further, please contact me at (407) 531-5608 or sam.brkich@ascensus.com or Scott Bethune at (336) 369-2270 or scott.bethune@newportqroup.com.

Best regards,

Samuel Brkich
Deputy General Counsel