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(Original Signature of Member)

114TH CONGRESS
1ST SESSION

H. R.

To require consultation with Congress, insurers, and consumers with respect to domestic insurance and international insurance standards, regulations, or frameworks, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. DUFFY introduced the following bill; which was referred to the Committee on _____

A BILL

To require consultation with Congress, insurers, and consumers with respect to domestic insurance and international insurance standards, regulations, or frameworks, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “International Insur-
5 ance Standards Transparency and Policyholder Protection
6 Act of 2015”.

1 **SEC. 2. CONSULTATION CONCERNING NEGOTIATIONS WITH**
2 **RESPECT TO INTERNATIONAL INSURANCE**
3 **REGULATORY FRAMEWORKS.**

4 (a) FINDINGS.—Congress finds the following:

5 (1) The State-based system for insurance regu-
6 lation in the United States has served American con-
7 sumers well for more than 150 years;

8 (2) Protecting policyholders by guaranteeing an
9 insurer's ability to pay claims has been the hallmark
10 of the successful U.S. system and should be the
11 paramount objective of domestic prudential regula-
12 tion and emerging international standards.

13 (3) The Dodd-Frank Wall Street Reform and
14 Consumer Protection Act (Public Law 111–203) re-
15 affirmed the State-based insurance regulatory sys-
16 tem, while giving the Board of Governors of the
17 Federal Reserve System authority to regulate certain
18 non-bank entities on a consolidated basis, including
19 insurers that have been designated systemically im-
20 portant financial institutions or that include an in-
21 sured depository institution and are regulated by the
22 States at the insurance entity level.

23 (4) United States regulators participating in
24 discussions or negotiations regarding international
25 insurance regulatory frameworks should support

1 standards designed solely for the protection of pol-
2 icyholders.

3 (5) The Federal Insurance Office should seek
4 advice and recommendations from a diverse group of
5 outside experts in performing the duties and au-
6 thorities of the Office to ensure policy holders are
7 protected.

8 (b) NEGOTIATING OBJECTIVES FOR INTERNATIONAL
9 INSURANCE REGULATORY FRAMEWORKS .—The negoti-
10 ating objectives of the United States regarding inter-
11 national insurance regulatory frameworks are as follows:

12 (1) To seek standards, requirements, and rules
13 focused solely on protection of policy holders, as re-
14 flected in the United States solvency regime.

15 (2) To promote a principles-based approach to
16 insurance supervision, in which capital adequacy is
17 assessed using risk-based capital requirements com-
18 bined with qualitative risk assessment and manage-
19 ment tools on a legal entity basis, rather than a
20 quantitative global capital standard for insurance
21 groups.

22 (3) To seek the most efficient and least disrupt-
23 tive approaches to enhancing regulatory assessment
24 of the capital adequacy of insurance groups, includ-
25 ing tools that are already in place, such as super-

1 visory colleges, as well as the evaluation of the cap-
2 italization of an insurance group using the existing
3 internal model of the group, where appropriate,
4 which captures the risks associated with each unique
5 line of business and geographic mix of the group.

6 (4) To negotiate an international insurance reg-
7 ulatory framework that recognizes United States
8 prudential measures as equivalent to foreign meas-
9 ures.

10 (c) PROHIBITIONS AND FOCUS ON POLICY HOLDER
11 PROTECTION.—With respect to negotiations related to any
12 international insurance regulatory framework:

13 (1) INAPPROPRIATE BANK CAPITAL STAND-
14 ARDS.—United States representatives shall not agree
15 to, accept, or establish, and shall use their voice and
16 vote to oppose, any international standard that ap-
17 plies to—

18 (A) insurers, capital standards, and rules
19 designed for banks; or

20 (B) any insurer that has not been des-
21 ignated a systemically important financial insti-
22 tution under United States law or a global sys-
23 temically important insurer by the Financial
24 Stability Oversight Council, capital standards

1 and rules designed for systemically important
2 bank or non-bank financial institutions.

3 (2) FOCUS ON POLICYHOLDER PROTECTION.—

4 (A) IN GENERAL.—United States rep-
5 resentatives shall not agree to, accept, or estab-
6 lish, and shall use their voice and vote to op-
7 pose, any capital standard or rule applicable to
8 United States insurance entities or groups un-
9 less that standard is designed solely to help en-
10 sure that sufficient funds are available to pay
11 claims to an insurer's policyholders in the event
12 of the liquidation of that entity.

13 (B) ENHANCED CAPITAL STANDARDS.—
14 The limitation under subparagraph (A) does
15 not apply to enhanced capital standards appli-
16 cable to insurance entities or groups designated
17 under section 113 of the Dodd-Frank Wall
18 Street Reform and Consumer Protection Act
19 (12 U.S.C. 5323).

20 (d) NOTICE AND CONSULTATION.—

21 (1) IN GENERAL.—With respect to any inter-
22 national insurance regulatory framework, the Presi-
23 dent shall—

24 (A) not less than 90 days before the
25 United States intends to participate in or enter

1 into negotiations with respect to such a regu-
2 latory framework, provide to the covered con-
3 gressional committees written notice of the in-
4 tention of the United States to participate in or
5 enter into such negotiations and an outline of
6 the objectives of such negotiations, including
7 whether and how such objectives achieve the ob-
8 jectives set forth in subsection (b) and are con-
9 sistent with the prohibitions under subsection
10 (c) and with existing Federal and State laws or
11 regulations or policy related to prudential regu-
12 lation of insurance;

13 (B) during the negotiations of such a regu-
14 latory framework, including prior to significant
15 decisions points in the negotiations and prior to
16 development of interim drafts, and before
17 agreeing to, accepting, or establishing such
18 framework, consult with the covered congres-
19 sional committees and the Federal Advisory
20 Committee on Insurance established under sec-
21 tion 313(f) of title 31, United States Code, in-
22 cluding with respect to whether and how such
23 negotiations or any international insurance reg-
24 ulatory framework achieves the objectives set
25 forth in subsection (b) and is consistent with

1 the prohibitions under subsection (e) and with
2 existing Federal and State laws or regulations
3 or policy related to prudential regulation of in-
4 surance;;

5 (C) in the course of negotiating such a reg-
6 ulatory framework, provide members and appro-
7 priate staff of the covered congressional com-
8 mittees access to pertinent documents relating
9 to the negotiations of such framework;

10 (D) not less than 60 days before the date
11 on which the United States intends to agree to,
12 accept, or establish such a framework, the
13 President shall—

14 (i) notify the covered congressional
15 committees of the intention of the United
16 States to agree to, accept, or establish
17 such a framework by providing a descrip-
18 tion in enough detail for the covered con-
19 gressional committees to comment;

20 (ii) notify the Federal Advisory Com-
21 mittee on Insurance of the intention of the
22 United States to agree to, accept, or estab-
23 lish such framework by providing a de-
24 scription in enough detail for the members
25 to comment; and

1 (iii) publish notice of such intention
2 by providing a description in enough detail
3 in the Federal Register to meet the re-
4 quirements for public consultation under
5 subsection (h); and

6 (E) not less than 15 days before the
7 United States agrees to, accepts, or establishes
8 such a regulatory framework, the President
9 shall submit to the covered congressional com-
10 mittees and the Federal Advisory Committee on
11 Insurance the final text of such framework and
12 a description of how the proposed framework
13 achieves the objectives set forth in subsection
14 (b) and is consistent with the prohibitions
15 under subsection (c), and how such proposed
16 framework differs from existing Federal and
17 State laws or regulations or policy related to
18 prudential regulation of insurance.

19 (2) AVAILABILITY OF INFORMATION TO MEM-
20 BERS OF CONGRESS.—The covered congressional
21 committees shall make available to all Members of
22 Congress the information required to be provided
23 under paragraph (1)(A).

24 (e) COORDINATION WITH THE NATIONAL ASSOCIA-
25 TION OF INSURANCE COMMISSIONERS.—In developing ob-

1 jectives pursuant to subsection (d)(1)(A) for an inter-
2 national insurance regulatory framework, and throughout
3 the negotiations of such framework, the President shall
4 closely consult and coordinate with the National Associa-
5 tion of Insurance Commissioners.

6 (f) GOVERNMENT ACCOUNTABILITY OFFICE ASSESS-
7 MENTS.—

8 (1) NOTICE AND SUBMISSION.—Not later than
9 60 days before the date on which the United States
10 intends to agree to, accept, or establish an inter-
11 national insurance regulatory framework, the Presi-
12 dent shall provide to the Comptroller General of the
13 United States a description of such framework in
14 enough detail to allow the Comptroller General to
15 conduct the assessment required under paragraph
16 (2).

17 (2) ASSESSMENT.—Not later than 60 days
18 after the date on which President provides the infor-
19 mation described in paragraph (1) with respect to an
20 international insurance agreement, the Comptroller
21 General shall submit to the President and the cov-
22 ered congressional committees an assessment of the
23 economic effects of such agreement on the United
24 States insurance industry, consumers of insurance,
25 and the United States economy.

1 (g) NEGOTIATIONS IN PROGRESS ON DATE OF EN-
2 ACTMENT.—

3 (1) NOTICE.—Not later than 15 days after the
4 date of the enactment of this Act, the President
5 shall provide to the covered congressional commit-
6 tees and the Federal Advisory Committee on Insur-
7 ance the written notice described in subsection
8 (d)(1) with respect to negotiations relating to an
9 international insurance regulatory framework that
10 were in progress on such date.

11 (2) GOVERNMENT ACCOUNTABILITY ASSESS-
12 MENT.—

13 (A) NOTICE AND SUBMISSION.—Not later
14 than 60 days after the date of the enactment of
15 this Act, the President shall provide to the
16 Comptroller General of the United States a de-
17 scription of each international insurance regu-
18 latory framework for which negotiations were in
19 progress on such date in enough detail to allow
20 the Comptroller General to conduct the assess-
21 ment required under subparagraph (B).

22 (B) ASSESSMENT.—Not later than 60 days
23 after the date on which the President provides
24 the information described in subparagraph (A)
25 with respect to an international insurance regu-

1 latory framework, the Comptroller General shall
2 submit to the President and the covered con-
3 gressional committees an assessment of the eco-
4 nomic effects of such framework on the United
5 States insurance industry, consumers of insur-
6 ance, and the United States economy.

7 (h) PUBLIC CONSULTATION.—

8 (1) NOTICE OF NEGOTIATIONS.—Not later than
9 90 days before the United States intends to partici-
10 pate in or enter into negotiations to agree to, accept,
11 or establish an international insurance regulatory
12 framework with an international standard-setting or-
13 ganization or a foreign government, authority, or
14 regulatory entity, the President shall publish in the
15 Federal Register and make available for public com-
16 ment written notice of the intention of the United
17 States to participate in or enter into such negotia-
18 tions and an outline of the objectives of such nego-
19 tiations, including whether and how such objectives
20 achieve the objectives set forth in subsection (b) and
21 are consistent with the prohibitions under subsection
22 (c) and with existing Federal and State laws or reg-
23 ulations or policy related to prudential regulation of
24 insurance.

1 (2) DESCRIPTION OF FRAMEWORK.—Not later
2 than 60 days before the date on which the United
3 States agrees to, accepts, or establishes an inter-
4 national insurance regulatory framework with an
5 international standard-setting organization or a for-
6 eign government, authority, or regulatory entity, the
7 President shall publish in the Federal Register a de-
8 scription of the framework in enough detail to make
9 such framework available for public comment.

10 (3) FRAMEWORK AGREEMENT.—Not later than
11 15 days before agreeing to, accepting, or estab-
12 lishing an international insurance regulatory frame-
13 work, publish in the Federal Register the final text
14 of the framework and a description of how the
15 framework achieves the objectives set forth in sub-
16 section (b) and is consistent with the prohibitions
17 under subsection and how such proposed framework
18 differs from existing Federal and State laws or regu-
19 lations or policy related to prudential regulation of
20 insurance.

21 (i) SAVINGS PROVISIONS.—Nothing in this section
22 shall—

23 (1) preempt—

1 (A) any State insurance measure that gov-
2 erns any insurer's rates, premiums, under-
3 writing, or sales practices;

4 (B) any State coverage requirements for
5 insurance;

6 (C) the application of the antitrust laws of
7 any State to the business of insurance; or

8 (D) any State insurance measure gov-
9 erning the capital or solvency of an insurer, ex-
10 cept to the extent that such State insurance
11 measure results in less favorable treatment of a
12 non-United State insurer than a United States
13 insurer;

14 (2) be construed to alter, amend, or limit any
15 provision of the Consumer Financial Protection Act
16 of 2010 (12 U.S.C. 5481 et seq.); or

17 (3) affect the preemption of any State insur-
18 ance measure otherwise inconsistent with and pre-
19 empted by Federal law.

20 (j) EXCLUSION.—The requirements of this section
21 shall not apply to any covered agreement, as such term
22 is defined in section 313(r) of title 31, United States Code
23 (as added by the amendment made by section 502(a)(3)
24 the Dodd-Frank Wall Street Reform and Consumer Pro-
25 tection Act (Public Law 111–203, 124 Stat. 1587)).

1 (k) DEFINITIONS.—In this section:

2 (1) COVERED CONGRESSIONAL COMMITTEES.—

3 The term “covered congressional committees” means
4 the Committee on Financial Services of the House of
5 Representatives and the Committee on Banking,
6 Housing and Urban Affairs of the Senate.

7 (2) INTERNATIONAL INSURANCE REGULATORY

8 FRAMEWORK.—The term “international insurance
9 regulatory framework” means any international su-
10 pervisory standards developed by an international
11 standards setting organization in which the United
12 States participates, including the Common Frame-
13 work for the Supervision of Internationally Active
14 Insurance Groups, that provides for group-wide su-
15 pervision of internationally active insurance groups
16 and includes an insurance capital standard.