

United States Senate

WASHINGTON, DC 20510

March 12, 2015

COMMITTEES:

FINANCE

BANKING, HOUSING, AND
URBAN AFFAIRS

COMMERCE, SCIENCE, AND
TRANSPORTATION

VETERANS' AFFAIRS

SPECIAL COMMITTEE ON AGING

The Honorable Janet Yellen
Chair, Federal Reserve System
Twentieth Street and Constitution Ave., NW
Washington, DC 20551

Dear Chair Yellen:

I am writing to you regarding the Federal Reserve's attempt to regulate capital standard requirements for insurance companies. This will be the first time the federal government imposes federal capital standards on the state-regulated insurance industry. I'm deeply concerned about the possibility of bank-centric standards being inappropriately applied to the insurance industry.

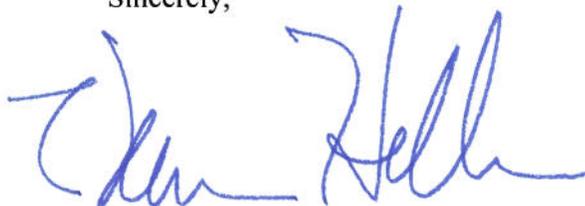
Last year, Congress and the President demonstrated overwhelming bipartisan support for capital standards specifically tailored for the insurance market by passing into law the Insurance Capital Standards Clarification Act (P.L. 113-279). It was our intent to provide the flexibility needed to develop standards specific to the insurance industry, which offers critical products and services to many Americans.

It is clear that state insurance regulators have already been enforcing tight capital requirements, which performed well in the financial crisis, and consumers have been properly served. With the Federal Reserve now supervising a significant number of insurance holding companies, I worry that not enough is being done to guarantee that properly tailored insurance standards will be applied. Insurance risk-based capital requirements should be the focus as you implement P.L. 113-279.

Because you have frequently stated that capital requirements for insurance holding companies should be specifically tailored to the insurance industry, I respectfully request that you reply with a detailed response outlining what steps the Federal Reserve has taken to that end. I also request that you propose insurance capital standards through formal rulemaking with notice and public comment for all insurance companies subject to Federal Reserve supervision, rather than cutting this process and proceeding by order.

I will be closely monitoring the Federal Reserve's actions on this issue and request that continual updates are provided to Congress and to the public moving forward. I look forward to your prompt response addressing my concerns by March 26, 2015.

Sincerely,



DEAN HELLER
U.S. Senator