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Communications Division
Office of the Comptroller of the Currency
Mailstop 6W-11
Attention: 1557-0081

Robert deV. Frierson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Gary A. Kuiper
Counsel
Federal Deposit Insurance Corporation
550 17th Street NW., Washington, DC 20429
Attn: Comments, Room NYA-5046

Re: Proposed Agency Information Collection Activities; Consolidated Reports of Condition and Income (FFIEC 031 and 041)

Dear Sir or Madam:

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. On behalf of our members, we appreciate the opportunity to submit comments on the Proposed Agency Information Collection Activities, referenced above, as published at 78 Federal Register 12141 (Feb. 21, 2013) (the "Proposal").

In the Proposal the Office of the Comptroller of the Currency, the Federal Reserve Board, and the Federal Deposit Insurance Corporation (the "Agencies") have asked for comment on revisions that the Agencies propose to make to the Consolidated Reports of Condition and Income (the "Call Reports") for insured depository institutions. The Agencies are proposing to implement a number of revisions to the Call Reports requirements in 2013. Our comment relates to one of the revisions to the Call Reports proposed to be made. That revision would add to the Call Reports a new Item 17 in Schedule RC-M applicable to a bank or savings association that is a subsidiary of a parent holding company that is not a bank or savings and loan holding company. The new Item 17 would require such a bank or saving association subsidiary to report the total consolidated liabilities of its parent holding company on an annual basis to support the Federal Reserve Board's administration of the financial sector concentration limit established by Section 622 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111-203 (the "Dodd-Frank Act").

Section 622 of the Dodd-Frank Act establishes a financial sector concentration limit ("Concentration Limit") that generally prohibits a financial company from merging or consolidating with, acquiring all or substantially all of the assets of, or otherwise acquiring control of, another company if the resulting company's consolidated liabilities would exceed 10 percent of the aggregate consolidated liabilities of all financial companies. As noted in the Proposal, the Concentration Limit applies to a "financial company,"

which are defined to include *inter alia* an insured depository institution, a bank holding company, a savings and loan holding company, and any other company that controls an insured depository institution, including a company that controls a limited-purpose bank or savings association.[1]

The Financial Stability Oversight Council (the "Council") was required under Section 622 to make recommendations regarding modifications to the Concentration Limit that the Council determined would more effectively implement Section 622. In January 2011 the Council published a study and recommendations relating to the implementation of Section 622.[2] The Council specifically recommended that, in measuring the Concentration Limit, the liabilities of a financial company that is not subject to consolidated risk-based capital rules substantially similar to those applicable to bank holding companies should be calculated pursuant to U.S. generally accepted accounting principles (GAAP) or other appropriate accounting standards applicable to such company.[3]

The Agencies in the Proposal note that at present depository institution holding companies that are not bank holding companies or savings and loan holding companies do not report consolidated financial information to the Agencies. The Agencies further note that because this information is necessary to implement the Concentration Limit, the Agencies propose to add the new Item 17 to Schedule RC-M of the Call Reports pursuant to which a depository institution subsidiary of a parent holding company that is not a bank holding company or savings and loan holding company would be required to report information on the liabilities of the parent holding company, as communicated by the holding company to the institution. In the Proposal, the Agencies state that the depository institution subsidiary of a parent holding company would be required to report total consolidated liabilities of the parent holding company under GAAP.[4]

As the Agencies may be aware, there are certain insurance companies that own limited-purpose savings association subsidiaries. Such insurance companies prepare financial statements in accordance with statutory accounting principles prescribed by state insurance law and regulation.[5] They are not required under state insurance law to prepare financial statements in accordance with GAAP.[6] The statement in the Proposal would appear to suggest that such insurance companies would be required to produce a calculation of total consolidated liabilities in accordance with GAAP, notwithstanding the fact that the companies may not prepare financial statements under GAAP. In effect, these insurance companies would be required to create entirely new accounting procedures and systems simply to produce the single number called for in proposed Item 17 of Schedule RC-M. We submit that this requirement would be extraordinarily burdensome, costly and inappropriate.

Moreover, imposing such a requirement is not in keeping with the Council's own recommendation.[7] As noted above, the Council in its report of recommendations on Section 622 specifically recommended

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[1] 78 Fed. Reg. at 12152.
[2] Council, *Study & Recommendations Regarding Concentration Limits on Large Financial Companies* (Jan. 2011).
[3] *Id*. at 16-17.
[4] 78 Fed. Reg. at 12153.
[5] See the ACLI's April 6, 2011 commentary to the Board on this issue for a detailed discussion of insurer statutory accounting principles.
[6] The Federal Reserve Board has recognized the unique position of mutual and fraternal insurance companies that qualify as savings and loan holding companies but do not prepare GAAP financial statements. In its reporting requirements adopted in December 2011, the Federal Reserve Board created an exemption from reporting requirements based on GAAP financial statements for a savings and loan holding company where more than 50 percent of the assets of the company are derived from the insurance business and the company does not submit reports to the Securities and Exchange Commission pursuant to section 13 or 15(d) of the Securities and Exchange Act of 1934. *See* 76 Fed. Reg. 81933 (Dec. 29, 2011). This exemption is presently available until consolidated regulatory capital rules are finalized for savings and loan holding companies. Insurance companies that are not savings and loan holding companies but that do own a limited-purpose savings association should be permanently exempted from any such requirement.
[7] It is important to note that Section 622(d) states that "The Board shall issue regulations implementing this section in accordance with the recommendations of the Council…", and that Section 622(e)(2) states "…the Board shall issue final regulations implementing this section, which shall reflect any recommendations by the Council…".

that a parent company not subject to consolidated risk-based capital requirements substantially similar to those applicable to bank holding companies should calculate its liabilities in accordance with GAAP "or other appropriate accounting standards applicable to such company...."[8] Companies that own limited-purpose savings associations are not subject to risk-based capital requirements substantially similar to those applicable to bank holdings and will not become subject to such requirements because they are expressly excluded from the definition of "savings and loan holding company" in the Home Owners' Loan Act.[9] Indeed, a number of insurance companies that were savings and loan holding companies have deregistered pursuant to Section 604(i) of the Dodd-Frank Act because, among other reasons, they determined that the cost of creating GAAP accounting systems would be too substantial to continue to operate as a savings and loan holding company. It would be inequitable and inappropriate to impose indirectly on such institutions the requirements of GAAP accounting through this a single line reporting requirement in the Call Reports. The circumstances of these companies fall squarely within the scope of the recommendation from the Council.

Accordingly, we request that the Agencies confirm that, consistent with the recommendation contained in the Council study, a parent holding company of a bank or savings association subsidiary that is not a bank holding company or savings and loan holding company that prepares its financial statements under statutory accounting principles and is not otherwise required to prepare and file GAAP financial statements with a regulatory agency may report in accordance with statutory accounting principles as the "appropriate accounting standards applicable to such company."

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

Respectfully submitted,

Julie A. Spiezio

[8] The ACLI in a previous comment letter on the Council study specifically noted that a number of insurance companies own savings associations and do not prepare GAAP financial statements and that "other appropriate accounting standards" for such companies would be statutory accounting principles. *See* Letter from the ACLI, to the Hon. Timothy F. Geithner (Mar. 9, 2011).

[9] 12 U.S.C. § 1467a(a)(1)(D)(ii)(II).