

Act NOW on Appropriate Capital Standards for Life Insurers



To All Members of Congress:

America's life insurance companies strongly support S. 2270 and H.R. 4510, legislation that would clarify the Federal Reserve Board's (Fed) authority to apply insurance-based capital standards to insurance companies subject to Fed supervision. There is broad consensus among policymakers, regulators, and industry experts that insurance is very different from banking and should be regulated in a way that reflects those differences.

Only insurance-based standards are suitable for assessing and safeguarding the capital strength of insurance companies. The Fed should have the authority to design consolidated insurance capital standards that are appropriate for the insurance business model and serve the goals of prudential supervision.

Life insurers offer long-term products and services such as life insurance, annuities, retirement plans, long-term care and disability income insurance, and reinsurance, providing financial and retirement security to 75 million American families. The industry pays out \$1.5 billion every day to families and businesses, and is a cornerstone of the U.S. economy, generating 2.5 million jobs and investing \$5.2 trillion to support economic expansion.

In order to provide the products that support long-term savings and financial security for our customers, our capital standards must be appropriately regulated. Without action by Congress, a significant portion of the life insurance industry would be subject to capital standards that are specifically designed for other businesses and disconnected from the risks specific to life insurers. Applying inappropriate capital standards would make it substantially harder for companies to deliver on the promises made to policyholders. The interests of insurance regulators, insurance markets, and insurance customers are best served by capital standards specifically designed for the insurance business model.

The life insurance industry urges all Members of Congress to support and swiftly pass S. 2270 and H.R. 4510—legislation that is critically important to life insurance companies and our customers.

Sincerely,

AMERICAN COUNCIL OF LIFE INSURERS

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