

March 16, 2018

The Honorable Paul Ryan  
Speaker  
U.S. House of Representatives  
H-232 The Capitol  
Washington, DC 20515

The Honorable Nancy Pelosi  
Democratic Leader  
U.S. House of Representatives  
H-204, The Capitol  
Washington, DC 20515

Dear Speaker Ryan and Leader Pelosi:

On behalf of the National Association of Insurance Commissioners (NAIC)<sup>1</sup>, we would like to convey our support for H.R. 4061, the Financial Stability Oversight Council Improvement Act of 2017 sponsored by Representatives Dennis Ross and John Delaney.

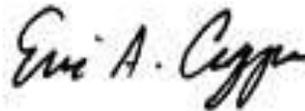
Insurance regulators support the overarching mission of the Financial Stability Oversight Council (FSOC) to mitigate risks to financial system, but we have had long-standing concerns with FSOC's nonbank financial company designation process. FSOC's opaque process and failure to provide clarity on the specific activities that lead to a company's designation undermine its fundamental mission. Without this precise information, state regulators who are directly responsible for supervising some of these firms cannot fully understand FSOC's concerns about the nature of the risks or take appropriate action to reduce such risks. In this same respect, an explicit de-designation process should be a critical and necessary component of FSOC to help mitigate systemic risk. Regulators and companies require further clarity and guidance from FSOC on identifying the steps that need to be taken for a firm to be de-designated. The proposed reforms in the Financial Stability Oversight Council Improvement Act address many of our concerns and represent a positive step forward in improving FSOC's operations, processes, communication, and transparency.

Thank you for your thoughtful consideration of financial regulatory reform.

Sincerely,



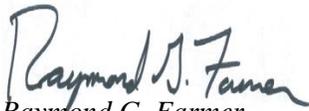
Julie Mix McPeak  
NAIC President  
Commissioner  
Tennessee Department of  
Commerce & Insurance



Eric A. Cioppa  
NAIC President-Elect  
Superintendent  
Maine Bureau of Insurance

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<sup>1</sup> Founded in 1871, the NAIC is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and the five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight. NAIC members, together with the central resources of the NAIC, form the national system of state-based insurance regulation in the U.S.



*Raymond G. Farmer*  
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NAIC Vice President  
Director  
South Carolina Department of Insurance



*Gordon I. Ito*  
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NAIC Secretary-Treasurer  
Commissioner  
Insurance Division  
Hawaii Department of Commerce  
and Consumer Affairs



*Michael F. Considine*  
Michael F. Considine  
Chief Executive Officer  
National Association of Insurance  
Commissioners

cc: Representative Dennis Ross  
Representative John Delaney