

Corporate & Financial Weekly Digest

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House-Senate Conferees on Financial Reform Agree to Scope of Insurance Regulation

Last week, through negotiations among the House of Representatives and Senate conferees on the financial services reform legislation, agreement was reached on the scope of a proposed insurance office within the U.S. Treasury Department to be led by a newly appointed Director.

The Senate Banking Committee, in its press release on progress on the draft legislation, reported that the new office would be called the Federal Insurance Office, the name selected in the House version of the measure. This office would monitor the insurance industry, undertake a study on ways to modernize insurance regulation and provide recommendations to Congress. The office would also examine the extent to which traditionally underserved communities, minorities, and low- and moderate-income persons have access to affordable insurance products. The office would have no authority over health insurance.

In the international arena, the new Federal Insurance Office would have the power to pre-empt state insurance measures that are found to discriminate against non-U.S. insurers subject to certain bilateral or multilateral agreements between the U.S. and foreign governments or regulatory authorities regarding prudential matters. Such a finding would be reported to certain House and Senate Committees, and the relevant state would also be notified of the potential pre-emption and offered the opportunity to comment.

One of the most controversial sections of the original bill, which has been opposed by state insurance regulators, authorized the new Federal Insurance Office to recommend that an insurer and its affiliates be designated an entity that could pose a systemic risk and, accordingly, subject to regulation as a non-bank financial company by the Federal Reserve. It is unclear at this time whether that section will undergo further amendment in the negotiations among the congressional conferees.

For additional information and updates on the financial reform bill conference process, click [here](#).

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