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November 16, 2015

**Re: Policyholder Protection Act of 2015 (H.R. 1478)**

Dear Member of Congress:

On behalf of the National Association of Insurance Commissioners (NAIC)<sup>1</sup>, we urge you to support the “Policyholder Protection Act of 2015” (H.R. 1478). This bipartisan legislation clarifies that state insurance regulatory tools designed to protect policyholders will be available regardless of insurance company structure or financial circumstance.

Insurance companies in the United States are subject to a stringent regulatory regime designed with the primary mission of protecting policyholders by ensuring that a company has sufficient funds to pay insurance claims when they come due. One of the most important tools state insurance regulators have to carry out this mission is the ability to protect, or “wall off”,

Second, under the Dodd-Frank Act, state insurance regulators have authority to liquidate or rehabilitate troubled insurance companies. This legislation will make clear that state insurance regulators can use the most appropriate resolution strategy to protect policyholders first and foremost.

Lastly, state insurance regulators have long-standing authority to protect policyholder assets from contagion emanating from an affiliate through their ability to review material transactions and to protect policyholders in resolution proceedings. Under present law, the FDIC could take a lien on the assets of an insurance company affiliated with a systemic bank holding company requiring resolution without regard to its impact on the insurer's policyholders. The Policyholder Protection Act will codify an existing FDIC rule requiring the FDIC to take into account the impact on policyholders of the insurance company before taking a lien.