

VIA ELECTRONIC TRANSMISSION
www.regulations.gov

November 1, 2011

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

Subject: FR Y-6, FR Y-7, FR Y-9 reports, FR Y-11/11S, FR 2314/2314S, FR Y-8, FR Y-12/12A, FR Y-7Q, or FR Y-7 N/NS - Proposed Agency Information Collection Activities; Comment Request

Dear Secretary Johnson:

The undersigned companies are writing as a group of financial services companies, many with substantial life insurance operations, each of which also controls a savings association and is a savings and loan holding company.

Our companies provide income and asset protection and growth to millions of Americans. We operate principally through the businesses of insurance and complementary asset management and brokerage. Generally, our thrift operations are a smaller component of our overall activities and serve to support and supplement our primary businesses. The thrifts provide valuable services to our policyholders, agents and customers, by offering convenience and reducing costs.

We appreciate the opportunity to comment on the above-referenced request for comment. Among other items, the Board is seeking comment on whether the proposed information collection is necessary for the proper performance of the Board's functions; including whether the information has practical utility.

We support the Board's proposal of August 22, 2011 to exempt a limited number of SLHCs from initial regulatory reporting that would use the Board's existing regulatory reports for banking entities, and to provide a two year phase-in approach for regulatory reporting for all other SLHCs. Specifically, the Board is proposing to initially exempt SLHCs from complying with the bank holding company (BHC) reporting requirements if they fall into either of the following categories:

- SLHCs that are exempt pursuant to section 10(c)(9)(C) of HOLA and whose savings association subsidiaries' consolidated assets make up less than 5% of the total consolidated assets of the SLHC as of the quarter end prior to the reporting date quarter end (Exemption 1); or

Jennifer J. Johnson
Secretary
November 1, 2011

- SLHCs where the top-tier holding company is an insurance company that *only* prepares SAP financial statements (Exemption 2). (Emphasis added).

We believe that the plain language of Exemptions 1 is clear, but the accompanying commentary appears to add a qualification not in the exemptive language itself and thus raises some ambiguity which we believe the Board did not intend and which we request be clarified. In addition, we request that Exemption 2 be extended to exclude all insurance company SLHCs that are not required to file reports with the Securities and Exchange Commission (SEC) pursuant to Section 13 and 15(d) of the Securities and Exchange Act of 1934. We discuss both exemptions more fully below.

Specific Comments

- 1) The Board should make clear that Exemption 1 applies to all grandfathered unitary SLHCs and not just those engaged in certain activities as suggested in the commentary following the exemptive language.

The plain language of Exemption 1 is clear in that it provides an exemption for SLHCs that are exempt pursuant to section 10(c)(9)(C) of HOLA (*i.e.*, grandfathered unitary SLHCs) and whose savings association subsidiaries' consolidated assets make up less than 5% of the total consolidated assets of the SLHC as of the quarter end prior to the reporting date quarter end.

However, in the commentary following the exemptive language, the Board states that “[it] has identified a limited number of these companies that are principally engaged in commercial activities (such as manufacturing or merchandizing) or are engaged in activities not specifically allowed by financial holding companies (such as real estate development).” The commentary further provides, “[i]n many cases, applying bank-centric reporting to these disparate companies may provide little useful information to Federal Reserve analysts.” Based on the foregoing commentary, Exemption 1 could be interpreted as only applying to SLHCs that meet the criteria of Exemption 1 and that are either principally engaged in commercial activities or are engaged in activities not specifically allowed for financial holding companies. For example, an insurance company that owns a federal savings association, but that is not engaged in any activities impermissible for a financial holding company, would be excluded from the exemption if, in light of the commentary, the exemption is limited only to grandfathered SLHCs principally engaged in commercial activities or in activities not specifically allowed for financial holding companies.

To avoid confusion, we request that the Board clarify that the exemption extends to all grandfathered unitary SLHCs that meet the 5% test, and that the commentary is intended to illustrate the exemption, rather than limit its scope unless, consistent with

Jennifer J. Johnson
Secretary
November 1, 2011

the request for comment, the Board makes a case-by-case determination that an otherwise exempted SLHC should be required to comply with the BHC reporting requirements.

- 2) The Board should revise Exemption 2 to broaden its scope to include SLHCs that are not required to file reports pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934.

Exemption 2 appears to apply to SLHCs where the top-tier holding company is an insurance company that *only* prepares SAP financial statements. However, the Board's accompanying commentary suggests that it intended this exemption to more broadly include companies that are not required to file reports with the SEC but prepare GAAP financial statements for appropriate management purposes – as opposed to companies that *only* prepare SAP financial statements.

The Board recognizes that certain SLHCs, where the top-tier holding company is an insurance company that is not a reporting company with the SEC, are not currently required to produce consolidated financial information in accordance with GAAP, but instead are required to prepare SAP. The Board notes that it received comments from insurance companies that either use SAP exclusively or use SAP but also use GAAP on a limited basis. Finally, the Board concludes its request for comment by stating, "If a SLHC, including state-regulated insurance companies, is a *reporting company with the SEC*, it is required to prepare GAAP-based financial statements and should be able to report to the Federal Reserve." (emphasis added).

While we greatly appreciate the Board's recognition that it could be unduly burdensome for certain SLHCs to develop accounting systems to comply with BHC reporting at this time, we believe that limiting Exemption 2 to SLHCs that *only* prepare SAP financial statements may not achieve the Board's full objective for introducing Exemption 2, as set forth in the commentary. For SLHCs that also prepare GAAP financial statements, but not for regulatory purposes, their GAAP preparation may not be sufficient to meet the FR-Y form and regulatory specific BHC reporting requirements. Thus, requiring these SLHCs to further develop their existing, GAAP reporting to comply with the specific requirements of the BHC forms could result in undue burden considering the fast-approaching deadlines for filing these reports. Moreover, the Board recognizes in its request for comment that, until the consolidated regulatory capital rules are finalized for SLHCs, it would be able to rely on supervisory information and reports that SLHCs that prepare SAP financial statements provide to state insurance regulators and the NAIC. The Board's ability to rely on SAP financial statements should not be affected by whether the SLHC *only* prepares statements under SAP. Accordingly, the Board should just as easily be able to rely on the SAP information and reports for SLHCs that prepare GAAP financial statements, but not on a full-blown SEC basis.

Jennifer J. Johnson
Secretary
November 1, 2011

Therefore, we suggest the Board revise Exemption 2 to tailor its application to SLHCs where the top-tier holding company is an insurance company that is not a reporting company under Section 13 or 15(d) of the Securities and Exchange Act of 1934. This approach recognizes the legal form of insurance companies, particularly mutual insurance companies under state insurance law that have never had a regulatory obligation to prepare GAAP financials. In addition, the foregoing revision would reconcile apparent inconsistencies between the exemptive language and the commentary that follows. Moreover, for SLHCs that currently prepare GAAP financial statements for other than regulatory purposes and forms, the clarification will provide greater certainty when SLHCs prepare for their reporting obligations in the immediate future. Finally, the Board would still have the ability to make a case-by-case determination that a SLHC's current GAAP reporting system is sufficient for regulatory reporting purposes and, therefore, the SLHC would not be unduly burdened by having to comply with the BHC reporting requirements.

- 3) The Board should consider a modified "phase-in" for SLHCs meeting either of the exemptions, but which receive an independent Board determination that they are required to submit BHC regulatory reports.

The Board's request for comment provides that SLHCs that currently meet the exemption criteria will be reviewed on a case-by-case basis to determine if they should nonetheless be required to submit BHC regulatory reports. Based on current timing requirements, we suggest that the Board introduce a modified "phase-in" approach for SLHCs that meet either Exemption 1 or Exemption 2, but that subsequently receive an independent determination from the Board that they should nonetheless be required to comply with BHC reporting. With the end of 2011 approaching, it could be unduly burdensome for SLHCs to comply with the BHC reporting requirements beginning in 2012 if they currently meet the criteria in Exemption 1 or Exemption 2 and act in reliance thereon. Accordingly, the Board should consider a modified "phase-in" approach beginning no earlier than 2013 for SLHCs that receive an independent determination that they must comply with BHC reporting despite qualifying for one of the exemptions.

Conclusion

In summary, we appreciate the Board's effort to create certain exemptions for SLHCs where compliance with BHC reporting may be of little value at this time or would be unduly burdensome and inordinately expensive. In light of the commentary that accompanies the Board's exemptions, we respectfully request that the Board consider refining these exemptions to remove any ambiguity. We believe that this will provide greater certainty to SLHCs that are assessing whether they meet one or both of the exemptions. Additionally, we propose that the Board consider a modified "phase-in" approach for those companies that initially meet the exemption criteria, but

Jennifer J. Johnson
Secretary
November 1, 2011

subsequently receive a determination from the Board that they should nonetheless be required to comply with BHC reporting requirements. The foregoing would help to alleviate the burden and expense of having to quickly develop the necessary BHC reporting systems by 2012.

We thank you for this opportunity to provide input and look forward to further opportunities to comment.

Sincerely,

Ameriprise Financial, Inc.
Ameriprise Bank, FSB

Mutual of Omaha
Mutual of Omaha Bank

Nationwide
Nationwide Bank

Principal Financial Group
Principal Life Insurance Company
Principal Bank

Prudential Financial
Prudential Insurance Company of America
Prudential Bank & Trust, FSB

State Farm
State Farm Bank

Westfield Insurance
Westfield Bank