

INTERNATIONAL INSURANCE STANDARDS ACT OF 2017

JULY --, 2018.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HENSARLING, from the Committee on Financial Services,
submitted the following

R E P O R T

[To accompany H.R. 4537]

[Including cost estimate of the Congressional Budget Office]

The Committee on Financial Services, to whom was referred the bill (H.R. 4537) to preserve the State-based system of insurance regulation and provide greater oversight of and transparency on international insurance standards setting processes, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “International Insurance Standards Act of 2018”.

SEC. 2. CONGRESSIONAL FINDINGS.

The Congress finds the following:

(1) The State-based system for insurance regulation in the United States has served American consumers well for more than 150 years and has fostered an open and competitive marketplace with a diversity of insurance products to the benefit of policyholders and consumers.

(2) Protecting policyholders by regulating to ensure an insurer’s ability to pay claims has been the hallmark of the successful United States system and should be the paramount objective of domestic prudential regulation and emerging international standards.

(3) The Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111–203) reaffirmed the State-based insurance regulatory system.

SEC. 3. REQUIREMENT THAT INSURANCE STANDARDS REFLECT UNITED STATES POLICY.

(a) REQUIREMENT.—Parties representing the Federal Government in any international regulatory, standard-setting, or supervisory forum or in any negotiations of any international agreements relating to the prudential aspects of insurance shall not agree to, accede to, accept, or establish, and shall use their voice and shall vote to oppose, any proposed agreement or standard, including proposals developed by

the International Association of Insurance Supervisors (or a successor entity), unless such proposed agreement or standard—

(1) is consistent with and reflective of the existing United States system of insurance regulation, including the primacy of policyholder protection in solvency regulation; and

(2) recognizes the existing United States system of insurance regulation as satisfying such proposals.

(b) **FEDERAL INSURANCE OFFICE FUNCTIONS.**—Subparagraph (E) of section 313(c)(1) of title 31, United States Code, is amended by inserting “Department of the Treasury of the” before “United States”.

(c) **NEGOTIATIONS.**—Nothing in this section shall be construed to prevent participation in negotiations of any proposed agreement or standard.

SEC. 4. STATE INSURANCE REGULATOR INVOLVEMENT IN INTERNATIONAL STANDARD SETTING.

In developing international insurance standards pursuant to section 3, and throughout the negotiations of such standards, parties representing the Federal Government shall, on matters related to insurance, closely consult, coordinate with, and include in such meetings, State insurance commissioners or, at the option of the State insurance commissioners, designees of the insurance commissioners acting at their direction.

SEC. 5. CONSULTATIONS.

(a) **CONSULTATION WITH CONGRESS.**—Before initiating negotiations to enter into an agreement under section 3, during such negotiations, and before entering into any such agreement, parties representing the Federal Government shall provide written notice to and consult with the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate, and any other relevant committees of jurisdiction, regarding—

(1) the intention of the United States to participate in or enter into such negotiations;

(2) the nature and objectives of the negotiations;

(3) the implementation of the agreement, including how it is consistent with and does not materially differ from or otherwise affect Federal or State laws or regulations;

(4) the impact on the competitiveness of United States insurers; and

(5) the impact on United States consumers.

(b) **CONSULTATION WITH FEDERAL ADVISORY COMMITTEE ON INSURANCE.**—Before entering into an agreement under section 3, the Secretary of the Treasury shall consult with the Federal Advisory Committee on Insurance formed pursuant to section 313(h) of title 31, United States Code.

(c) **SUBMISSION AND LAYOVER PROVISIONS.**—Parties representing the Federal Government may not sign the final text or otherwise agree to, accept, or establish an agreement under section 3 that would not have the force and effect of law before—

(1) such parties submit to the committees specified in subsection (a), on a day in which both Houses of Congress are in session, a copy of the final legal text of the agreement; and

(2) the later of—

(A) the expiration of 90-day period beginning on the date on which the copy of the final legal text of the agreement is submitted to the congressional committees under paragraph (1); or

(B) if the President has vetoed a joint resolution described in section 6(b) relating to the agreement, the expiration of the 15-day period described in section 6(a)(2).

(d) **DELIVERY OF DOCUMENTS TO BOTH HOUSES.**—Whenever, pursuant to this section, written notice or a document is required to be transmitted to the Congress, copies of such notice or document shall be delivered to both Houses of Congress on the same day and shall be delivered to the Clerk of the House of Representatives if the House is not in session and to the Secretary of the Senate if the Senate is not in session.

SEC. 6. CONGRESSIONAL REVIEW.

(a) **DISAPPROVAL.**—

(1) **IN GENERAL.**—In the case of any agreement under section 3 that would not have the force and effect of law, the United States shall not be considered a party to such agreement if, before the expiration of the 90-day period beginning on the day that the final legal text of the agreement is submitted to the Congress pursuant to section 5(c)(1), a joint resolution described in subsection (b) is enacted into law.

(2) VETO.—If the President vetoes the joint resolution, the joint resolution shall be treated as enacted into law before the end of the 90-day period under paragraph (1) if both Houses of Congress vote to override such veto on or before the later of—

- (A) the last day of such 90-day period; or
- (B) the last day of the 15-day period (excluding any day described in subsection (h)) beginning on the date the Congress receives the veto message from the President.

(b) CONTENTS OF RESOLUTION.—For purposes of this section, the term “resolution” means only a joint resolution of the two Houses of the Congress, that is introduced during the 60-day period beginning upon the submission to the Congress pursuant to section 5(c)(1) of the agreement to which such resolution relates, and the matter after the resolving clause of which is as follows: “That the Congress does not approve the agreement transmitted to the Congress pursuant to section 5(c)(1) of the International Insurance Standards Act of 2017, on _____.”, the blank space being filled with the appropriate date.

(c) REFERENCE TO COMMITTEES.—All resolutions introduced in the House of Representatives shall be referred to the Committee on Financial Services and all resolutions introduced in the Senate shall be referred to the Committee on Banking, Housing, and Urban Affairs.

(d) DISCHARGE OF COMMITTEES.—

(1) IN GENERAL.—If the committee of either House to which a resolution has been referred has not reported it at the end of 30 days after its introduction, not counting any day which is excluded under subsection (h), it is in order to move either to discharge the committee from further consideration of the resolution or to discharge the committee from further consideration of any other resolution introduced with respect to the same matter, except that a motion to discharge—

- (A) may only be made on the second legislative day after the calendar day on which the Member making the motion announces to the House his intention to do so; and
- (B) is not in order after the committee has reported a resolution with respect to the same matter.

(2) PRIVILEGE.—A motion to discharge under paragraph (1) may be made only by an individual favoring the resolution, and is highly privileged in the House and privileged in the Senate; and debate thereon shall be limited to not more than 1 hour, the time to be divided in the House equally between those favoring and those opposing the resolution, and to be divided in the Senate equally between, and controlled by, the majority leader and the minority leader or their designees. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(e) FLOOR CONSIDERATION IN THE HOUSE.—

(1) IN GENERAL.—A motion in the House of Representatives to proceed to the consideration of a resolution shall be highly privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) DEBATE; NO RECONSIDERATION.—Debate in the House of Representatives on a resolution shall be limited to not more than 20 hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate shall not be debatable. No amendment to, or motion to recommit, the resolution shall be in order. It shall not be in order to move to reconsider the vote by which a resolution is agreed to or disagreed to.

(3) CONSIDERATION OF OTHER MOTIONS.—Motions to postpone, made in the House of Representatives with respect to the consideration of a resolution, and motions to proceed to the consideration of other business, shall be decided without debate.

(4) APPEALS TO DECISIONS OF CHAIR.—All appeals from the decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to a resolution shall be decided without debate.

(5) APPLICABILITY OF RULES.—Except to the extent specifically provided in the preceding provisions of this subsection, consideration of a resolution in the House of Representatives shall be governed by the Rules of the House of Representatives applicable to other resolutions in similar circumstances.

(f) FLOOR CONSIDERATION IN THE SENATE.—

(1) MOTION TO PROCEED.—A motion in the Senate to proceed to the consideration of a resolution shall be privileged. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) DEBATE ON RESOLUTION.—Debate in the Senate on a resolution, and all debatable motions and appeals in connection therewith, shall be limited to not more than 20 hours, to be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

(3) DEBATE ON MOTION OR APPEAL.—Debate in the Senate on any debatable motion or appeal in connection with a resolution shall be limited to not more than 1 hour, to be equally divided between, and controlled by, the mover and the manager of the resolution, except that in the event the manager of the resolution is in favor of any such motion or appeal, the time in opposition thereto, shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from time under their control on the passage of a resolution, allot additional time to any Senator during the consideration of any debatable motion or appeal.

(4) MOTION TO LIMIT DEBATE.—A motion in the Senate to further limit debate on a resolution, debatable motion, or appeal is not debatable. No amendment to, or motion to recommit, a resolution is in order in the Senate.

(g) PROCEDURES IN THE SENATE.—

(1) PROCEDURES.—Except as otherwise provided in this section, the following procedures shall apply in the Senate to a resolution to which this section applies:

(A)(i) Except as provided in clause (ii), a resolution that has passed the House of Representatives shall, when received in the Senate, be referred to the Committee on Banking, Housing, and Urban Affairs for consideration in accordance with this section.

(ii) If a resolution to which this section applies was introduced in the Senate before receipt of a resolution that has passed the House of Representatives, the resolution from the House of Representatives shall, when received in the Senate, be placed on the calendar. If this clause applies, the procedures in the Senate with respect to a resolution introduced in the Senate that contains the identical matter as the resolution that passed the House of Representatives shall be the same as if no resolution had been received from the House of Representatives, except that the vote on passage in the Senate shall be on the resolution that passed the House of Representatives.

(B) If the Senate passes a resolution before receiving from the House of Representatives a joint resolution that contains the identical matter, the joint resolution shall be held at the desk pending receipt of the joint resolution from the House of Representatives. Upon receipt of the joint resolution from the House of Representatives, such joint resolution shall be deemed to be read twice, considered, read the third time, and passed.

(2) NON-IDENTICAL RESOLUTIONS.—If the texts of joint resolutions described in this section concerning any matter are not identical—

(A) the Senate shall vote passage on the resolution introduced in the Senate; and

(B) the text of the joint resolution passed by the Senate shall, immediately upon its passage (or, if later, upon receipt of the joint resolution passed by the House), be substituted for the text of the joint resolution passed by the House of Representatives, and such resolution, as amended, shall be returned with a request for a conference between the two Houses.

(3) CONSIDERATION OF VETO MESSAGE.—Consideration in the Senate of any veto message with respect to a joint resolution described in subsection (b), including consideration of all debatable motions and appeals in connection therewith, shall be limited to 10 hours, to be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

(h) COMPUTATION OF PERIOD.—For purposes of subsection (a)(1) of this section and subsection (c)(2) of section 5, the 90-day period referred to in such subsections shall be computed by excluding—

(1) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die; and

(2) any Saturday and Sunday, not excluded under paragraph (1), when either House is not in session.

(i) EXERCISE OF RULEMAKING POWER.—This section is enacted by the Congress—

(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such they are deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described in subsection (b); and they supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

(j) **RULE OF CONSTRUCTION.**—This section, and any failure to enact a resolution under this section, shall not be construed to be an endorsement of or to establish or expand any authority to enter into or implement an agreement described in section 3 that is not otherwise provided for under Federal law.

SEC. 7. COVERED AGREEMENTS.

(a) **PREEMPTION OF STATE INSURANCE MEASURES.**—Subsection (f) of section 313 of title 31, United States Code, is amended by striking “Director” each place such term appears and inserting “Secretary”.

(b) **DEFINITION.**—Paragraph (2) of section 313(r) of title 31, United States Code, is amended—

(1) in subparagraph (A), by striking “and” at the end;

(2) in subparagraph (B), by striking the period at the end and inserting “; and”; and

(3) by adding at the end the following new subparagraph:

“(C) applies only on a prospective basis.”.

(c) **CONSULTATION; SUBMISSION AND LAYOVER; CONGRESSIONAL REVIEW.**—Section 314 of title 31, United States Code is amended—

(1) in subsection (b)—

(A) in paragraph (2)(C), by striking “laws” and inserting the following: “and Federal law, and the nature of any changes in the laws of the United States or the administration of such laws that would be required to carry out a covered agreement”; and

(B) by adding at the end the following new paragraph:

“(3) **ACCESS TO NEGOTIATING TEXTS AND OTHER DOCUMENTS.**—Congressional committees and staff with proper security clearances shall be given access to United States negotiating proposals, consolidated draft texts, and other pertinent documents related to the negotiations, including classified materials.”;

(2) in subsection (c)—

(A) in the matter preceding paragraph (1), by striking “only if—” and inserting the following: “only if, before signing the final legal text or otherwise entering into the agreement—”;

(B) in paragraph (1), by striking “congressional committees specified in subsection (b)(1)” and inserting “congressional committees and to staff with proper security clearances”; and

(C) by striking paragraph (2) and inserting the following new paragraph: “(2)(A) the 90-day period beginning on the date on which the copy of the final legal text of the agreement is submitted under paragraph (1) to the congressional committees and staff has expired; and

“(B) if the President has vetoed a joint resolution described in subsection (d)(2) relating to the agreement, the 15-day period described in subsection (d)(1)(B)(ii) has expired.”; and

(3) by adding at the end the following new subsections:

“(d) **CONGRESSIONAL REVIEW.**—

“(1) **DISAPPROVAL.**—

“(A) **IN GENERAL.**—A covered agreement shall have no force and effect in the United States if, before the expiration of the 90-day period beginning on the day that the final legal text of the agreement is submitted to the Congress pursuant to subsection (c), a joint resolution described in paragraph (2) is enacted into law.

“(B) **VETO.**—If the President vetoes the joint resolution, the joint resolution shall be treated as enacted into law before the end of the 90-day period under subparagraph (A) if both Houses of Congress vote to override such veto on or before the later of—

“(i) the last day of such 90-day period; or

“(ii) the last day of the 15-day period (excluding any day described in paragraph (8)) beginning on the date the Congress receives the veto message from the President.

“(2) **CONTENTS OF RESOLUTIONS.**—For purposes of this subsection, the term ‘resolution’ means only a joint resolution of the two Houses of the Congress, that is introduced during the 60-day period beginning upon the submission to the Congress pursuant to subsection (c) of the covered agreement to which such resolution relates, and the matter after the resolving clause of which is as follows: ‘That the Congress does not approve the covered agreement transmitted

to the Congress pursuant to section 314(c) of title 31, United States Code, on _____, the blank space being filled with the appropriate date.

“(3) REFERENCE TO COMMITTEES.—All resolutions introduced in the House of Representatives shall be referred to the Committee on Financial Services and all resolutions introduced in the Senate shall be referred to the Committee on Banking, Housing, and Urban Affairs.

“(4) DISCHARGE OF COMMITTEES.—

“(A) IN GENERAL.—If the committee of either House to which a resolution has been referred has not reported it at the end of 30 days after its introduction, not counting any day which is excluded under paragraph (8), it is in order to move either to discharge the committee from further consideration of the resolution or to discharge the committee from further consideration of any other resolution introduced with respect to the same matter, except that a motion to discharge—

“(i) may only be made on the second legislative day after the calendar day on which the Member making the motion announces to the House his intention to do so; and

“(ii) is not in order after the committee has reported a resolution with respect to the same matter.

“(B) PRIVILEGE.—A motion to discharge under subparagraph (A) may be made only by an individual favoring the resolution, and is highly privileged in the House and privileged in the Senate; and debate thereon shall be limited to not more than 1 hour, the time to be divided in the House equally between those favoring and those opposing the resolution, and to be divided in the Senate equally between, and controlled by, the majority leader and the minority leader or their designees. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

“(5) FLOOR CONSIDERATION IN THE HOUSE.—

“(A) IN GENERAL.—A motion in the House of Representatives to proceed to the consideration of a resolution shall be highly privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

“(B) DEBATE; NO RECONSIDERATION.—Debate in the House of Representatives on a resolution shall be limited to not more than 20 hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate shall not be debatable. No amendment to, or motion to recommit, the resolution shall be in order. It shall not be in order to move to reconsider the vote by which a resolution is agreed to or disagreed to.

“(C) CONSIDERATION OF OTHER MOTIONS.—Motions to postpone, made in the House of Representatives with respect to the consideration of a resolution, and motions to proceed to the consideration of other business, shall be decided without debate.

“(D) APPEALS TO DECISIONS OF CHAIR.—All appeals from the decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to a resolution shall be decided without debate.

“(E) APPLICABILITY OF RULES.—Except to the extent specifically provided in the preceding provisions of this paragraph, consideration of a resolution in the House of Representatives shall be governed by the Rules of the House of Representatives applicable to other resolutions in similar circumstances.

“(6) FLOOR CONSIDERATION IN THE SENATE.—

“(A) MOTION TO PROCEED.—A motion in the Senate to proceed to the consideration of a resolution shall be privileged. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

“(B) DEBATE ON RESOLUTION.—Debate in the Senate on a resolution, and all debatable motions and appeals in connection therewith, shall be limited to not more than 20 hours, to be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

“(C) DEBATE ON MOTION OR APPEAL.—Debate in the Senate on any debatable motion or appeal in connection with a resolution shall be limited to not more than 1 hour, to be equally divided between, and controlled by, the mover and the manager of the resolution, except that in the event the manager of the resolution is in favor of any such motion or appeal, the time in opposition thereto, shall be controlled by the minority leader or his des-

ignee. Such leaders, or either of them, may, from time under their control on the passage of a resolution, allot additional time to any Senator during the consideration of any debatable motion or appeal.

“(D) MOTION TO LIMIT DEBATE.—A motion in the Senate to further limit debate on a resolution, debatable motion, or appeal is not debatable. No amendment to, or motion to recommit, a resolution is in order in the Senate.

“(7) PROCEDURES IN THE SENATE.—

“(A) PROCEDURES.—Except as otherwise provided in this section, the following procedures shall apply in the Senate to a resolution to which this subsection applies:

“(i)(I) Except as provided in subclause (II), a resolution that has passed the House of Representatives shall, when received in the Senate, be referred to the Committee on Banking, Housing, and Urban Affairs for consideration in accordance with this subsection.

“(II) If a resolution to which this subsection applies was introduced in the Senate before receipt of a resolution that has passed the House of Representatives, the resolution from the House of Representatives shall, when received in the Senate, be placed on the calendar. If this subclause applies, the procedures in the Senate with respect to a resolution introduced in the Senate that contains the identical matter as the resolution that passed the House of Representatives shall be the same as if no resolution had been received from the House of Representatives, except that the vote on passage in the Senate shall be on the resolution that passed the House of Representatives.

“(ii) If the Senate passes a resolution before receiving from the House of Representatives a joint resolution that contains the identical matter, the joint resolution shall be held at the desk pending receipt of the joint resolution from the House of Representatives. Upon receipt of the joint resolution from the House of Representatives, such joint resolution shall be deemed to be read twice, considered, read the third time, and passed.

“(B) NON-IDENTICAL RESOLUTIONS.—If the texts of joint resolutions described in this subsection concerning any matter are not identical—

“(i) the Senate shall vote passage on the resolution introduced in the Senate; and

“(ii) the text of the joint resolution passed by the Senate shall, immediately upon its passage (or, if later, upon receipt of the joint resolution passed by the House), be substituted for the text of the joint resolution passed by the House of Representatives, and such resolution, as amended, shall be returned with a request for a conference between the two Houses.

“(C) CONSIDERATION OF VETO MESSAGE.—Consideration in the Senate of any veto message with respect to a joint resolution described in paragraph (2), including consideration of all debatable motions and appeals in connection therewith, shall be limited to 10 hours, to be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

“(8) COMPUTATION OF PERIOD.—For purposes of paragraph (1)(A) of this subsection and paragraph (2)(A) of subsection (c), the 90-day period referred to in such paragraph shall be computed by excluding—

“(A) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die; and

“(B) any Saturday and Sunday, not excluded under subparagraph (A), when either House is not in session.

“(9) EXERCISE OF RULEMAKING POWER.—This subsection is enacted by the Congress—

“(A) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such they are deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described in paragraph (2); and they supersede other rules only to the extent that they are inconsistent therewith; and

“(B) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

“(e) REQUIREMENTS FOR CONSULTATIONS.—Throughout the negotiations of a covered agreement, parties representing the Federal Government shall closely consult and coordinate with, and include in such meetings, State insurance commissioners or, at the option of the State insurance commissioners, designees of the insurance commissioners acting at their direction.”.

PURPOSE AND SUMMARY

On December 4, 2017, Representative Sean Duffy introduced H.R. 4537, the “International Insurance Standards Act of 2017” to preserve the State-based system of insurance regulation and provide greater oversight and transparency on international insurance standard negotiations.

H.R. 4537 requires that: (1) any such agreement entered into by entities representing the United States may not be agreed to unless it is consistent with existing federal and state law as well as recognizing existing Federal and State laws on the regulation of insurance; (2) federal entities participating in negotiations must coordinate and consult with state insurance commissioners; (3) Congress must be consulted on negotiations prior to negotiations taking place, as well as during and prior to entering into an agreement; (4) authority is granted to Congress to conduct a “fast-tracked” disapproval process; and (5) Congress has similar disapproval authority on covered agreements.

BACKGROUND AND NEED FOR LEGISLATION

For nearly 150 years, U.S. insurance companies of every kind—including property-casualty, life, reinsurance, health, and auto—have been regulated primarily by the states. Congress and the states have occasionally reviewed the effectiveness of the state-based regulation of insurance and coordinated efforts to achieve greater regulatory uniformity. In 1945, Congress passed the McCarran-Ferguson Act (15 U.S.C. 1011 et seq.), which confirmed the states’ regulatory authority over insurance except where a federal law expressly provides otherwise.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) (Pub. L. No. 111–203) enlarged the federal government’s role in the insurance industry by creating a federal office specifically tasked with insurance matters. The Dodd-Frank Act established a Federal Insurance Office (FIO) at the U.S. Department of the Treasury (Treasury) and charged the FIO director with representing the interests of U.S. insurers during the negotiation of international agreements and advising the Office of the U.S. Trade Representative (USTR) during trade negotiations.

The United States’ state-based regulatory framework is the strongest and most robust insurance regulatory architecture in the world. No other system of insurance regulation combines the state-based focus on policyholder protection with the four, interconnected aspects of consumer protection, solvency protection, market-conduct protection, and resolution protection.

However, critics of the current U.S. negotiating platform argue that international insurance standards negotiations could be used as a “back-door” method to implement European insurance standards in the United States. The European insurance regulatory model is bank-centric and less policyholder friendly than the U.S. insurance regulatory regime. H.R. 4537 would provide increased

transparency throughout the negotiation process and authorizes an approval authority for Congress to ensure that international negotiations recognize the primacy of the current U.S. insurance regulatory framework.

On an ongoing basis, representatives from the United States are involved in negotiations regarding global insurance standards in international forums, including the International Association of Insurance Supervisors (IAIS) in Basel, Switzerland. The IAIS is a voluntary membership-driven organization of insurance supervisors and regulators from over 190 jurisdictions in more than 140 countries. The IAIS does not have executive powers, rather its role is to develop regulatory guidelines and best practices for national insurance supervisors to adopt. The outcomes of these discussions could have a considerable impact on U.S. insurance companies, markets, policyholders and consumers. H.R. 4537 would ensure that the representatives from the United States would maintain a strong, unified voice that will ensure that the successful, state-based, policy-holder centric system of insurance regulation is the model and basis for any international discussions.

As the IAIS negotiates global capital standards, governance, and market conduct, H.R. 4537 would position the U.S. to participate in the discussions and protect it from international agreements that could be detrimental to U.S. insurers, policyholders and markets.

HEARINGS

The Committee on Financial Services' Subcommittee on Housing and Insurance held a hearing examining matters relating to H.R. 4537 on October 24, 2017.

COMMITTEE CONSIDERATION

The Committee on Financial Services met in open session on December 12, 2017 and ordered H.R. 4537 to be reported favorably to the House as amended by a recorded vote of 56 yeas to 4 nays (Record vote no. FC-135), a quorum being present. Before the motion to report was offered, the Committee adopted an amendment offered by Mr. Duffy by voice vote.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report legislation and amendments thereto. The sole recorded vote was on a motion by Chairman Hensarling to report the bill favorably to the House as amended. The motion was agreed to by a recorded vote of 56 yeas to 4 nays (Record vote no. FC-135), a quorum being present.

Record vote no. FC-135

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Hensarling	X			Ms. Maxine Waters (CA)	X		
Mr. McHenry	X			Mrs. Carolyn B. Maloney (NY)		X	
Mr. King	X			Ms. Velázquez		X	
Mr. Royce (CA)		X		Mr. Sherman	X		
Mr. Lucas	X			Mr. Meeks		X	
Mr. Pearce	X			Mr. Capuano	X		
Mr. Posey	X			Mr. Clay	X		
Mr. Luetkemeyer	X			Mr. Lynch	X		
Mr. Huizenga	X			Mr. David Scott (GA)	X		
Mr. Duffy	X			Mr. Al Green (TX)	X		
Mr. Stivers	X			Mr. Cleaver	X		
Mr. Hultgren	X			Ms. Moore	X		
Mr. Ross	X			Mr. Ellison	X		
Mr. Pittenger	X			Mr. Perlmutter	X		
Mrs. Wagner	X			Mr. Himes	X		
Mr. Barr	X			Mr. Foster	X		
Mr. Rothfus	X			Mr. Kildee	X		
Mr. Messer	X			Mr. Delaney	X		
Mr. Tipton	X			Ms. Sinema	X		
Mr. Williams	X			Mrs. Beatty	X		
Mr. Poliquin	X			Mr. Heck	X		
Mrs. Love	X			Mr. Vargas	X		
Mr. Hill	X			Mr. Gottheimer	X		
Mr. Emmer	X			Mr. Gonzalez (TX)	X		
Mr. Zeldin	X			Mr. Crist	X		
Mr. Trott	X			Mr. Kihuen	X		
Mr. Loudermilk	X						
Mr. Mooney (WV)	X						
Mr. MacArthur	X						
Mr. Davidson	X						
Mr. Budd	X						
Mr. Kustoff (TN)	X						
Ms. Tenney	X						
Mr. Hollingsworth	X						

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the findings and recommendations of the Committee based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

PERFORMANCE GOALS AND OBJECTIVES

With respect to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee advises that the bill contains no measure that authorizes funding, so no statement of general performance goals and objectives for which any measure authorizes funding is required.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the estimate of new budget authority, entitlement authority, or tax expenditures or revenues contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE ESTIMATES

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, February 8, 2018.

Hon. JEB HENSARLING,
*Chairman, Committee on Financial Services,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 4537, the International Insurance Standards Act of 2017.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Matthew Pickford.

Sincerely,

KEITH HALL,
Director.

Enclosure.

H.R. 4537—International Insurance Standards Act of 2017

H.R. 4537 would require negotiators of international insurance agreements to oppose any proposal that is inconsistent with existing federal and state laws. The bill would require negotiators to consult with state insurance commissioners and the Congress. The bill also would provide the Congress with a process to disapprove of any international insurance agreement.

Any budgetary effects of enacting H.R. 4537 would depend, in part, on how often the United States negotiates international insurance agreements and how frequently the negotiators must consult and coordinate with state insurance commissioners. CBO has no basis for predicting that frequency but expects that the cost of such consultations would be less than \$500,000 per year.

Enacting H.R. 4537 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting H.R. 4537 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 4537 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Matthew Pickford. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

FEDERAL MANDATES STATEMENT

This information is provided in accordance with section 423 of the Unfunded Mandates Reform Act of 1995.

The Committee has determined that the bill does not contain Federal mandates on the private sector. The Committee has determined that the bill does not impose a Federal intergovernmental mandate on State, local, or tribal governments.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of the section 102(b)(3) of the Congressional Accountability Act.

EARMARK IDENTIFICATION

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee has carefully reviewed the provisions of the bill and states that the provisions of the bill do not contain any congressional earmarks, limited tax benefits, or limited tariff benefits within the meaning of the rule.

DUPLICATION OF FEDERAL PROGRAMS

In compliance with clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee states that no provision of the bill establishes or reauthorizes: (1) a program of the Federal Government known to be duplicative of another Federal program; (2) a program included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111-139; or (3) a program related to a program identified in the most recent Catalog of Federal Domestic Assistance, published pursuant to the Federal Program Information Act (Pub. L. No. 95-220, as amended by Pub. L. No. 98-169).

DISCLOSURE OF DIRECTED RULEMAKING

Pursuant to section 3(i) of H. Res. 5, (115th Congress), the following statement is made concerning directed rulemakings: The Committee estimates that the bill requires no directed rulemakings within the meaning of such section.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short title

This section cites H.R. 4537 as the “International Insurance Standards Act of 2017”.

Section 2. Congressional findings

This section acknowledges that the State-based system for insurance regulation in the United States has fostered an open and competitive marketplace with a diversity of insurance products to benefit policyholders and consumers. The section also finds that the State-based system of insurance regulation protects policyholders by regulating to ensure the insurer’s ability to pay claims, which has been a hallmark of the success of the current United States insurance regulatory regime. Further adds that the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111–203) reaffirmed the State-based insurance regulatory system.

Section 3. Requirement that insurance standards reflect United States policy

This section requires that any party negotiating international insurance standards, on behalf of the Federal Government, may not vote in favor of any agreement if it is inconsistent or does not reflect the current United States system of insurance regulation including the primacy of policyholder protection in solvency regulation. It codifies the primacy of the United States’ system of insurance regulation during international insurance negotiations. Additionally, this section specifies that the Secretary of the Treasury, during negotiations, only represents the views of the Department of the Treasury. Nothing in this section shall be construed to prevent participation in negotiations of any proposed agreement or standard.

Section 4. State insurance regulator involvement in international standard setting

This section requires entities representing the Federal Government during international insurance negotiations to closely consult with state insurance regulators, which includes coordination, and inclusion in meetings. State insurance commissioners will have the authority to submit designees in their stead.

Section 5. Consultation with Congress

This Section requires those representatives of the Federal government entering into international negotiations on insurance to first notify the relevant Congressional committees (House Committee on Financial Services and the Senate Committee on Banking, Housing, and Urban Affairs) prior to initiating any discussions on international standards, during negotiations, and prior to entering into an agreement. Written consultation with Congress in-

cludes: (1) the intention of the United States to participate in international negotiations; (2) the nature and objectives of such negotiations; (3) how the agreement will be implemented; including how it is consistent with existing federal and state laws; (4) the impact on the Competitiveness of U.S. insurers; and, (5) the impact on U.S. consumers. This section also requires the Secretary of Treasury to consult with the Federal Advisory Committee on Insurance before entering into an agreement under section 3 of this Act. The Administration must submit the final text of the negotiation to Congress for a 90 day layover for Congressional review before signing the agreement.

Section 6. Congressional review

This section provides Congress with “fast-track” procedures for disapproval of the international negotiated agreement. H.R. 4537 would provide for a joint resolution to be introduced within 60 days from the date the Administration submits the agreement to Congress. Should the relevant Committees fail to report the resolution, a privileged motion to discharge the Committees is in order.

Section 7. Covered agreements

Amends the Dodd-Frank Act and provides negotiating authority to the Secretary of the Treasury, instead of the Director of the Federal Insurance Office (FIO). Going forward, covered agreements would not include new prudential requirements for U.S. insurers. Additionally, this section requires Federal negotiators to closely consult and coordinate with state insurance commissioners, or their designees, and also include them in meetings. This section also provides Congress with a submission and layover period as well as a fast-tracked disapproval process for covered agreements.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

TITLE 31, UNITED STATES CODE

* * * * *

SUBTITLE I—GENERAL

* * * * *

CHAPTER 3—DEPARTMENT OF THE TREASURY

* * * * *

SUBCHAPTER I—ORGANIZATION

* * * * *

§ 313. Federal Insurance Office

(a) **ESTABLISHMENT.**—There is established within the Department of the Treasury the Federal Insurance Office.

(b) **LEADERSHIP.**—The Office shall be headed by a Director, who shall be appointed by the Secretary of the Treasury. The position of Director shall be a career reserved position in the Senior Executive Service, as that position is defined under section 3132 of title 5, United States Code.

(c) **FUNCTIONS.**—

(1) **AUTHORITY PURSUANT TO DIRECTION OF SECRETARY.**—The Office, pursuant to the direction of the Secretary, shall have the authority—

(A) to monitor all aspects of the insurance industry, including identifying issues or gaps in the regulation of insurers that could contribute to a systemic crisis in the insurance industry or the United States financial system;

(B) to monitor the extent to which traditionally underserved communities and consumers, minorities (as such term is defined in section 1204(c) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1811 note)), and low- and moderate-income persons have access to affordable insurance products regarding all lines of insurance, except health insurance;

(C) to recommend to the Financial Stability Oversight Council that it designate an insurer, including the affiliates of such insurer, as an entity subject to regulation as a nonbank financial company supervised by the Board of Governors pursuant to title I of the Dodd-Frank Wall Street Reform and Consumer Protection Act;

(D) to assist the Secretary in administering the Terrorism Insurance Program established in the Department of the Treasury under the Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note);

(E) to coordinate Federal efforts and develop Federal policy on prudential aspects of international insurance matters, including representing the *Department of the Treasury of the United States*, as appropriate, in the International Association of Insurance Supervisors (or a successor entity) and assisting the Secretary in negotiating covered agreements (as such term is defined in subsection (r));

(F) to determine, in accordance with subsection (f), whether State insurance measures are preempted by covered agreements;

(G) to consult with the States (including State insurance regulators) regarding insurance matters of national importance and prudential insurance matters of international importance; and

- (H) to perform such other related duties and authorities as may be assigned to the Office by the Secretary.
- (2) **ADVISORY FUNCTIONS.**—The Office shall advise the Secretary on major domestic and prudential international insurance policy issues.
- (3) **ADVISORY CAPACITY ON COUNCIL.**—The Director shall serve in an advisory capacity on the Financial Stability Oversight Council established under the Financial Stability Act of 2010.
- (d) **SCOPE.**—The authority of the Office shall extend to all lines of insurance except—
- (1) health insurance, as determined by the Secretary in coordination with the Secretary of Health and Human Services based on section 2791 of the Public Health Service Act (42 U.S.C. 300gg-91);
 - (2) long-term care insurance, except long-term care insurance that is included with life or annuity insurance components, as determined by the Secretary in coordination with the Secretary of Health and Human Services, and in the case of long-term care insurance that is included with such components, the Secretary shall coordinate with the Secretary of Health and Human Services in performing the functions of the Office; and
 - (3) crop insurance, as established by the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.).
- (e) **GATHERING OF INFORMATION.**—
- (1) **IN GENERAL.**—In carrying out the functions required under subsection (c), the Office may—
 - (A) receive and collect data and information on and from the insurance industry and insurers;
 - (B) enter into information-sharing agreements;
 - (C) analyze and disseminate data and information; and
 - (D) issue reports regarding all lines of insurance except health insurance.
 - (2) **COLLECTION OF INFORMATION FROM INSURERS AND AFFILIATES.**—
 - (A) **IN GENERAL.**—Except as provided in paragraph (3), the Office may require an insurer, or any affiliate of an insurer, to submit such data or information as the Office may reasonably require in carrying out the functions described under subsection (c).
 - (B) **RULE OF CONSTRUCTION.**—Notwithstanding any other provision of this section, for purposes of subparagraph (A), the term “insurer” means any entity that writes insurance or reinsures risks and issues contracts or policies in 1 or more States.
 - (3) **EXCEPTION FOR SMALL INSURERS.**—Paragraph (2) shall not apply with respect to any insurer or affiliate thereof that meets a minimum size threshold that the Office may establish, whether by order or rule.
 - (4) **ADVANCE COORDINATION.**—Before collecting any data or information under paragraph (2) from an insurer, or affiliate of an insurer, the Office shall coordinate with each relevant Federal agency and State insurance regulator (or other relevant Federal or State regulatory agency, if any, in the case of an affiliate of an insurer) and any publicly available sources to de-

termine if the information to be collected is available from, and may be obtained in a timely manner by, such Federal agency or State insurance regulator, individually or collectively, other regulatory agency, or publicly available sources. If the Director determines that such data or information is available, and may be obtained in a timely manner, from such an agency, regulator, regulatory agency, or source, the Director shall obtain the data or information from such agency, regulator, regulatory agency, or source. If the Director determines that such data or information is not so available, the Director may collect such data or information from an insurer (or affiliate) only if the Director complies with the requirements of subchapter I of chapter 35 of title 44, United States Code (relating to Federal information policy; commonly known as the Paperwork Reduction Act), in collecting such data or information. Notwithstanding any other provision of law, each such relevant Federal agency and State insurance regulator or other Federal or State regulatory agency is authorized to provide to the Office such data or information.

(5) CONFIDENTIALITY.—

(A) RETENTION OF PRIVILEGE.—The submission of any nonpublicly available data and information to the Office under this subsection shall not constitute a waiver of, or otherwise affect, any privilege arising under Federal or State law (including the rules of any Federal or State court) to which the data or information is otherwise subject.

(B) CONTINUED APPLICATION OF PRIOR CONFIDENTIALITY AGREEMENTS.—Any requirement under Federal or State law to the extent otherwise applicable, or any requirement pursuant to a written agreement in effect between the original source of any nonpublicly available data or information and the source of such data or information to the Office, regarding the privacy or confidentiality of any data or information in the possession of the source to the Office, shall continue to apply to such data or information after the data or information has been provided pursuant to this subsection to the Office.

(C) INFORMATION-SHARING AGREEMENT.—Any data or information obtained by the Office may be made available to State insurance regulators, individually or collectively, through an information-sharing agreement that—

- (i) shall comply with applicable Federal law; and
- (ii) shall not constitute a waiver of, or otherwise affect, any privilege under Federal or State law (including the rules of any Federal or State court) to which the data or information is otherwise subject.

(D) AGENCY DISCLOSURE REQUIREMENTS.—Section 552 of title 5, United States Code, shall apply to any data or information submitted to the Office by an insurer or an affiliate of an insurer.

(6) SUBPOENAS AND ENFORCEMENT.—The Director shall have the power to require by subpoena the production of the data or information requested under paragraph (2), but only upon a written finding by the Director that such data or information

is required to carry out the functions described under subsection (c) and that the Office has coordinated with such regulator or agency as required under paragraph (4). Subpoenas shall bear the signature of the Director and shall be served by any person or class of persons designated by the Director for that purpose. In the case of contumacy or failure to obey a subpoena, the subpoena shall be enforceable by order of any appropriate district court of the United States. Any failure to obey the order of the court may be punished by the court as a contempt of court.

(f) PREEMPTION OF STATE INSURANCE MEASURES.—

(1) STANDARD.—A State insurance measure shall be preempted pursuant to this section or section 314 if, and only to the extent that the **[Director]** *Secretary* determines, in accordance with this subsection, that the measure—

(A) results in less favorable treatment of a non-United States insurer domiciled in a foreign jurisdiction that is subject to a covered agreement than a United States insurer domiciled, licensed, or otherwise admitted in that State; and

(B) is inconsistent with a covered agreement.

(2) DETERMINATION.—

(A) NOTICE OF POTENTIAL INCONSISTENCY.—Before making any determination under paragraph (1), the **[Director]** *Secretary* shall—

(i) notify and consult with the appropriate State regarding any potential inconsistency or preemption;

(ii) notify and consult with the United States Trade Representative regarding any potential inconsistency or preemption;

(iii) cause to be published in the Federal Register notice of the issue regarding the potential inconsistency or preemption, including a description of each State insurance measure at issue and any applicable covered agreement;

(iv) provide interested parties a reasonable opportunity to submit written comments to the Office; and

(v) consider any comments received.

(B) SCOPE OF REVIEW.—For purposes of this subsection, any determination of the **[Director]** *Secretary* regarding State insurance measures, and any preemption under paragraph (1) as a result of such determination, shall be limited to the subject matter contained within the covered agreement involved and shall achieve a level of protection for insurance or reinsurance consumers that is substantially equivalent to the level of protection achieved under State insurance or reinsurance regulation.

(C) NOTICE OF DETERMINATION OF INCONSISTENCY.—Upon making any determination under paragraph (1), the **[Director]** *Secretary* shall—

(i) notify the appropriate State of the determination and the extent of the inconsistency;

(ii) establish a reasonable period of time, which shall not be less than 30 days, before the determination shall become effective; and

(iii) notify the Committees on Financial Services and Ways and Means of the House of Representatives and the Committees on Banking, Housing, and Urban Affairs and Finance of the Senate.

(3) NOTICE OF EFFECTIVENESS.—Upon the conclusion of the period referred to in paragraph (2)(C)(ii), if the basis for such determination still exists, the determination shall become effective and the **[Director]** *Secretary* shall—

(A) cause to be published a notice in the Federal Register that the preemption has become effective, as well as the effective date; and

(B) notify the appropriate State.

(4) LIMITATION.—No State may enforce a State insurance measure to the extent that such measure has been preempted under this subsection.

(g) APPLICABILITY OF ADMINISTRATIVE PROCEDURES ACT.—Determinations of inconsistency made pursuant to subsection (f)(2) shall be subject to the applicable provisions of subchapter II of chapter 5 of title 5, United States Code (relating to administrative procedure), and chapter 7 of such title (relating to judicial review), except that in any action for judicial review of a determination of inconsistency, the court shall determine the matter de novo.

(h) REGULATIONS, POLICIES, AND PROCEDURES.—The Secretary may issue orders, regulations, policies, and procedures to implement this section.

(i) CONSULTATION.—The Director shall consult with State insurance regulators, individually or collectively, to the extent the Director determines appropriate, in carrying out the functions of the Office.

(j) SAVINGS PROVISIONS.—Nothing in this section shall—

(1) preempt—

(A) any State insurance measure that governs any insurer's rates, premiums, underwriting, or sales practices;

(B) any State coverage requirements for insurance;

(C) the application of the antitrust laws of any State to the business of insurance; or

(D) any State insurance measure governing the capital or solvency of an insurer, except to the extent that such State insurance measure results in less favorable treatment of a non-United State insurer than a United States insurer;

(2) be construed to alter, amend, or limit any provision of the Consumer Financial Protection Agency Act of 2010; or

(3) affect the preemption of any State insurance measure otherwise inconsistent with and preempted by Federal law.

(k) RETENTION OF EXISTING STATE REGULATORY AUTHORITY.—Nothing in this section or section 314 shall be construed to establish or provide the Office or the Department of the Treasury with general supervisory or regulatory authority over the business of insurance.

(l) RETENTION OF AUTHORITY OF FEDERAL FINANCIAL REGULATORY AGENCIES.—Nothing in this section or section 314 shall be construed to limit the authority of any Federal financial regulatory agency, including the authority to develop and coordinate policy, negotiate, and enter into agreements with foreign governments, au-

thorities, regulators, and multinational regulatory committees and to preempt State measures to affect uniformity with international regulatory agreements.

(m) RETENTION OF AUTHORITY OF UNITED STATES TRADE REPRESENTATIVE.—Nothing in this section or section 314 shall be construed to affect the authority of the Office of the United States Trade Representative pursuant to section 141 of the Trade Act of 1974 (19 U.S.C. 2171) or any other provision of law, including authority over the development and coordination of United States international trade policy and the administration of the United States trade agreements program.

(n) ANNUAL REPORTS TO CONGRESS.—

(1) SECTION 313(F) REPORTS.—Beginning September 30, 2011, the Director shall submit a report on or before September 30 of each calendar year to the President and to the Committees on Financial Services and Ways and Means of the House of Representatives and the Committees on Banking, Housing, and Urban Affairs and Finance of the Senate on any actions taken by the Office pursuant to subsection (f) (regarding preemption of inconsistent State insurance measures).

(2) INSURANCE INDUSTRY.—Beginning September 30, 2011, the Director shall submit a report on or before September 30 of each calendar year to the President and to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate on the insurance industry and any other information as deemed relevant by the Director or requested by such Committees.

(o) REPORTS ON U.S. AND GLOBAL REINSURANCE MARKET.—The Director shall submit to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate—

(1) a report received not later than September 30, 2012, describing the breadth and scope of the global reinsurance market and the critical role such market plays in supporting insurance in the United States; and

(2) a report received not later than January 1, 2013, and updated not later than January 1, 2015, describing the impact of part II of the Nonadmitted and Reinsurance Reform Act of 2010 on the ability of State regulators to access reinsurance information for regulated companies in their jurisdictions.

(p) STUDY AND REPORT ON REGULATION OF INSURANCE.—

(1) IN GENERAL.—Not later than 18 months after the date of enactment of this section, the Director shall conduct a study and submit a report to Congress on how to modernize and improve the system of insurance regulation in the United States.

(2) CONSIDERATIONS.—The study and report required under paragraph (1) shall be based on and guided by the following considerations:

(A) Systemic risk regulation with respect to insurance.

(B) Capital standards and the relationship between capital allocation and liabilities, including standards relating to liquidity and duration risk.

(C) Consumer protection for insurance products and practices, including gaps in State regulation.

- (D) The degree of national uniformity of State insurance regulation.
- (E) The regulation of insurance companies and affiliates on a consolidated basis.
- (F) International coordination of insurance regulation.
- (3) ADDITIONAL FACTORS.—The study and report required under paragraph (1) shall also examine the following factors:
 - (A) The costs and benefits of potential Federal regulation of insurance across various lines of insurance (except health insurance).
 - (B) The feasibility of regulating only certain lines of insurance at the Federal level, while leaving other lines of insurance to be regulated at the State level.
 - (C) The ability of any potential Federal regulation or Federal regulators to eliminate or minimize regulatory arbitrage.
 - (D) The impact that developments in the regulation of insurance in foreign jurisdictions might have on the potential Federal regulation of insurance.
 - (E) The ability of any potential Federal regulation or Federal regulator to provide robust consumer protection for policyholders.
 - (F) The potential consequences of subjecting insurance companies to a Federal resolution authority, including the effects of any Federal resolution authority—
 - (i) on the operation of State insurance guaranty fund systems, including the loss of guaranty fund coverage if an insurance company is subject to a Federal resolution authority;
 - (ii) on policyholder protection, including the loss of the priority status of policyholder claims over other unsecured general creditor claims;
 - (iii) in the case of life insurance companies, on the loss of the special status of separate account assets and separate account liabilities; and
 - (iv) on the international competitiveness of insurance companies.
 - (G) Such other factors as the Director determines necessary or appropriate, consistent with the principles set forth in paragraph (2).
- (4) REQUIRED RECOMMENDATIONS.—The study and report required under paragraph (1) shall also contain any legislative, administrative, or regulatory recommendations, as the Director determines appropriate, to carry out or effectuate the findings set forth in such report.
- (5) CONSULTATION.—With respect to the study and report required under paragraph (1), the Director shall consult with the State insurance regulators, consumer organizations, representatives of the insurance industry and policyholders, and other organizations and experts, as appropriate.
- (q) USE OF EXISTING RESOURCES.—To carry out this section, the Office may employ personnel, facilities, and any other resource of the Department of the Treasury available to the Secretary and the Secretary shall dedicate specific personnel to the Office.

(r) DEFINITIONS.—In this section and section 314, the following definitions shall apply:

(1) AFFILIATE.—The term “affiliate” means, with respect to an insurer, any person who controls, is controlled by, or is under common control with the insurer.

(2) COVERED AGREEMENT.—The term “covered agreement” means a written bilateral or multilateral agreement regarding prudential measures with respect to the business of insurance or reinsurance that—

(A) is entered into between the United States and one or more foreign governments, authorities, or regulatory entities; **[and]**

(B) relates to the recognition of prudential measures with respect to the business of insurance or reinsurance that achieves a level of protection for insurance or reinsurance consumers that is substantially equivalent to the level of protection achieved under State insurance or reinsurance regulation~~l.~~**]; and**

(C) applies only on a prospective basis.

(3) INSURER.—The term “insurer” means any person engaged in the business of insurance, including reinsurance.

(4) FEDERAL FINANCIAL REGULATORY AGENCY.—The term “Federal financial regulatory agency” means the Department of the Treasury, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, the Securities and Exchange Commission, the Commodity Futures Trading Commission, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, or the National Credit Union Administration.

(5) NON-UNITED STATES INSURER.—The term “non-United States insurer” means an insurer that is organized under the laws of a jurisdiction other than a State, but does not include any United States branch of such an insurer.

(6) OFFICE.—The term “Office” means the Federal Insurance Office established by this section.

(7) STATE INSURANCE MEASURE.—The term “State insurance measure” means any State law, regulation, administrative ruling, bulletin, guideline, or practice relating to or affecting prudential measures applicable to insurance or reinsurance.

(8) STATE INSURANCE REGULATOR.—The term “State insurance regulator” means any State regulatory authority responsible for the supervision of insurers.

(9) SUBSTANTIALLY EQUIVALENT TO THE LEVEL OF PROTECTION ACHIEVED.—The term “substantially equivalent to the level of protection achieved” means the prudential measures of a foreign government, authority, or regulatory entity achieve a similar outcome in consumer protection as the outcome achieved under State insurance or reinsurance regulation.

(10) UNITED STATES INSURER.—The term “United States insurer” means—

(A) an insurer that is organized under the laws of a State; or

(B) a United States branch of a non-United States insurer.

(s) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for the Office for each fiscal year such sums as may be necessary.

§ 314. Covered agreements

(a) AUTHORITY.—The Secretary and the United States Trade Representative are authorized, jointly, to negotiate and enter into covered agreements on behalf of the United States.

(b) REQUIREMENTS FOR CONSULTATION WITH CONGRESS.—

(1) IN GENERAL.—Before initiating negotiations to enter into a covered agreement under subsection (a), during such negotiations, and before entering into any such agreement, the Secretary and the United States Trade Representative shall jointly consult with the Committee on Financial Services and the Committee on Ways and Means of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs and the Committee on Finance of the Senate.

(2) SCOPE.—The consultation described in paragraph (1) shall include consultation with respect to—

(A) the nature of the agreement;

(B) how and to what extent the agreement will achieve the applicable purposes, policies, priorities, and objectives of section 313 and this section; and

(C) the implementation of the agreement, including the general effect of the agreement on existing State [laws] and Federal law, and the nature of any changes in the laws of the United States or the administration of such laws that would be required to carry out a covered agreement.

(3) ACCESS TO NEGOTIATING TEXTS AND OTHER DOCUMENTS.—Congressional committees and staff with proper security clearances shall be given access to United States negotiating proposals, consolidated draft texts, and other pertinent documents related to the negotiations, including classified materials.

(c) SUBMISSION AND LAYOVER PROVISIONS.—A covered agreement under subsection (a) may enter into force with respect to the United States [only if—] *only if, before signing the final legal text or otherwise entering into the agreement—*

(1) the Secretary and the United States Trade Representative jointly submit to the [congressional committees specified in subsection (b)(1)] *congressional committees and to staff with proper security clearances*, on a day on which both Houses of Congress are in session, a copy of the final legal text of the agreement; and

[(2) a period of 90 calendar days beginning on the date on which the copy of the final legal text of the agreement is submitted to the congressional committees under paragraph (1) has expired.]

(2)(A) *the 90-day period beginning on the date on which the copy of the final legal text of the agreement is submitted under paragraph (1) to the congressional committees and staff has expired; and*

(B) *if the President has vetoed a joint resolution described in subsection (d)(2) relating to the agreement, the 15-day period described in subsection (d)(1)(B)(ii) has expired.*

(d) CONGRESSIONAL REVIEW.—

(1) *DISAPPROVAL.*—

(A) *IN GENERAL.*—A covered agreement shall have no force and effect in the United States if, before the expiration of the 90-day period beginning on the day that the final legal text of the agreement is submitted to the Congress pursuant to subsection (c), a joint resolution described in paragraph (2) is enacted into law.

(B) *VETO.*—If the President vetoes the joint resolution, the joint resolution shall be treated as enacted into law before the end of the 90-day period under subparagraph (A) if both Houses of Congress vote to override such veto on or before the later of—

- (i) the last day of such 90-day period; or
- (ii) the last day of the 15-day period (excluding any day described in paragraph (8)) beginning on the date the Congress receives the veto message from the President.

(2) *CONTENTS OF RESOLUTIONS.*—For purposes of this subsection, the term “resolution” means only a joint resolution of the two Houses of the Congress, that is introduced during the 60-day period beginning upon the submission to the Congress pursuant to subsection (c) of the covered agreement to which such resolution relates, and the matter after the resolving clause of which is as follows: “That the Congress does not approve the covered agreement transmitted to the Congress pursuant to section 314(c) of title 31, United States Code, on _____.”, the blank space being filled with the appropriate date.

(3) *REFERENCE TO COMMITTEES.*—All resolutions introduced in the House of Representatives shall be referred to the Committee on Financial Services and all resolutions introduced in the Senate shall be referred to the Committee on Banking, Housing, and Urban Affairs.

(4) *DISCHARGE OF COMMITTEES.*—

(A) *IN GENERAL.*—If the committee of either House to which a resolution has been referred has not reported it at the end of 30 days after its introduction, not counting any day which is excluded under paragraph (8), it is in order to move either to discharge the committee from further consideration of the resolution or to discharge the committee from further consideration of any other resolution introduced with respect to the same matter, except that a motion to discharge—

(i) may only be made on the second legislative day after the calendar day on which the Member making the motion announces to the House his intention to do so; and

(ii) is not in order after the committee has reported a resolution with respect to the same matter.

(B) *PRIVILEGE.*—A motion to discharge under subparagraph (A) may be made only by an individual favoring the resolution, and is highly privileged in the House and privileged in the Senate; and debate thereon shall be limited to not more than 1 hour, the time to be divided in the House equally between those favoring and those opposing the resolution, and to be divided in the Senate equally between,

and controlled by, the majority leader and the minority leader or their designees. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(5) *FLOOR CONSIDERATION IN THE HOUSE.*—

(A) *IN GENERAL.*—A motion in the House of Representatives to proceed to the consideration of a resolution shall be highly privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(B) *DEBATE; NO RECONSIDERATION.*—Debate in the House of Representatives on a resolution shall be limited to not more than 20 hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate shall not be debatable. No amendment to, or motion to recommit, the resolution shall be in order. It shall not be in order to move to reconsider the vote by which a resolution is agreed to or disagreed to.

(C) *CONSIDERATION OF OTHER MOTIONS.*—Motions to postpone, made in the House of Representatives with respect to the consideration of a resolution, and motions to proceed to the consideration of other business, shall be decided without debate.

(D) *APPEALS TO DECISIONS OF CHAIR.*—All appeals from the decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to a resolution shall be decided without debate.

(E) *APPLICABILITY OF RULES.*—Except to the extent specifically provided in the preceding provisions of this paragraph, consideration of a resolution in the House of Representatives shall be governed by the Rules of the House of Representatives applicable to other resolutions in similar circumstances.

(6) *FLOOR CONSIDERATION IN THE SENATE.*—

(A) *MOTION TO PROCEED.*—A motion in the Senate to proceed to the consideration of a resolution shall be privileged. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(B) *DEBATE ON RESOLUTION.*—Debate in the Senate on a resolution, and all debatable motions and appeals in connection therewith, shall be limited to not more than 20 hours, to be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

(C) *DEBATE ON MOTION OR APPEAL.*—Debate in the Senate on any debatable motion or appeal in connection with a resolution shall be limited to not more than 1 hour, to be equally divided between, and controlled by, the mover and the manager of the resolution, except that in the event the manager of the resolution is in favor of any such motion or appeal, the time in opposition thereto, shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from time under their control on the passage

of a resolution, allot additional time to any Senator during the consideration of any debatable motion or appeal.

(D) *MOTION TO LIMIT DEBATE.*—A motion in the Senate to further limit debate on a resolution, debatable motion, or appeal is not debatable. No amendment to, or motion to recommit, a resolution is in order in the Senate.

(7) *PROCEDURES IN THE SENATE.*—

(A) *PROCEDURES.*—Except as otherwise provided in this section, the following procedures shall apply in the Senate to a resolution to which this subsection applies:

(i)(I) Except as provided in subclause (II), a resolution that has passed the House of Representatives shall, when received in the Senate, be referred to the Committee on Banking, Housing, and Urban Affairs for consideration in accordance with this subsection.

(II) If a resolution to which this subsection applies was introduced in the Senate before receipt of a resolution that has passed the House of Representatives, the resolution from the House of Representatives shall, when received in the Senate, be placed on the calendar. If this subclause applies, the procedures in the Senate with respect to a resolution introduced in the Senate that contains the identical matter as the resolution that passed the House of Representatives shall be the same as if no resolution had been received from the House of Representatives, except that the vote on passage in the Senate shall be on the resolution that passed the House of Representatives.

(ii) If the Senate passes a resolution before receiving from the House of Representatives a joint resolution that contains the identical matter, the joint resolution shall be held at the desk pending receipt of the joint resolution from the House of Representatives. Upon receipt of the joint resolution from the House of Representatives, such joint resolution shall be deemed to be read twice, considered, read the third time, and passed.

(B) *NON-IDENTICAL RESOLUTIONS.*—If the texts of joint resolutions described in this subsection concerning any matter are not identical—

(i) the Senate shall vote passage on the resolution introduced in the Senate; and

(ii) the text of the joint resolution passed by the Senate shall, immediately upon its passage (or, if later, upon receipt of the joint resolution passed by the House), be substituted for the text of the joint resolution passed by the House of Representatives, and such resolution, as amended, shall be returned with a request for a conference between the two Houses.

(C) *CONSIDERATION OF VETO MESSAGE.*—Consideration in the Senate of any veto message with respect to a joint resolution described in paragraph (2), including consideration of all debatable motions and appeals in connection therewith, shall be limited to 10 hours, to be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

(8) *COMPUTATION OF PERIOD.*—For purposes of paragraph (1)(A) of this subsection and paragraph (2)(A) of subsection (c), the 90-day period referred to in such paragraph shall be computed by excluding—

(A) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die; and

(B) any Saturday and Sunday, not excluded under subparagraph (A), when either House is not in session.

(9) *EXERCISE OF RULEMAKING POWER.*—This subsection is enacted by the Congress—

(A) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such they are deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described in paragraph (2); and they supersede other rules only to the extent that they are inconsistent therewith; and

(B) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

(e) *REQUIREMENTS FOR CONSULTATIONS.*—Throughout the negotiations of a covered agreement, parties representing the Federal Government shall closely consult and coordinate with, and include in such meetings, State insurance commissioners or, at the option of the State insurance commissioners, designees of the insurance commissioners acting at their direction.

* * * * *

COMMITTEE CORRESPONDENCE

JEB HENSARLING, TX, CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

MAXINE WATERS, CA, RANKING MEMBER

June 25, 2018

The Honorable Kevin Brady
Chairman
Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

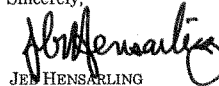
Dear Chairman Brady:

Thank you for your June 22, 2018 letter regarding H.R. 4537, the "International Insurance Standards Act of 2017".

I am most appreciative of your decision to forego action on H.R. 4537 so that it may move expeditiously to the House floor. I acknowledge that although you are waiving action on the bill, the Committee on Ways and Means is in no way waiving its jurisdictional interest in this or similar legislation. In addition, if a conference is necessary on this legislation, I will support any request that your committee be represented therein.

Finally, I shall be pleased to include your letter and this letter in our committee's report on H.R. 4537 and in the *Congressional Record* during floor consideration of the same.

Sincerely,



JEB HENSARLING
Chairman

cc: The Honorable Paul Ryan
The Honorable Maxine Waters
The Honorable Richard Neal
Mr. Thomas J. Wickham, Jr.

JEB HENSARLING, TX, CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

MAXINE WATERS, CA, RANKING MEMBER

June 26, 2018

The Honorable Pete Sessions
Chairman
Committee on Rules
H-312 The Capitol
Washington, DC 20515

Dear Chairman Sessions:

Thank you for your June 25, 2018 letter regarding H.R. 4537, the "International Insurance Standards Act of 2017".

I am most appreciative of your decision to forego action on H.R. 4537 so that it may move expeditiously to the House floor. I acknowledge that although you are waiving action on the bill, the Committee on Rules is in no way waiving its jurisdictional interest in this or similar legislation. In addition, if a conference is necessary on this legislation, I will support any request that your committee be represented therein.

Finally, I shall be pleased to include your letter and this letter in our committee's report on H.R. 4537 and in the *Congressional Record* during floor consideration of the same.

Sincerely,



JEB HENSARLING
Chairman

cc: The Honorable Paul Ryan
The Honorable Maxine Waters
The Honorable James P. McGovern
Mr. Thomas J. Wickham, Jr.

PETE SESSIONS, TEXAS
CHAIRMAN
TOM COLE, OKLAHOMA
ROB WOODALL, GEORGIA
MICHAEL C. BURGESS, TEXAS
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Committee on Rules
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ONE HUNDRED FIFTEENTH CONGRESS
JAMES P. MCGOVERN, MASSACHUSETTS
RANKING MINORITY MEMBER
ALCEE L. HASTINGS, FLORIDA
JARED POLIS, COLORADO
NORMA J. TORRES, CALIFORNIA
DON SIBSON, MINORITY STAFF DIRECTOR
MINORITY OFFICE
H-152, THE CAPITOL
(202) 225-5081

June 25, 2018

The Honorable Jeb Hensarling
Chairman
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

Dear Mr. Chairman:

On December 13, 2017, the Committee on Financial Services favorably ordered H.R. 4537, the "International Insurance Standards Act of 2017," reported to the House. As you know, the Committee on Rules was granted an additional referral upon the bill's introduction pursuant to the Committee's jurisdiction under rule X of the Rules of the House of Representatives over the rules of the House and special orders of business.

Because of your willingness to make the necessary changes to provisions that fall within Rules Committee jurisdiction prior to floor consideration of the bill, I will waive consideration of the bill by the Rules Committee. By agreeing to waive consideration of the bill, the Rules Committee does not waive its jurisdiction over H.R. 4537. In addition, the Committee reserves its authority to seek conferees on any provisions of the bill that are within its jurisdiction during any House-Senate conference that may be convened on this legislation. I ask your commitment to support any request by the Rules Committee for conferees on H.R. 4537 or related legislation.

I also request that you include our exchange of letters on this matter in the committee report to accompany H.R. 4537 and in the *Congressional Record* during consideration of this legislation on the House floor. Thank you for your attention to these matters.

Sincerely,

Pete Sessions
Pete Sessions
Chairman

CC: The Honorable Paul D. Ryan
The Honorable Maxine Waters
The Honorable James P. McGovern
Mr. Tom Wickham, Parliamentarian

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515

June 22, 2018

The Honorable Jeb Hensarling
Chairman, Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

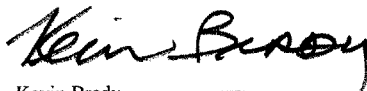
Dear Chairman Hensarling:

I am writing with respect to the jurisdictional interest of the Committee on Ways and Means in matters being considered in H.R. 4537, the International Insurance Standards Act of 2018.

As a result of your having consulted with us on provisions in H.R. 4537 that fall within the Rule X jurisdiction of the Committee on Ways and Means, I agree to waive formal consideration of this bill so that it may move expeditiously to the floor. The Committee on Ways and Means takes this action with the mutual understanding that we do not waive any jurisdiction over the subject matter contained in this or similar legislation, and the Committee will be appropriately consulted and involved as the bill or similar legislation moves forward so that we may address any remaining issues that fall within our jurisdiction. The Committee also reserves the right to seek appointment of an appropriate number of conferees to any House-Senate conference involving this or similar legislation, and requests your support for such request.

Finally, I would appreciate your response to this letter confirming this understanding, and would ask that a copy of our exchange of letters on this matter be included in the Congressional Record during floor consideration of H.R. 4537.

Sincerely,


Kevin Brady
Chairman

cc: The Honorable Paul Ryan, Speaker
The Honorable Richard E. Neal
The Honorable Maxine Waters
Thomas J. Wickham, Jr., Parliamentarian

