

## **Federal Insurance Office Created Under the Dodd-Frank Wall Street Reform and Consumer Protection Act: Frequently Asked Questions**

### **Q: What is the Federal Insurance Office and what will it do?**

A: The Federal Insurance Office is a new office within the US Department of Treasury established by Title V of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which President Obama signed into law on July 21, 2010. The Office establishes needed insurance expertise at the Federal level.

The Federal Insurance Office will advise the Secretary of the Treasury on major domestic and prudential international insurance policy issues and consult with the states and state insurance regulators regarding insurance matters of national and international importance. The Office will monitor all aspects of the insurance industry, including the availability of affordable insurance to traditionally underserved, low to moderate income, and minority persons and communities. The Office's authorities extend to all lines of insurance except health insurance, long-term care insurance (except that which is included with life or annuity insurance components) and federal crop insurance.

The Federal Insurance Office has the authority to identify issues or gaps in the regulation of insurance that could contribute to a systemic crisis in the insurance industry or the broader US financial system; and to make recommendations to the Financial Stability Oversight Council as to whether an insurer, including affiliates of an insurer, should be an entity subject to supervision by the Board of Governors of the Federal Reserve. The Office will also play a role in the resolution of certain troubled insurance companies.

In carrying out these functions, the Federal Insurance Office may receive and collect data and information on and from the insurance industry and insurers; enter into information-sharing agreements; analyze and disseminate data and information; and issue reports. The Office will prepare several one-time reports as well as annual reports to Congress. The Office will also assist the Secretary in administering the Terrorism Risk Insurance Act.

### **Q: Who will lead the Federal Insurance Office?**

A: By statute, the functions and authorities of the Federal Insurance Office are to be carried out pursuant to the direction of the Secretary of the Treasury. The Office is part of the Treasury Department's Office of Domestic Finance, and acts under the direction of the Treasury Assistant Secretary for Financial Institutions and the Deputy Assistant Secretary for Financial Institutions Policy.

The Federal Insurance Office will be headed by a Director. The Director is a career reserved position in the Senior Executive Service.

As authorized under the Act, a number of Treasury officials and staff are already working on implementing the provisions of the Act.

### **Q: Is the Federal Insurance Office a regulatory body?**

A: The Act does not provide the Office with general supervisory or regulatory authority over the business of insurance. Insurance is generally regulated at the State level. The Office will consult with the States regarding insurance matters of national and international importance.

### **Q: What will the Federal Insurance Office do in its role on the Financial Stability Oversight Council (FSOC)?**

A: The Federal Insurance Office has the authority to recommend to the FSOC that it designate an insurer, including affiliates of an insurer, as a systemically important entity subject to supervision by the Board of Governors of the Federal Reserve. The Director of the Office will also serve as a non-voting member of the FSOC.

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**Q: Does the Federal Insurance Office have a role at the international level?**

A: Internationally, the Office will coordinate federal efforts and policy on international insurance issues, and represent the United States before relevant international organizations.

The Act also authorizes the Secretary of Treasury and the US Trade Representative jointly to negotiate and enter into bilateral or multilateral agreements regarding prudential matters with respect to the business of insurance or reinsurance. The Office will assist the Secretary with those responsibilities.

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