

Federal Reserve NPR & ANPR

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Background

- New York Life is not regulated by the Fed nor are we an Internationally Active Insurance Group (IAIG)
- We have been very engaged in the development of insurance standards at the international and federal level due to potential for “spillover”
 - Best practices
 - Influence on state regulation
 - External parties



NPR – Corporate Governance

- Prescribed Corporate Governance Approaches vs. Outcomes
 - Prudent decision-making and strong oversight are desirable outcomes
 - Different governance structures are capable of achieving desired outcomes. Excessive prescription is not required or desirable
 - What works for one company may not work for another
 - Example: Isolating responsibility for risk with a subset of directors may not be viewed positively at firms where involvement of the full board is preferred

ANPR: Capital Requirements

General Considerations:

- 1) Tailored to insurance
- 2) Risk Sensitive
- 3) Avoid unnecessary volatility
- 4) Transparent
- 5) Comparable
- 6) Consistent
- 7) Surplus Notes

ANPR: Building Blocks Approach

- Leverages existing regulatory requirements
- Adjustments for comparability
- Qualifying capital

ANPR: Consolidated Approach

- Built off U.S. GAAP
- Appears compatible with IAIS standards under development
- Potential volatility – Adjustments to GAAP financials
- Comparability
- Surplus Notes

Conclusion

