

quantitative information from senior credit officers at responding financial institutions on (1) stringency of credit terms, (2) credit availability and demand across the entire range of securities financing and over-the-counter derivatives transactions, and (3) the evolution of market conditions and conventions applicable to such activities up to six times a year. Given the Federal Reserve's interest in financial stability, the information this survey collects is critical to the monitoring of credit markets and capital market activity. Aggregate survey results are made available to the public on the Federal Reserve Board Web site.¹ In addition, selected aggregate survey results may be discussed in Governor's speeches, and may be published in *Federal Reserve Bulletin* articles and in the annual Monetary Policy Report to the Congress.

Current Actions: On February 10, 2016, the Board published a notice in the **Federal Register** (81 FR 7105) requesting public comment for 60 days on the proposal to extend the FR 2034 for three years without revision. The comment period for the notice expired on April 11, 2016. The Federal Reserve did not receive any comments, and the information collection will be extended as proposed.

Board of Governors of the Federal Reserve System, April 20, 2016.

Robert deV. Frierson,
Secretary of the Board.

[FR Doc. 2016-09492 Filed 4-22-16; 8:45 am]

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FEDERAL RESERVE SYSTEM

Formations of, Acquisitions by, and Mergers of Bank Holding Companies

The companies listed in this notice have applied to the Board for approval, pursuant to the Bank Holding Company Act of 1956 (12 U.S.C. 1841 *et seq.*) (BHC Act), Regulation Y (12 CFR part 225), and all other applicable statutes and regulations to become a bank holding company and/or to acquire the assets or the ownership of, control of, or the power to vote shares of a bank or bank holding company and all of the banks and nonbanking companies owned by the bank holding company, including the companies listed below.

The applications listed below, as well as other related filings required by the Board, are available for immediate inspection at the Federal Reserve Bank indicated. The applications will also be

available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the standards enumerated in the BHC Act (12 U.S.C. 1842(c)). If the proposal also involves the acquisition of a nonbanking company, the review also includes whether the acquisition of the nonbanking company complies with the standards in section 4 of the BHC Act (12 U.S.C. 1843). Unless otherwise noted, nonbanking activities will be conducted throughout the United States.

Unless otherwise noted, comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors not later than May 20, 2016.

A. Federal Reserve Bank of Kansas City (Dennis Denney, Assistant Vice President) 1 Memorial Drive, Kansas City, Missouri 64198-0001:

1. *Guaranty Bancorp*, Denver, Colorado; to acquire by merger Home State Bancorp, and thereby indirectly acquire Home State Bank, both in Loveland, Colorado.

Board of Governors of the Federal Reserve System, April 20, 2016.

Michael J. Lewandowski,

Associate Secretary of the Board.

[FR Doc. 2016-09499 Filed 4-22-16; 8:45 am]

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FEDERAL RESERVE SYSTEM

Proposed Agency Information Collection Activities; Comment Request

AGENCY: Board of Governors of the Federal Reserve System.

SUMMARY: The Board of Governors of the Federal Reserve System (Board or Federal Reserve) invites comment on a proposal to collect financial data on a consolidated basis from nonbank financial companies that the Financial Stability Oversight Council (FSOC) has determined pursuant to section 113 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), 12 U.S.C. 5323 should be supervised by the Board and subject to enhanced prudential standards and that have significant insurance activities, as outlined below. As of the date of publication of this notice, American International Group, Inc., and Prudential Financial, Inc., would be required to comply with the proposed information collection, if adopted.

On June 15, 1984, the Office of Management and Budget (OMB) delegated to the Board authority under the Paperwork Reduction Act (PRA) to approve of and assign OMB control numbers to collection of information

requests and requirements conducted or sponsored by the Board. In exercising this delegated authority, the Board is directed to take every reasonable step to solicit comment. In determining whether to approve a collection of information, the Board will consider all comments received from the public and other agencies.

DATES: Comments must be submitted on or before June 24, 2016.

ADDRESSES: You may submit comments, identified by *FR 2085*, by any of the following methods:

- *Agency Web site:* <http://www.federalreserve.gov>. Follow the instructions for submitting comments at <http://www.federalreserve.gov/apps/foia/proposedregs.aspx>.

- *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the instructions for submitting comments.

- *Email:* regs.comments@federalreserve.gov. Include OMB number in the subject line of the message.

- *FAX:* (202) 452-3819 or (202) 452-3102.

- *Mail:* Robert deV. Frierson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue NW., Washington, DC 20551.

All public comments are available from the Board's Web site at <http://www.federalreserve.gov/apps/foia/proposedregs.aspx> as submitted, unless modified for technical reasons.

Accordingly, your comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper form in Room 3515, 1801 K Street (between 18th and 19th Streets NW) Washington, DC 20006 between 9:00 a.m. and 5:00 p.m. on weekdays.

Additionally, commenters may send a copy of their comments to the OMB Desk Officer—Shagufta Ahmed—Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235 725 17th Street NW., Washington, DC 20503 or by fax to (202) 395-6974.

FOR FURTHER INFORMATION CONTACT: A copy of the PRA OMB submission, including the proposed reporting form and instructions, supporting statement, and other documentation will be placed into OMB's public docket files, once approved. These documents will also be made available on the Federal Reserve Board's public Web site at: <http://www.federalreserve.gov/apps/reportforms/review.aspx> or may be requested from the agency clearance officer, whose name appears below.

Federal Reserve Board Clearance Officer—Nuha Elmaghrabi—Office of

¹ See, www.federalreserve.gov/econresdata/releases/scoos.htm.

the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC 20551; or by telephone to (202) 452-3829. Telecommunications Device for the Deaf (TDD) users may contact (202) 263-4869, Board of Governors of the Federal Reserve System, Washington, DC 20551.

SUPPLEMENTARY INFORMATION:

Request for Comment on Information Collection Proposal

The Board invites public comment on the following information collection, which is being reviewed under authority delegated by the OMB under the PRA. Comments are invited on the following:

- a. Whether the proposed collection of information is necessary for the proper performance of the Federal Reserve's functions, including whether the information has practical utility;
- b. The accuracy of the Federal Reserve's estimate of the burden of the proposed information collection, including the validity of the methodology and assumptions used;
- c. Ways to enhance the quality, utility, and clarity of the information to be collected;
- d. Ways to minimize the burden of information collection on respondents, including through the use of automated collection techniques or other forms of information technology; and
- e. Estimates of capital or startup costs and costs of operation, maintenance, and purchase of services to provide information.

Proposal To Approve Under OMB Delegated Authority the Implementation of the Following Report

Report title: Consolidated Financial Statements for Insurance Nonbank Financial Companies.

Agency form number: FR 2085.

OMB control number: 7100-to be assigned.

Frequency: Quarterly, beginning with the reporting period ending on June 30, 2017.

Reporters: Nonbank financial companies (i) that the FSOC has determined pursuant to section 113 of the Dodd-Frank Act should be supervised by the Board and subject to enhanced prudential standards and (ii) with at least 40 percent of total consolidated assets related to insurance activities as of the end of either of the two most recently completed fiscal years (insurance nonbank financial companies), or as otherwise ordered by the Board.

Estimated annual reporting hours: One-Time Implementation: 7,200; ongoing: 600 hours.

Estimated average hours per response: One-Time Implementation: 3,600 hours; ongoing: 75 hours.

Number of respondents: 2

General description of report: The proposed FR 2085 leverages the existing framework of the Board's Consolidated Financial Statements for Holding Companies (FR Y-9C) (OMB No. 7100-0128), which collects similar information from bank holding companies, savings and loan holding companies, and securities holding companies (collectively, holding companies). However, the proposed FR 2085 is tailored to reduce the burden on, and reflect the business and risks of, insurance nonbank financial companies. Data items that are specific or unique to holding companies were not included in the FR 2085. Data items that are either more significant or unique to insurance were added. Where insurance nonbank financial companies and holding companies hold similar assets and liabilities, existing FR Y-9C data definitions and presentation were included in the proposed FR 2085 to facilitate horizontal comparisons.

The information collection is authorized under section 161 of the Dodd-Frank Act.¹ Confidential treatment would not be routinely given to the financial data in this report. However, confidential treatment for the reporting information, in whole or in part, can be requested in accordance with the instructions to the form, pursuant to section (b)(4) of the Freedom of Information Act.²

The FR 2085 would include a balance sheet, an income statement, a statement of changes in equity, and detailed supporting schedules. The data requested in the proposed FR 2085 is additional information that is not publicly reported (e.g., insurance reserves roll-forward by line of business) or is not reported in a standardized way or with the level of detail necessary for Board supervision (e.g., detail concerning fixed maturity securities and other invested assets).

The FR 2085's supporting schedules would provide additional information needed to analyze certain financial statement line items and can be broadly grouped as those related to (1) investments, (2) insurance, and (3) other financial data. A summary of the proposed information to be collected in the supporting schedules is set forth below.

Investments-Related Supporting Schedules

Proposed supporting schedules related to investments include: IRC-B Securities and Other Invested Assets; IRC-C Loans and Lease Financing Receivables; IRI-B Charge-Offs, Recoveries and Changes in Allowance for Loan and Lease Losses; IRC-D Trading Assets and Liabilities; and IRC-L Derivatives and Off-Balance-Sheet Items.

Schedule IRC-B Securities and Other Invested Assets

This schedule collects consolidated information about fixed maturity securities, equity securities and other "invested assets" grouped by classification as held-to-maturity, available-for-sale, or fair value option. Fixed maturity and equity securities classified as trading in accordance with ASC 320, *Investments—debt and equity securities*, are reported in Schedule IRC-D Trading Assets and Liabilities.

The FR 2085 leverages many of the data definitions from the FR Y-9C because the types of investments of insurance nonbank financial companies and holding companies are similar. Maintaining this consistency would allow for aggregation of data across institutions.

The schedule was, however, tailored to gather additional detailed balances for certain investment categories that are more significant or unique to insurance companies. These categories include fixed maturity securities issued by foreign governments, municipalities, and corporations, as well as equity securities and other invested assets. These data would be used to monitor exposures to these types of investments over time at each insurance nonbank financial company as well as across companies.

Given the significance of an insurance company's fixed maturity portfolio in its investment program and ability to hold sub-investment grade securities, it is important for the Board to understand the underlying credit quality of insurance nonbank financial companies' fixed maturity investments. Because section 939A of the Dodd-Frank Act requires the Federal Reserve to remove references to credit ratings from its regulations, fixed maturity securities are separately listed as investment grade or sub-investment grade based on the firm's internal credit rating system.

Schedule IRC-C Loans and Lease Financing Receivables

Because insurance nonbank financial companies participate and provide

¹ 12 U.S.C. 5361.

² 5 U.S.C. 552(b)(4).

credit to the financial system, it is important to collect information on their lending activities. The Federal Reserve believes it is important to collect standardized loan information to allow for the monitoring of exposures across the financial industry, at least with respect to entities supervised by the Federal Reserve, to detect trends in lending activities that may pose a threat to financial stability. Specifically, these data would allow the Federal Reserve to analyze (i) credit risk as it relates to real estate exposures, (ii) interconnectedness of insurance nonbank financial companies and depository institutions, (iii) credit availability to specific sectors (e.g., agricultural, commercial, and industrial), (iv) unsecured exposure to consumers, and (v) exposure to the sovereign risk of certain countries.

In addition to the loans an insurance company has extended, high-level indicators of credit quality are also necessary to understand the content of insurance companies' loan portfolios. Specifically, data concerning past due and nonaccrual loans are indicative of the rate of improvement or deterioration of an insurance nonbank financial company's loan portfolio; troubled debt restructurings data give a more complete picture of the credit health of the loan portfolio; and loan-to-value ratios provide a snapshot of underwriting decisions and the riskiness of an insurance company's real estate loan portfolio compared to peers and over time.

Schedule IRI-B Charge-Offs, Recoveries, and Changes in Allowance for Loan and Lease Losses

This schedule collects charge-offs and recoveries by loan type as well as a roll forward of the allowance for loan and lease losses. Charge-offs and recoveries are a key input to credit and performance metrics of the loan portfolio. Additionally, aggregation of these data across the loan portfolios of all entities supervised by the Board can provide information about credit performance of certain loan classes. The allowance for loan and lease loss roll forward provides a basic explanation of the movements of the allowance as well as data items used to evaluate its adequacy.

Schedule IRC-D Trading Assets and Liabilities

This schedule collects total balances of an insurance company's trading assets and liabilities consisting of long and short fixed maturity securities and equities, derivatives, and other assets. Unlike the corresponding schedules in the FR Y-9C, this schedule only

captures those instruments that are classified as trading and that are also held with the intent to trade. It does not include securities that are elected to be measured at fair value under the fair value option, which are to be reported in Schedule IRC-B Securities and Other Invested Assets.

For insurance companies, most instruments measured under the fair value option are not held with the intent to trade. Therefore, reporting these instruments separately from derivatives and other instruments classified as trading provides better insight into the business purpose for holding such instruments.

Schedule IRC-L Derivatives and Off-Balance-Sheet Items

This schedule collects data related to derivatives types and exposures. This schedule is generally consistent with the corresponding FR Y-9C schedule. The first section includes the gross notional and fair value amounts for product types of free standing derivatives (e.g., forwards, futures, options, swaps) by risk type (e.g., interest rate contracts, foreign exchange contracts). In addition, the fair value of collateral held by counterparty and contract type is requested to provide additional detail supporting the ultimate risk exposure. The schedule also includes a section to collect data related to credit derivatives.

An embedded derivatives section is included to capture additional detail on derivatives that represent liabilities for certain insurance guarantees and contract options.

Together, these data would be used to monitor exposures at the individual firm level over time as well as across firms.

Although information about instruments designated as accounting or economic hedges would be pertinent, the collection of data on hedges may be better served through specific supervisory requests or a more detailed schedule that would be considered for a future revision to this report.

Insurance-Related Schedules

Balancing regulatory cost and burden with the needs of the supervisory teams for these data has been a fundamental consideration in the development of the proposed insurance-related schedules.

This balance is important, as the proposed schedules may be expanded in the future to support any regulatory capital requirements that the Federal Reserve may propose for insurance nonbank financial companies. For example, more granular data may be needed for insurance-related liabilities.

Proposed supporting schedules related to insurance include: IRC-I Section I Property and Casualty, IRI-C Property and Casualty Underwriting, IRC-I Section II Life and Health, and IRC-I Section III Reinsurance Assets.

Schedule IRC-I Section I Property and Casualty

This schedule collects property and casualty reserves in a standardized way that allows for key risk exposures to be monitored over time and potentially across other property and casualty insurance companies. Three items related to property and casualty reserves are reported by line of business: Gross reserves, reported gross reserves (may be different due to discounted reserves), and reported net reserves. These three items together provide an understanding of the types of insurance exposure on an insurance nonbank financial company's balance sheet. Both gross and net reserves are required to allow for a high-level view of the impact of reinsurance and insight into the volatility of reinsurance recoverables. In addition, data for discounted and undiscounted reserves facilitates comparability of insurance companies' reserve balances, as U.S. GAAP discounting practices can vary.

This schedule also contains a roll forward of the total property and casualty insurance reserves balance from the prior year, which is necessary to understand the movement in the overall reserves balance.

The proposed lines of business are representative of the major categories of property and casualty products written in the United States and internationally. The lines of business defined by the National Association of Insurance Commissioners (NAIC) were leveraged where possible, but in some cases lines of business were combined to reduce regulatory burden. In addition, NAIC lines of business do not capture international business to the extent necessary for the Federal Reserve's supervision of the insurance nonbank financial companies. Therefore, proposed lines of business on this schedule differ from the NAIC's lines of business.

Schedule IRI-C Section I Property and Casualty Underwriting

This schedule collects financial data to calculate the loss ratio, expense ratio, and combined ratio. These ratios, of incurred losses, underwriting expenses, and their sum relative to earned premium, are the most widely used metrics for analyzing property and casualty underwriting profitability.

Schedule IRI-C breaks out catastrophe losses to enable comparative and trend analysis of loss ratios with and without volatile catastrophe losses. Existing definitions of catastrophe losses can vary from firm to firm or even year to year within the same firm. Thus, to facilitate meaningful analysis, a consistent definition is needed. After considering several alternate definitions, a definition based on estimated industry losses of one billion dollars is proposed. This proposed threshold would reduce distortive annual loss volatility from low frequency/high severity events without having a large number of events declared catastrophes, which could increase the burden of reporting. Although events with industry losses approximately at the cutoff are unlikely, insurance nonbank financial companies would have the discretion to identify them in the Notes section of the report.

This schedule also separately covers current accident year losses and prior year development to better understand how changing estimates affect profitability.

The ratios are reported both gross and net of reinsurance. The gross ratio is indicative of the overall book of business underwritten by the firm while the net ratio reflects profits from its insurance operations. Comparison of gross and net ratios measure the financial and risk mitigating effect of the reporter's use of reinsurance.

In addition to the information needed to calculate the key ratios, this schedule also collects written premium information. This information would provide one indication of an insurance nonbank financial company's growth. Significant growth or declines in business can be important indicators of overall financial health and potential threats to safety and soundness.

Schedule IRC-I Section II Life and Health

The proposed schedules capture data for insurance-related liabilities and relevant balance sheet line items—such as Deferred Acquisition Cost (DAC), Value of Business Acquired (VOBA) and balances of Closed Block businesses³—to allow supervisory teams to monitor financial activity at each firm in a standardized way over time and, where relevant, across the insurance nonbank financial company portfolio.

³ A group of participating or dividend-paying insurance policies and contracts issued prior to the demutualization of an insurance company. These insurance policies and annuities are generally segregated from other assets and obligations of the insurance company.

The proposed lines of business are representative of the major categories of life insurance, annuity, and accident and health products written in the United States and internationally. The existing NAIC lines of business were not used because it was determined that they do not align well with current product offerings or provide enough granularity with respect to product risks. Instead, lines of business were defined at a level to group products that share similar risk characteristics.

Parts A and B—Roll Forwards of Future Policyholder Benefits and Policyholder Account Balances

These schedules roll forward the insurance-related liability balances of future policyholder benefits as well as policyholder account balances by line of business. The schedules would provide supervisors with the detail required to understand the drivers of changes in liability balances and at a high level to gauge how business lines are performing and how management estimates are evolving.

Part C—Variable Annuities

This schedule captures a breakdown of contract and guarantee rider liability balances by guarantee type as well as a net amount at risk, which is a basic measure of exposure for this type of liability. Obtaining this information is important because the level, variability, and drivers of risk differ significantly by guarantee type.

Part D—Closed Block

This schedule collects information related to policies and contracts issued prior to the demutualization of an insurance company. Collecting standardized data in the FR 2085 allows the Federal Reserve to monitor closed blocks of business and their impact on the financial flexibility and liquidity of insurance nonbank financial companies, where applicable.

Part E—Roll Forward of Deferred Acquisition Costs and Value of Business Acquired

This schedule is complementary to Parts A and B above and is necessary to assess the activity and performance of lines of business, including as an indicator of when and where negative experience may be emerging and when a firm's expectation of future profitability has changed. The lines of business proposed for the deferred acquisition costs roll forward are consistent with the insurance-related liability roll forwards.

Schedule IRC-I Section III Reinsurance Assets

This schedule captures material reinsurance counterparty credit risk by individual exposure. This information is necessary to monitor exposures to individual reinsurers.

Additional Financial Statement-Related Schedules

The proposed form would require a limited set of information to support the financial statements outside of the areas of investments and insurance. These supporting schedules are IRC-M Memoranda and IRC-V Variable Interest Entities.

Schedule IRC-M Memoranda

This schedule provides additional breakdowns of certain balance sheet items and general information that are not captured in other proposed schedules, such as deferred taxes and borrowings. The additional breakdowns allow for historical tracking to support trend analysis as well as comparisons across firms.

Schedule IRC-V Variable Interest Entities

This schedule provides information concerning consolidated variable interest entities. It is important to collect data on assets and liabilities associated with variable interest entities because variable interest entities can have different legal and risk characteristics than other assets and liabilities of a firm.

Consultation Outside the Agency

The Federal Reserve sought and received informal feedback from the insurance nonbank financial companies and two actuarial trade and professional organizations (American Academy of Actuaries and Society of Actuaries) in developing this proposed report. Several outreach meetings to discuss the draft FR 2085 form and instructions took place in October and November 2015 in an effort to refine the data items in the proposed schedules and provide clear accompanying instructions.

Board of Governors of the Federal Reserve System, April 19, 2016.

Robert deV. Frierson,
Secretary of the Board.

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