



# *FedFin Daily Briefing*

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Friday, August 5, 2022

## Senate Dems Demand Answers from Equifax re Inaccurate Credit Scores

In a [letter](#) today to Equifax's CEO, Sens. Warren (D-MA), Warner (D-VA), and Krishnamoorthi (D-IL) demanded answers about erroneous credit scores, asking why the company failed to notify affected borrowers and waited several weeks to notify lenders. The Senators claim that Equifax's response in an environment of rising interest rates forced some borrowers to pay higher rates or rejection and ask Equifax to explain the cause and scope of the error, compensation plans, and whether all affected parties or any relevant regulatory authorities have been notified. The letter sets a deadline of August 19, signaling plans to explore this incident further in the fall unless the CFPB beats them to it.

## Brown Targets Life-Insurance Systemic Risk

Senate Banking Chairman Brown (D-OH) [today](#) announced that he plans a hearing questioning the role of private-equity companies in the life-insurance sector. In letters to [FIO](#) and the [NAIC](#), he cites Federal Reserve statements regarding insurance-industry leverage ([see Client Report SYSTEMIC93](#)), indicating that he believes this poses systemic challenges akin to those in the banking sector before 2008. FIO is asked to target analysis of offshore reinsurance sector risk-taking across the life-insurance sector; NAIC is asked to work with the FIO on issues raised in its prior letter to the chairman. Now [released](#), it indicates an array of concerns in this sector such as life-insurance holdings of alternative investments at benefit to PE owners, leverage, capital arbitrage and pension-related CRT.

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### Recent Files Available for Downloading

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The following reports and analyses have been sent to retainer clients recently. Copies are also available to retainer clients on the Archives section of Federal Financial Analytics' website: [www.fedfin.com](http://www.fedfin.com) or clients may obtain the reports/analyses by e-mailing [info@fedfin.com](mailto:info@fedfin.com) giving the requested item name, firm, and e-mail address. To learn more about *GSE Activity Reports*, click [here](#).

- [LIBOR8](#): Moving belatedly but now expeditiously to implement legislation governing legacy-contract benchmarks when there is no contractual fallback rate, the Fed has proposed a new framework for derivatives, consumer loans, certain GSE contracts, and any other legacy contracts without clear LIBOR-replacement provisions and a "determining person" to effectuate them.
- [GSE-072122](#): We yesterday provided a complete assessment of Sandra Thompson's sojourn on HFSC's [griddle](#), noting the lack of any insights into essential issues such as conservatorship's end or the full scope of CRT's new beginning.
- [GSE147](#): At her first hearing as confirmed FHFA Director, Sandra Thompson made it clear to House Financial Services that she is committed to expanding credit-risk transfer (CRT), encouraging equitable finance via new GSE activities, and recapitalizing Fannie and Freddie as quickly as possible.
- [GSE-071922](#): As noted earlier today, the Fed has finally brought forth its LIBOR-transition [proposal](#) specifying permissible benchmarks for legacy contracts without contractual fallback

rates.

- **[CRYPTO30](#)**: As part of its response to the President's digital-asset executive order, the Department of the Treasury is seeking views on the broad policy questions on which it believes answers might guide the Administration's next steps.
- **[GSE-070822](#)**: A new Fed staff [note](#) contains startling statistics on how much the housing market has changed in just a few months at grave cost to lower income households.
- **[CRYPTO29](#)**: Global banking regulators are trying a new, but still stringent, approach to governing bank exposures to certain types of crypto assets, revising an initial consultation to focus more on supervisory limitations than on extremely punitive capital requirements for what are deemed to be lower risk cryptoassets.

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