

Prudential Ends Systemic Designation Fight



Prudential Financial is one insurer designated by the Financial Stability Oversight Council (FSOC) as a systemically important financial institution or SIFI. In other words, if Prudential collapses for any reason, it could cause major harm to the entire U.S. financial system.

The FSOC was set up by the Dodd-Frank Act that “reformed” Wall Street and is charged with making sure no financial institution or bank can impact the economy to the point that if it collapses, it takes everything with it like what we were told about AIG at the beginning of the Great Recession.

In September of this year Prudential received notice from the FSOC that it was being tabbed SIFI. “Material distress at Prudential could pose a threat to the financial stability of the United States,” the notice said.

Prudential had 30-days to file an appeal and decided in the end to not fight the designation.

The other insurance firms with a SIFI designation are MetLife and AIG. MetLife is continuing its appeal.