



# Lafayette Life Insurance Company

A member of Western & Southern Financial Group

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Alfred M. Pollard, General Counsel  
Attention: Comments/RIN 2590-AA39  
Federal Housing Finance Agency – Fourth Floor  
1700 G Street, NW  
Washington, D.C. 20552

RE: Advance Notice of Proposed Rulemaking and Request for Comments – Members of Federal Home Loan Banks (RIN 2590-AA39)

Dear Mr. Pollard:

The Federal Housing Finance Agency (FHFA) has called for comments with regard to an advance notice of proposed rulemaking (ANPR) whereby FHFA expresses its desire to review Federal Home Loan Bank (FHLBank) membership requirements. In response to this call, I am submitting the following comments on behalf of The Lafayette Life Insurance Company. We have been members of the Federal Home Loan Bank of Indianapolis since 1999.

In section 4(a)(1) of the Federal Home Loan Bank Act (Bank Act) Congress established the FHLBank membership requirements. Insurance companies have been included since the Bank Act's inception in 1932. Section 4(a)(2) set additional requirements for insured depository institutions that were not FHLBank members as of January 1, 1989 including a requirement that at least 10 percent of the institution's total assets be in residential mortgage loans. Insurance companies are not insured depository institutions and therefore the section 4(a)(2) requirements are not applicable. The Bank Act expresses Congress' will with regard to FHLBank membership.

However, the ANPR inquiries are directed toward recasting this will by regulation rather than law. All of the questions suggest more rigorous membership testing and all stem from the FHFA's review of its membership regulations in light of its housing finance mission rather than in response to problems with the current system. No real problems or abuses are identified in the ANPR. If the current membership requirements are jeopardizing the mission of the FHFA then it would be incumbent upon Congress to modify the Bank Act.

The initial and ongoing membership tests proposed would all lead to a smaller and less stable membership for the FHLBanks. This potential reduction in scope and scale could inhibit their ability to operate profitably and fulfill their housing finance mission, a result counter to that intended.

Insurance company assets are a reflection of the company's liabilities. Our involvement in the mortgage market is driven by our need for long-term, high quality assets to support longer liabilities as part of prudent management. The degree of participation in the home mortgage market can vary materially from one insurance company to another as the nature of the liabilities vary by company. Further, the level of new mortgage investments for a given company can vary significantly over time as their business mix changes.

We are managed and regulated with the focus on value and security for our policyowners; we have no housing finance mission. Dictating a minimum level of residential mortgage loans for FHLBank membership, whether at application, on an ongoing basis or in terms of annual purchases, may be asking an insurer to, upon occasion, make purchase decisions that are suboptimal just to maintain membership.

Insurance company and FHFA interests however are, and historically have been, aligned as a result of our asset needs. Insurance companies play a large financial role in the housing market and this was recognized in the drafting of the membership requirements of the Bank Act. It is a symbiotic relationship where FHLBank membership offers insurance companies additional liquidity options and tools to improve asset liability management.

We respectfully request that the FHFA withdraw the membership ANPR.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Gregory L. Mitchell', written in a cursive style.

Gregory L. Mitchell  
Senior Vice President, Chief Actuary & Treasurer