

On March 7, 2011, FHFA representatives from the Division of FHLBank Regulation and the Office of General Counsel met with a representative from the Delaware Department of Insurance, to discuss certain aspects of the advance notice of proposed rulemaking (ANPR) relating to Federal Home Loan Bank Membership.

The Delaware representative expressed concern that FHFA might exclude Delaware captive insurance companies from FHLBank membership because of a perception that captive insurance companies are not regulated to the same degree as insurance companies that underwrite insurance for third parties. He presented a brief overview of the degree to which the Department of Insurance monitors and supervises its captive insurance companies, as well as the business of captive insurance companies, types of claims they may insure, and their investment guidelines.

He also inquired about the rulemaking process and whether there would be an opportunity for the public to comment on the issue subsequent to the comment deadline for the ANPR. Staff explained that the purpose of the ANPR was to solicit information on particular issues relating to the membership regulations that FHFA could take into consideration in determining whether to issue a proposed rulemaking, which would provide a separate opportunity for the public to comment on the proposed rule.

Staff also discussed the statutory requirement that applicants for FHLBank membership must demonstrate that they make or purchase long-term home mortgage loans, and the regulatory requirement that they must have a sound home financing policy, both of which also must be satisfied before any applicant, including a captive insurance company, may become a FHLBank member.

He indicated that the Delaware Department of Insurance intended to submit written comments in response to the ANPR.