

Principal Life insurance Company
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Federal Housing Finance Agency
400 7th Street, SW
Washington, DC 20024

Like many insurance company members of the Federal Home Loan Bank System, Principal Life Insurance Company benefits from a strong partnership with the Federal Home Loan Bank of Des Moines. Our many years of membership has allowed us to effectively manage many facets of our business and play a role in the housing market.

Managing liquidity in all economic environments is critical for the financial health of a life insurance company. Unlike commercial and savings bank members of the FHLBank System, life insurers do not have access to the Federal Reserve Discount Window. Hence, the liquidity provided by the Home Loan Banks to its insurance company members is extremely important. When life insurers like Principal Life access Home Loan Bank financing, we are required to pledge collateral in excess of any financing. Insurers build their balance sheet for liquidity, which includes ensuring that abundant mortgage and housing related investments are held and available for pledging to the Home Loan Banks.

The Federal Home Loan Bank System contributes substantially to affordable housing and community development in ways customized to the regions represented by each Home Loan Bank. The System helps its members provide financial liquidity to the housing market, which is always important for financial stability, including during times of market and economic stress.

Insurance companies across the country have been members of the Federal Home Loan Banks since the founding of the system in 1932. Our partnership is critical to manage risks, participate in the cycle of the housing market, and to invest in economic development.

Sincerely,

Shaun Riley

Shaun Riley
Principal Financial Group
Assistant Financial Director
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