

December 17, 2014

Alfred M. Pollard, Esq., General Counsel
Attention: Comments/RIN 2590-AA39
Federal Housing Finance Agency
400 Seventh Street SW, Eighth Floor
Washington, D.C. 20024

Re: Notice of Proposed Rulemaking; Request for Comments – Members of the Federal Home Loan Banks

Dear Mr. Pollard:

We appreciate the opportunity to submit comments regarding the Federal Housing Finance Agency's (FHFA) notice of proposed rulemaking (NPR) on "Members of the Federal Home Loan Banks" published September 12, 2014. For the reasons described below, we respectfully request the withdrawal of this proposal.

American Family Mutual Insurance Company is a regional multi-line insurer headquartered in Madison, Wisconsin. We currently do business in 19 states, with 2013 revenues of approximately \$6 billion, and over 7,800 employees. American Family has been a member of the Federal Home Loan Bank of Chicago since 2009.

The provisions contained in the NPR are troubling for several reasons. The NPR seeks to establish ongoing requirements an insurance company must meet as a condition of remaining a FHLB member. Specifically, the proposal would require an insurer to continually hold at least 1 percent of their total assets in long term home mortgage loans (home mortgage loans with a term to maturity of five (5) years or greater). We believe creation of an asset test is unnecessary in light of existing, effective FHLB safeguards. Further, if implemented, the asset test would significantly compromise a member's ability to rely on their FHLB to provide needed liquidity. We also have concerns with the NPR's attempt to redefine the term "insurance company" in relation to FHLB membership, efforts to alter the process for determining a member's place of business, and requiring FHLB members to submit audited financial statements as part of underwriting requested advances.

Currently, applicants for membership to a FHLB must demonstrate, at the time of application, that they have a sufficient level of holdings related to mortgage lending. Once a member, any requested advance requires the member to post sufficient mortgage related collateral or highly liquid assets such as U.S. treasuries. In the case of long-term advances, those more than five years, requests are limited by the member's long-term residential housing assets. Further, members receiving such an advance can be periodically selected to complete a "Community Support Statement" which confirms the member's involvement in first-time home buyer markets. Taken individually and collectively, existing safeguards provide the FHLB system with more than sufficient oversight to ensure its members maintain a close connection to mortgage financing both at the time of application for membership, and in connection to any and all requested advances.

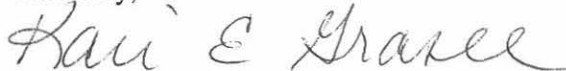
Introducing an ongoing asset test, such as that contemplated in the NPR, may jeopardize a member's ability to rely on its FHLB to be a partner in meeting the member's liquidity needs. In fact, the NPR only heightens this concern by openly contemplating that the 1% asset test included in the NPR could be increased to anywhere from 2% - 5%. With the imposition of such a requirement, members

Additionally, such action could compromise the regional nature of the FHLB system and require FHLB's to be knowledgeable about insurance regulation in a substantially greater number of states. In total, these implications may weaken the overall FHLB system with little additional value in return.

Lastly, the NPR seeks input on the appropriate metrics for assessing an insurance company applicant's financial condition. Currently, each regional FHLB has strong credit underwriting and expertise in evaluating the unique nature and financial condition of not only its insurance company members, but its entire regional membership. We don't believe that injecting requirements into this analysis, such as the proposal to require insurers to submit audited financial statements, that for some insurers are not required by their state regulator, brings additional value to the current FHLB underwriting processes. We feel that each FHLB should retain the authority to utilize an underwriting framework that reflects its unique regional membership, and ensures the FHLB is lending to member institutions in a safe and sound manner.

Based on the concerns articulated herein, we again urge the withdrawal of the FHFA's September 12, 2014 Notice of Proposed Rulemaking. Thank you for the opportunity to share our comments with you.

Sincerely,



Kari E. Grasee

VP, Controller

American Family Mutual Insurance Company