



January 9, 2015

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

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

Dear Mr. Pollard:

Builders Insurance (A Mutual Captive Company) (hereinafter “Builders”) is a member of FHLB-Atlanta. Builders is concerned that the NPRM may create confusion on the part of the FHFA with respect to membership of companies such as Builders in the FHLB.

Builders is incorporated as a mutual insurer without capital stock, the governing body of which is elected by its members. Builders is also an “association captive insurance company”, as defined in O.C.G.A. § 33-41-2(3). Builders may only sell policies to members of sponsoring “associations” as defined in O.C.G.A. § 33-41-2(2). (In Builders’ case, homebuilders and related trades).

Builders meets the definition of “Insurance Company”, as Builders’ primary business is the underwriting of property and casualty insurance for nonaffiliated persons or entities. Builders does not meet the definition of “Captive” in Subpart A- Definitions of § 1263.1, as that definition excludes companies that meet the definition of “Insurance Company”.

However, we find the definition of “Captive” potentially confusing, as Builders is a captive and has “Captive” in its name. Builders is fundamentally different from the type of captive that exists to support the business needs of its parent corporation.

- As a mutual, Builders is owned by its policyholders and has no corporate parent.
- Builders, like all other admitted insurance companies, is regulated by the Georgia Insurance Department. (Issue of financial health raised in NPRM document)
- Builders files quarterly financial statements with the Georgia Insurance Department and is subject to periodic financial examinations by the Department.
- Permitted investments are governed by O.C.G.A. § 33-11-1 et seq. and are limited.
- Residential mortgage backed securities represent 18% of our bond portfolio demonstrating Builders commitment to the housing market.



In other words, association captive insurance companies, such as Builders, do not present the sort of risk posed by traditional captives which exist to serve their corporate parent's insurance and financial needs. The NPRM expressed this as "FHFA's mission related concern that captives may act as conduits to provide advances to affiliated companies that are themselves ineligible for Bank membership." As such, we request further narrowing of the definition of "Captive" such that companies such as Builders are clearly excluded.

Builders appreciates the opportunity to comment on the NPRM and we would be pleased to provide any further information that would be helpful to the FHFA.

Sincerely,

A handwritten signature in black ink, appearing to read "Craig R. Edwards". The signature is fluid and cursive, written over a light background.

Craig R. Edwards
Senior Vice President, General Counsel & Secretary
Builders Insurance (A Mutual Captive Company)

Cc: Reginald T. O'Shields
Senior Vice President & General Counsel
FHLB- Atlanta