

January 12, 2015

**VIA FEDERAL eRULEMAKING PORTAL
VIA ELECTRONIC MAIL**

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: Comments to Notice of Proposed Rulemaking Regarding Members of Federal Home Loan Banks (RIN 2590-AA39)

Dear Mr. Pollard:

Pursuant to Notice of Proposed Rulemaking Regarding Members of Federal Home Loan Banks (RIN 2590-AA30), 79 Fed. Reg. 54848 (Sept. 12, 2014) (the "Notice"), American Fidelity Assurance Company ("American Fidelity") respectfully submits the following comments to the proposed regulations governing Federal Home Loan Bank ("Bank") membership. American Fidelity appreciates the opportunity to comment on the Notice and would welcome the opportunity to meet with the Federal Housing Finance Agency (the "Agency") to discuss these comments in greater detail or to answer any questions that you may have.

American Fidelity was founded in 1960 and provides supplemental health insurance benefits and financial services to education employees, auto dealerships, health care providers and municipal workers across the United States. American Fidelity serves more than 1 million customers in 49 states.

American Fidelity is a member of the American Council of Life Insurers ("ACLI") and strongly supports the views and recommendations contained in ACLI's December 5, 2014 comment letter to the Notice (the "ACLI Comment Letter"). In particular, American Fidelity strongly supports ACLI's opposition to the proposed minimum home loan mortgage asset test for insurance company membership in a Bank (the "Proposed Asset Test"). In addition to the principal concerns expressed in the ACLI Comment Letter regarding the need and legal support for the Proposed Asset Test, American Fidelity is particularly concerned about the impact of such a test on the housing finance markets and, therefore, on the overall U.S. economy as both continue to recover from the nation's economic downturn.

As detailed in the ACLI Comment Letter, insurance companies provide significant support to housing finance markets through investments in mortgage backed securities and other housing-related loans and securities. This investment activity is attributable, in part, to the liquidity provided to insurance companies through Bank membership. Implementation of the Proposed Asset Test, however, would result in limiting insurance company Bank membership in circumstances where insurance companies will be unable or unwilling to conform their investment decisions and portfolio to comply with such a test. This development could be expected not only to deprive insurance companies of the valuable liquidity provided by Bank membership but also to deprive the Banks themselves of underlying financial support in terms of supporting collateral and capital stock provided by insurance company Bank membership. As a result, the liquidity (and resulting investment activity) not only of insurance companies but also of other Bank members dependent on Bank borrowing could be expected to be adversely impacted. Such reduced investment activity could well have a destabilizing impact on housing finance markets, reducing the accessibility and affordability of home mortgages loans and, therefore, reducing home ownership and the economic and community development associated with the housing market.

This is particularly concerning in light of the well-documented importance of the housing market to job creation and the overall U.S. economy. In other words, as with other significant regulatory initiatives we have seen in preceding years, well-intentioned proposals designed to promote home ownership and related economic objectives very likely would have just the opposite effect.

Therefore, in light of the significant consequences that we anticipate implementation of the Proposed Asset Test would have for the housing market and the overall U.S. economy, American Fidelity respectfully requests that any such test be excluded from any final rulemaking.

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American Fidelity appreciates the opportunity to comment on the Notice and would welcome the opportunity to meet with the Agency to discuss the comments in greater detail or to answer any questions that you might have. Please do not hesitate to contact us with any questions or if there is any additional information that you would find useful.

Respectfully submitted,



Christopher T. Kenney
General Counsel and Corporate Secretary