



May 28, 2013

Via e-mail: LPIinput@fhfa.gov

Federal Housing Finance Agency
Office of Housing and Regulatory Policy (OHRP)
Constitution Center
400 Seventh Street SW, 9th Floor
Washington, DC 20024

RE: No. 2013-N-05: Lender Placed Insurance, Terms and Conditions

Dear Madam/Sir:

Proctor Financial, Inc. (Proctor) appreciates the opportunity to comment on the Federal Housing Finance Agency's Notice regarding lender placed insurance (LPI), terms and conditions (Notices, Federal Register, Volume 78, 19263 {Mar. 29, 2013}). We understand that FHFA is not required to solicit public comment on this proposal, but has chosen to do so, and we applaud you for considering public input before proceeding with a final decision with respect to instructing Fannie Mae and Freddie Mac (the GSEs) to prohibit certain activities with respect to LPI.

LPI is important for the protection of homeowners and mortgage lenders, as well as investors, including the GSEs. Proctor serves a vital role in the LPI marketplace. Proctor is a wholly-owned subsidiary of Brown & Brown, Inc. (NYSE-BRO). Our organization is generally recognized as one of the creators of LPI, and we have been marketing the coverage to financial institutions and mortgage servicers for over 30 years. Today, PFI serves over 1,600 clients nationwide from small community banks to top 20 mortgage servicers. We operate as a highly integrated, managing general underwriter/program manager performing essentially every service related to the product offering with the distinction that the insurance risk itself is placed with well rated and financially sound third-party insurers.

Although, we do not have a view on the specific proposals outlined in the Notice, we support the approach you are taking in creating these practices: through the creation of a rules-based regime developed through an open notice and comment rulemaking process. We believe it is critical that, going forward, LPI is governed under a rules-based regime developed with the input of all stakeholders and with a comprehensive understanding of the marketplace. We think this is the best way to ensure that the rules do not inadvertently (or intentionally) pick "winners and losers" in the market, preserve competition, and avoid artificially restricting catastrophic risk capacity in the market.

This is in the best interest of all market participants – including seller servicers, as well as homeowners, and the GSEs. Encouraging robust competition among all insurers, both admitted and non-admitted, will maintain and expand the available capacity, thereby encouraging true price competition and bringing real value to homeowners, as well as the GSEs. For that reason, any requirements put in place must be drafted in a way that is sensitive to maintaining and encouraging competition, and careful not to restrict or inhibit market participation. The current Notice is a step in that direction.


This is important for Proctor's customers; because, unlike our larger competitors, we do not subscribe to a "one size fits all" model. We custom craft our deliverables around the unique needs of our clients. Those needs vary dramatically depending on the servicer's size, geography, and desire for outsourced services. In supporting the needs of small to mid-sized mortgage servicers, we also play an important role in limiting the concentration of risk in the marketplace.

The aforementioned principles are important to us, our clients, and to the homeowners we ultimately serve; and we do not want to put these values at risk.

Thank you for your consideration of our views.

Sincerely,

PROCTOR FINANCIAL, INC.

A handwritten signature in black ink that reads "Paul A. Glantz". The signature is written in a cursive, flowing style.

Paul A. Glantz
President