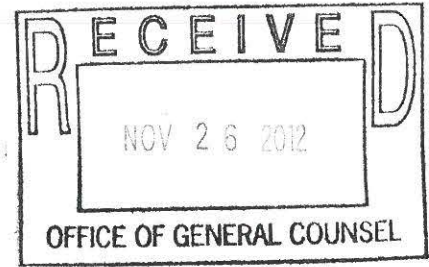




November 20, 2012



Mr. Alfred M. Pollard, General Counsel,  
Attention: Comments/2012-N-14,  
Federal Housing Finance Agency,  
Eighth Floor, 400 7th Street SW.,  
Washington, DC 20024.

Re: 2012-N-14

Dear Mr. Pollard,

I am writing to offer Connecticut Attorneys Title Insurance Company's ("CATIC's or CATIC") comments on the Advisory Bulletin concerning Federal Home Loan Banks. CATIC has been a member of the Federal Home Loan Bank-Boston for over 5 years. CATIC<sup>®</sup> is the nation's largest Bar-Related<sup>®</sup> title insurance underwriter. The company has seven offices throughout New England, and issues its policies through a network of more than 3,000 attorney agents.

While insurance companies have been members of the FHLB System since 1932 and no loss has ever been taken on an insurance company advance, the October 2012 Advisory Bulletin singles-out insurance companies without warrant and would have the impact of restricting their FHLB access and devaluing their membership. Capping each FHLB's exposure to insurance companies in relation to capital structure and retained earnings would reduce insurer FHLB access, reduce their participation in the FHLB's mission, and negatively impact the value of their membership.

The FHLBs have been successfully lending to insurance companies on a fully-secured basis, consistent with the FHLB Act since the System's inception in 1932. During this 80 year period, the FHLBs have effectively collaborated with state regulators to manage three member rehabilitations (Old Standard Life in 2004 and both Standard Life of Indiana and Shenandoah Life in 2008) without taking a loss on an advance.

The differences in risks associated with lending to insurance companies versus depositories can be mitigated by prudent secured lending practices. As with all advances, loans to insurance companies are fully-secured and managed to a zero-loss expectation. While differences in practices exist across the System, insurance company lending practices are uniformly more conservative than for insured depositories.

The FHLB Act and FHFA regulations do not list the regulatory status of parent and/or affiliates as criteria for determining either membership eligibility or as lending criteria. No regulatory standard has ever existed to evaluate the affiliates of bank, credit union, insurance companies, or CDFI, or their holding companies. Restricting FHLB access for any type of institution that

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currently has standing is a policy question that should to be determined by Congress rather than by administrative interpretation. Further, it should be noted that FHLB membership consists of a significant number of organizations across several member groups that have parent or affiliate organizations that are not directly subject to either bank or insurance regulation.

Thank you very much for your consideration of these views. If you have any questions or comments about this matter please contact me at your earliest convenience.

Sincerely,

Richard A. Hogan  
Legislative and Regulatory Counsel  
CATIC