NATIONAL ALLIANCE OF LIFE COMPANIES
An Association of Life and Health Insurance Companies

July 8, 2024

Federal Housing Finance Agency
Division of Bank Regulation
400 7th Street SW
7th Floor
Washington DC 20219

Submitted Electronically to fhfa.gov

Dear Sir or Madam:

This letter is submitted on behalf of the members of the National Alliance of Life Companies (the "NALC"), a trade group of more than fifty (50) life and health insurance companies and associates from across the United States. Our core mission is to protect and promote the interests of small and mid-sized life and health insurance companies and their policyholders.

The NALC appreciates the opportunity to comment on the Request for Information ("RFI") from the Federal Housing Finance Agency ("FHFA") regarding its current mission and activities statement with respect to the important role of the Federal Home Loan Bank ("FHLB") system and its eleven (11) regional institutions. These institutions provide wholesale, lendable funds to community banks, credit unions, commercial and savings banks, insurance companies, and community development financial institutions. The regional banks are member-owned and invest significantly in communities around the United States in support of housing related activities.

All advances from the FHLB to member institutions are real estate-backed. Importantly, no taxpayer funds have been used to either subsidize or pay losses incurred by any regional federal home loan bank during its history. Any losses are absorbed by the system and its member institutions. This system has worked well. It has supported the United States housing market since its inception in 1932.

Insurers – particularly life insurers – are important participants in the FHLB system. Insurers provide industry diversity to the member banks around the country, and also serve as vital sources of liquidity for local housing and real estate markets.

It is significant to note that state insurance regulators- as the principal regulator of insurers- provide strong regulatory oversight of the investment options and financial health of insurers. Investment options allowed for insurers are conservative and strictly controlled by regulators. Real estate-backed assets, from individual mortgages to mortgage-backed securities, are critical investments options available for insurance companies' portfolios.

The FHFA's core mission activities statement ("CMA") says that the FHLB system's mission is "to support housing and community development, and this includes not only direct support through the AHP, CIP, CICI and

other target programs, but also indirect support through the provision of liquidity to members and housing associates so they can lend in their communities."

The NALC believes the FHLBs are and have been operating consistently within this core mission, providing a valuable service to the communities and member institutions they serve. Additionally, we believe it is important that the FHFA continue to provide the FHLBs with the flexibility to make community investment decisions impacting the communities they serve. The elected representatives of these member institutions are in the best position to make decisions regarding appropriate community investments.

Thank you for allowing us to comment on this important issue.

Sincerely,

Jim Hodges
Executive Director
NALC