

February 15, 2022

The Honorable Zack Stephenson
Commerce Finance and Policy Committee
Minnesota House of Representatives
St. Paul, Minnesota 55155

Re: Support for House File 3108 – Federal Home Loan Bank Rights

Dear Chairman Stephenson and Members of the House Commerce Finance and Policy Committee:

I am writing on behalf of the American Council of Life Insurers (ACLI) to express our strong support for House File 3108, which is scheduled for a hearing before your committee on Wednesday, February 16, 2022. This legislation would establish certain rights for Federal Home Loan Banks with respect to collateral pledged by insurer-members.

ACLI is the leading trade association driving public policy and advocacy on behalf of the life insurance industry and its consumers. Ninety million American families rely on the life insurance industry for financial protection and retirement security. Our member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, and reinsurance as well as supplemental benefits such as dental and vision plans. ACLI's 280 member companies represent 94% of industry assets in the United States. Minnesota alone is home to 240 licensed ACLI member companies that represent 91% of the life insurance industry.

If enacted, House File 3108 would provide that a Federal Home Loan Bank (FHLB) cannot be stayed or prohibited from exercising rights regarding collateral pledged by an insurer-member when seven days have passed from a delinquency proceeding.

Specifically, this legislation would amend Minnesota's receivership laws to do the following:

- (1) Provide greater certainty to a FHLB with regard to its collateral via specific exemptions to the state's "stay" and "voidable preference" provisions;
- (2) Eliminate the need for a FHLB to increase collateral requirements on its insurer-borrowers; and
- (3) Maintain, and possibly expand, FHLB lending to insurers.

Access to FHLB funding is an important source of liquidity for many life insurers during both stable and uncertain economic times and should be maintained. This bill would benefit Minnesota insurers and their policyholders and is modeled after other state statutes that have been enacted over the years. Without such legislation, a FHLB could reduce the amount it lends to its insurer-members and/or offer less favorable lending terms. As such, we urge the committee to support House File 3108.

Thank you for the opportunity to offer comments on this important proposal, and please do not hesitate to reach out with questions.

Sincerely,

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

Taylor Walker
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