



*Funding Solutions for Insurers*

# Helping Insurers Remain Fully Invested

Insurance companies have the ability to join the Federal Home Loan Bank of Indianapolis (FHLBI) and gain capital market access once thought to be reserved for bankers. Our experience with a diverse base of insurance company members, GSE status, economies of scale and cooperative structure make the Federal Home Loan Bank of Indianapolis the low-cost provider of funds for liquidity, spread-lending, and other funding needs.



*Current insurance company members of the FHLB system include:*

- Metropolitan Life Insurance Co.
- Transamerica Life Insurance Co.
- Jackson National Life Insurance Co.
- MetLife Insurance Co. of Connecticut
- ING USA Annuity and Life Insurance Co.
- Pacific Life Insurance Co.
- Transamerica Occidental Life Insurance Co.
- American United Life Insurance Co.
- United of Omaha Life Insurance Co.
- Security Life of Denver Insurance Co.
- Farm Bureau Life of Iowa
- Western & Southern Life Assurance
- Conseco Life Insurance Co.
- Standard Life Insurance Co. of Indiana
- Blue Cross & Blue Shield of Michigan
- Lafayette Life Insurance Co.
- Grain Dealers Mutual Insurance Co.
- Indianapolis Life Insurance Co.
- Accident Fund Insurance Co. of America
- ProNational Insurance Co.
- Wolverine Mutual Insurance Co.
- AAA Life Insurance Co.
- MEEMIC Insurance Co.
- Auto Club Insurance Association
- Auto Club Life Insurance Co.
- Michigan Millers Mutual Insurance Co.
- Amerisure Insurance Co.
- Amerisure Partners Insurance Co.
- Amerisure Mutual Insurance Co.
- The State Life Insurance Co.
- Brotherhood Mutual Insurance Co.
- Auto-Owners Life Insurance Co.
- Auto-Owners Insurance Co.
- NAIMIC Insurance Co.

## Insurance Company Membership in the FHLBI

### MEMBER BENEFITS

For insurers, the primary benefit of FHLBI membership is ready access to reliable low-cost funds. By phone call or internet, insurers can quickly access a variety of funding options. This access increases liquidity and financial flexibility and can be a powerful tool for managing risk and profitability.

### To date, members have utilized their membership to:

- > Increase back-up liquidity and financial flexibility
- > Manage catastrophic liquidity events such as 9/11, Hurricane Katrina, and the subprime contagion
- > Increase earnings through more aggressive liquidity management
- > Issue funding agreements for matched trades to increase operational leverage and earnings
- > Fill liability maturity gaps out to 30 years
- > Finance special events such as acquisitions and new facilities, without liquidating earning assets
- > Acquire grant money for low-income housing projects

The FHLBI's access to capital markets allows for a great deal of customization. Terms range from overnight to 30 years and can be either fixed or floating rate. Structures that amortize or contain embedded options are also available. Finally, FHLBI funding can be classified as borrowings or as deposits structured as funding agreements.



## MEMBERSHIP & USAGE

FHLBI has a solid history of serving insurance company members. Our member base consists of a wide variety of Life, Health, Property Casualty, and Specialty insurers.

“FHLBI has provided a reliable source of catastrophic liquidity backup. Post-Hurricane Katrina, advances helped manage claims repayment and lagging reinsurance recoveries.”

**William Hannah**

*Grain Dealers Mutual Insurance Company*

“FHLBI funding agreements improved our liquidity profile at an attractive cost of funds.”

**Jackson National Life Insurance Company**

A number of reports have been written by outside sources on the usage of FHLBank products and membership.

“Fitch believes FHLBank borrowings can be a good source of liquidity and provides financial flexibility to those insurers with limited access to capital.”

**Fitch Ratings Special Report<sup>1</sup>**

“FHLBI programs provide financial flexibility for insurance company members and are an attractive source of capital because of the low rate offered for advances.”

**A.M. Best’s Methodology Report<sup>2</sup>**

## How does an insurance company become a member?

**FHLBI membership is open to all insurers domiciled in Indiana or Michigan. FHLBI membership requires the following steps:**

- 1. Complete a short membership application**
- 2. Have a board vote in favor of membership**
- 3. Submit membership application**
- 4. Receive approval of application from FHLBI**
- 5. Purchase FHLBI stock equal to 1% of whole-interest residential mortgage loans and MBS**

To learn more about membership and FHLBI credit products, contact an FHLBI Insurance Market Manager at 1.800.442.2568 or e-mail at [insurancemembership@fhlbi.com](mailto:insurancemembership@fhlbi.com).

1. May 15, 2006 Special Report by Fitch Ratings titled, “Insurance Company Usage of the Federal Home Loan Bank System on the Rise”

2. A.M. Best’s Perspective on Operating Leverage, November 2006. Rating agency evaluation of insurance company usage is done on a case-by-case basis.

### FHLB Locations





FEDERAL HOME LOAN BANK OF INDIANAPOLIS

*Building Partnerships. Serving Communities.*

8250 Woodfield Crossing Blvd. ^ Indianapolis, Indiana 46240 ^ 317.465.0200 ^ [www.fhlbi.com](http://www.fhlbi.com)