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**CONNECTICUT BANKERS
ASSOCIATION**

February 24, 2014

To: Members of the Insurance and Real Estate Committee

Fr: Connecticut Bankers Association
Contacts: Tom Mongellow, Fritz Conway

Senate Bill 187 – An Act Concerning the Insurer Rehabilitation and Liquidation Act

Position: SUPPORT

The CBA represents all banks in Connecticut and those depository institutions collectively hold over 110 billion dollars of assets and employ over 15,000 people that live in and support communities across the State.

As part of delivering banking services to the residents of Connecticut, these banks routinely avail themselves of a number of important products and services that the Federal Home Loan Bank of Boston (FHLBB) provides. Banks that are chartered in any of the six New England states can be members of the FHLBB. They rely on the Boston Bank's lower cost funding for deposits in order to create affordable lending opportunities across the State.

The Banks that do business with the FHLBB must have their "charter" in one of the six New England States, which is a requirement of the FHLBB's chief regulator, the Federal Housing and Finance Agency (FHFA). A New England chartered bank cannot do business with any of the other Federal Home Loan Banks across the country. In addition to banks being able to be members of the FHLB, New England based insurance companies are also able to join. As such, the continued success and viability of the FHLBB is very important to both banks and insurance companies throughout Connecticut and New England.

As mentioned, the FHFA in Washington D.C. is the prudential regulator for the Boston bank and they enforce a robust regulatory structure over all the Federal Home Loan Banks. Last year, they relayed their wish to have insurance company collateral (the security that backs up borrowings from the FHLBB), treated in the same way as bank collateral is treated – in the unlikely event of a default on the repayment of a borrowing from the FHLBB.

The CBA supports that consistency of regulation, and the Senate Bill 187 would accomplish that goal, and also conform state law in this area with existing federal law.

We urge the Committee's support of this legislation.