

The Honorable Martin J. Gruenberg  
Acting Chairman  
Federal Deposit Insurance Corporation (“FDIC”)  
550 17th St., NW  
Washington, DC 20429

RE: Restrictions on Proprietary Trading and Certain Interests in and Relationships with Hedge Funds and Private Equity Funds (FDIC RIN 3064-AD 85).

Dear Sir:

I am a life insurance professional who assists banking entities in purchasing and maintaining bank owned life insurance (“BOLI”) as a cost-recovery vehicle for employee benefits.

Based on my experience in this arena, I believe the OCC, FDIC, Board, and SEC (“the Agencies”) have made a compelling case for incorporating sound and prudent guidance on BOLI into proposed rules implementing restrictions imposed by the Dodd Frank Act of 2010 on hedge funds and private equity funds.

The proposed rules correctly point out: (1) that “when made in the normal course,” BOLI “investments do not involve the speculative risk intended to be addressed” by provisions of the Dodd-Frank legislation; and (2) BOLI “helps banking agencies reduce the cost of providing employee benefits as well as other costs.”

While Section \_\_.14 of the Agencies’ proposed rules (“Covered fund activities and investments determined to be permissible”) notes that certain BOLI separate accounts fall within the definition of “hedge fund” or “private equity fund,” it makes it very clear that it is permissible for banking entities to acquire or retain an ownership interest in or sponsor such BOLI separate accounts by meeting rigorous conditions to ensure that such activity promotes the safety and soundness of the banking entities and the financial stability of the United States: These conditions include requirements that the banking entity that purchases the BOLI policy:

- (i) may not control the investment decisions regarding the underlying assets or holdings of the separate account; and
- (ii) must hold its ownership interests in the separate account in compliance with applicable supervisory guidance provided by the appropriate Federal regulatory agency regarding BOLI.

Existing interagency guidance cited in the proposed rule imposes extensive requirements and oversight, including thorough pre-purchase and ongoing analysis and monitoring, taking into account a variety of considerations, risks, and alternatives.

For the reasons above, I believe that Agencies have provided appropriate clarification with respect to BOLI, and urge that any final rule that may be adopted affirms this clarification as currently proposed.

Sincerely,

**Kurt J. Laning, FSA**  
President

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