



August 13, 2015

Electronically Transmitted

Ms. Elaine Wieche
Chair – Investment Risk-Based Capital (E) Working Group
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1500
Kansas City, MO 64106-2197

Re: MBA Support of Proposal to Modify Life Insurance C-1 Asset Risk-Based Capital Requirement for Commercial Real Estate

Dear Ms. Wieche:

I would like to express the Mortgage Bankers Association's¹ (MBA) strong support for the revised risk-based capital (RBC) proposal (Proposal) for life insurance company holdings of commercial real estate equity which the Investment Risk-Based Capital (E) Working Group (Working Group) will be considering at its August 15, 2015 meeting. The current 15.0 percent C-1 base risk factor, in our view, is inconsistent with the risk profile of equity real estate.

For the past two years, MBA has closely coordinated with the American Council of Life Insurers (ACLI) to revise the C-1 factor for equity real estate holders. We believe that an 8.5 percent C-1 base factor would better reflect the risk profile of commercial real estate equity holdings. In fact, 0.5 percent was added to the original 8.0 percent C-1 base factor as an added measure of conservatism to reflect potential differences in life company commercial real estate equity portfolio composition. MBA looks forward to an ongoing dialogue with the NAIC on this and other elements of the Proposal.

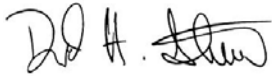
¹ The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 280,000 people in virtually every community in the country. Headquartered in Washington, D.C., the association works to ensure the continued strength of the nation's residential and commercial real estate markets; to expand homeownership and extend access to affordable housing to all Americans. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership of over 2,200 companies includes all elements of real estate finance: mortgage companies, mortgage brokers, commercial banks, thrifts, REITs, Wall Street conduits, life insurance companies and others in the mortgage lending field. For additional information, visit MBA's Web site: www.mortgagebankers.org.

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By adopting the Proposal, the NAIC will introduce a C-1 factor regime that better resembles the risk profile of equity real estate. This will allow life companies to more efficiently allocate capital, which could result in a positive diversification effect for a life company's overall investment portfolio.

MBA strongly urges the Working Group to support the Proposal at its upcoming August 15, 2015 meeting and to incorporate it into the applicable NAIC instructions and forms in time for annual 2015 C-1 reporting. If you have any questions or comments about MBA's support for the Proposal, please contact George Green at (202) 557-2840.

Sincerely,

A handwritten signature in black ink, appearing to read "D.H. Stevens". The signature is written in a cursive style with a large, sweeping flourish at the end.

David H. Stevens
President and Chief Executive Officer
Mortgage Bankers Association