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DAVID A. DIAMOND
Executive Vice President
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March 21, 2011

The Honorable Michael T. McRaith
Commissioner of Insurance, State of Illinois
Chairman, Valuation of Securities (E) Task Force
NAIC Central Office
2301 McGee Street, Suite 800
Kansas City, MO 64108-2662

Re: Staff Proposal – Permit Working Capital Finance Notes (WCFN)
to be Invested Assets

Dear Chairman McRaith and
Members of the Valuation of Securities (E) Task Force,

I am writing on behalf of Mutual of Omaha in support of the staff proposal to permit Working Capital Finance Notes (WCFN) to be Invested Assets. WCFN permit insurers to engage in the purchase of short-term working capital obligations of investment grade obligors. Pacific Life has worked closely over the past year with both the Securities Valuation Office (SVO) and the Nebraska Department of Insurance on a pilot program that has shown WCFN to be an attractive investment for insurance company general accounts. From this work, the (SVO) has developed a process to assign NAIC designations to WCFN.

The benefits to participating companies are numerous. WCFN provide superior risk-adjusted returns with an attractive liquidity profile. Essentially, for an equivalent credit risk of investment grade obligors, insurers achieve superior returns compared to similar or even longer duration securities; the short-term nature of each WCFN combined with the flexible funding commitment in the purchase of WCFN allows for frequent credit re-underwriting of the obligors. In addition, insurers achieve risk diversification through access to a large universe of investment grade assets that previously have not been available to life insurers, access to many obligors who are infrequent issuers of debt, or do not have new issuances, or issuances not available in the secondary markets at the time.

As with any investment, WCFN entail risk. However, we believe the short duration of these assets and the investment grade rating of each obligor reduces the risk profile of WCFN. When considered with the benefits stated above, WCFN deliver significantly better returns and better risk-adjusted returns than investments of similar or even longer duration.

In conclusion, WCFN are important assets for insurance company general accounts from both a risk-adjusted yield and risk diversification standpoint when compared to similar investment alternatives. As such, they are an ideal addition to investment portfolios.

We look forward to working with the committee, the SVO, the Nebraska Department of Insurance and other NAIC regulatory bodies to support WCFN to be held by insurance companies as Invested Assets.

Very truly yours,



David A. Diamond
EVP, CFO & Treasurer

cc: Robert Carcano, Securities Valuation Office
Kevin Fry, Illinois Department of Insurance
James G. Nixon, Nebraska Department of Insurance
William W. Lester, Summit Investments/Unifi
Khanh T. Tran, Pacific Life