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May 31, 2011

Via Federal eRulemaking Portal – www.regulations.gov

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Robert E. Feldman, Secretary
Attention: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Alfred M. Pollard, General Counsel
Federal Housing Finance Agency
Fourth Floor
1700 G Street, NW
Washington, DC 20552

Office of Comptroller of the Currency
250 E Street, SW, Mail Stop 2-3
Washington, DC 20219

Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314

Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552

RE: Proposed Rules on Incentive-Based Compensation Arrangements (FRB Docket No. R-1410 and RIN No. 7100-AD69; OCC Docket No. OCC-2011-0001 and RIN No. 1557-AD39; OTS-2011-0037; SEC File No. S7-12-11; FHFA RIN No. 2590-AA42)

Dear Sirs and Mesdames:

We appreciate the opportunity to provide comment on the above listed Agencies' proposed rule regarding incentive-based compensation arrangements. On behalf of Mutual of Omaha and Mutual of Omaha Bank, we support the Agencies' efforts to interpret and implement the provisions of the *Dodd-Frank Wall Street Reform and Consumer Protection Act*.

We have numerous concerns on the approach taken with regard to Section 956 on incentive compensation. Specifically, the proposed rule would require the reporting of incentive-based compensation arrangements by a "covered financial institution" with \$1 billion or more in assets. While we support a framework for on-going oversight of these arrangements, we do not believe the prescriptive rules are appropriate, nor are they aligned with the underlying goals of streamlining effective regulation intended by *Dodd-Frank*.

Mutual of Omaha is a member of the American Council of Life Insurers (ACLI), Financial Services Roundtable (FSR) and American Bankers Association (ABA), and we fully support and

join in the comments submitted by those groups pertaining to this issue. In addition to the information offered by those groups, we put forth the following comments for your consideration:

The current proposal is too prescriptive and should focus more on principles-based regulation:

We join the vast majority of the industry that finds this proposal moves in a dangerous direction with regard to the amount of influence a regulator can have on the form and amount of compensation an entity can provide to its officers and employees. We understand and support the general need for tying compensation to risk, but believe the proposed rule will be counterproductive for organizations that already employ robust risk management policies and procedures. The principles-based approach historically utilized should remain intact. Doing so will not prevent the Agencies from addressing problematic incentive-based compensation arrangements but will prevent the imposition of a number of overreaching and inappropriate rules.

Definitions:

We find this proposal puts forth a number of vague and inconsistent definitions. Under the current proposal, we will be subject to overlapping rules within our corporate structure. There is the possibility that our subsidiaries will have different reporting requirements and forms than our holding company or even from other subsidiaries within the organization. Therefore, we support the proposition that regulation and reporting take place at a single level alone, rather than entity-by-entity. To accomplish this, each covered entity within an organization would be responsible for submitting its required information to the parent company/holding company level (when the holding company is itself a covered entity), and the data is reported to the primary regulator. Doing so is more streamlined and consistent and still achieves the objectives of the requirement without being overly burdensome.

We would refer to the specific recommendations and justifications outlined by the FSR, ABA and ACLI for proposed revisions to the definitions of: compensation, incentive-based compensation, covered financial institution, board of directors, covered person, and executive officer. However, regardless of how these definitions are determined, we believe consensus language among the Agencies is integral to implementing these rules consistently.

Disconnect between pay and performance:

Mutual of Omaha provides insurance, income and asset protection to millions of Americans. We operate principally through the business of insurance and complementary asset management and brokerage. Mutual of Omaha Bank prides itself on being a customer-focused community bank, and our company provides valuable services to our policyholders, agents and banking customers by offering convenience and reducing costs. Our ability to continue to serve our customers and community is impacted in many ways by our ability to attract and retain good employees. The proposed rule may steer institutions toward more fixed compensation, while the work force is increasingly more focused on incentive- or performance- based compensation arrangements that

align with company and individual results. We ask that you keep this in mind as you formulate final rules.

We also believe that the Agencies' final rules should not apply to incentive-based compensation arrangements that are currently in place, since institutions may be contractually obligated and legally unable to change the terms of such plans. In determining application, the rules should not apply at the very least, to an incentive plan for the year the rules are deemed finalized and effective. This will provide sufficient time for covered institutions to comply with the rule.

Additional Comments:

The Agencies requested comments as to whether there are simpler and less burdensome methods of reporting, and cited the example of an electronic means of filing the required disclosures. While we would support the study of the benefits of an electronic filing system, we also believe any electronic means would have to be tested for security, ease of use and the ability for system updates on the part of the Agencies.

The Agencies have also invited comment on whether the proposed rule would impose undue burdens and estimates of capital, start up costs and costs of operation. Mutual of Omaha would be unable to provide an accurate estimate until such time as we know the format and filing requirements associated with the proposed rule. The accuracy of such estimates will largely depend on whether the Agencies take heed of the comments submitted by the industry. Given our structure, we will need time to review, identify and process the required information and create new administrative methods to gather and report accurate data. We do not believe the Agencies have fully explored the extent to which its proposed rule would impact covered entities. As such, Mutual of Omaha respectfully requests the Agencies conduct additional collaborations with the industry to identify the specific regulatory costs and burdens associated with the proposed rule.

Once again, we appreciate the opportunity to comment on this very important issue. Thank you for your consideration.

Respectfully submitted,



David A. Diamond
EVP, CFO & Treasurer
Mutual of Omaha



Jeffrey R. Schmid
Chairman & CEO
Mutual of Omaha Bank