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**COMPETING ON A NEW PLAYING FIELD: LIFE INSURANCE COMPANIES**

**Leo T. Rasmussen**

**Proceedings of a Seminar sponsored by  
North Central Regional Project NC-207  
“Regulatory, Efficiency and Management Issues Affecting Rural Financial Markets”  
Kansas City, Missouri  
October 16-17, 1995**

Department of Agricultural Economics And Rural Sociology  
221 Agriculture Building  
Fayetteville, Arkansas 72701

January 1996

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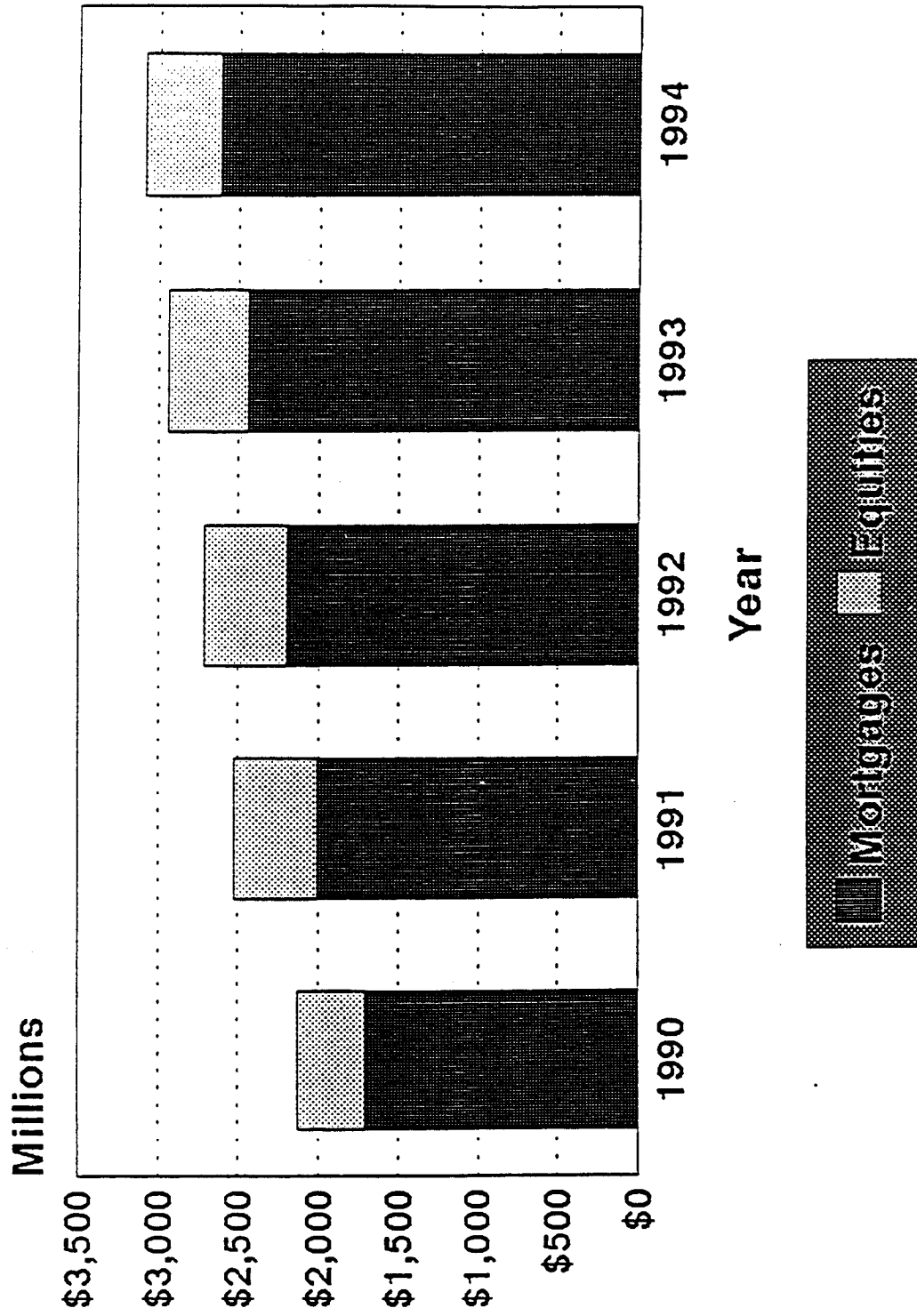
**Competing on a New Playing Field: Life Insurance Companies**

*Leo T. Rasmussen*

Senior Vice President, Metropolitan Life Insurance Company

# AGRICULTURAL INVESTMENTS

## Portfolio Size

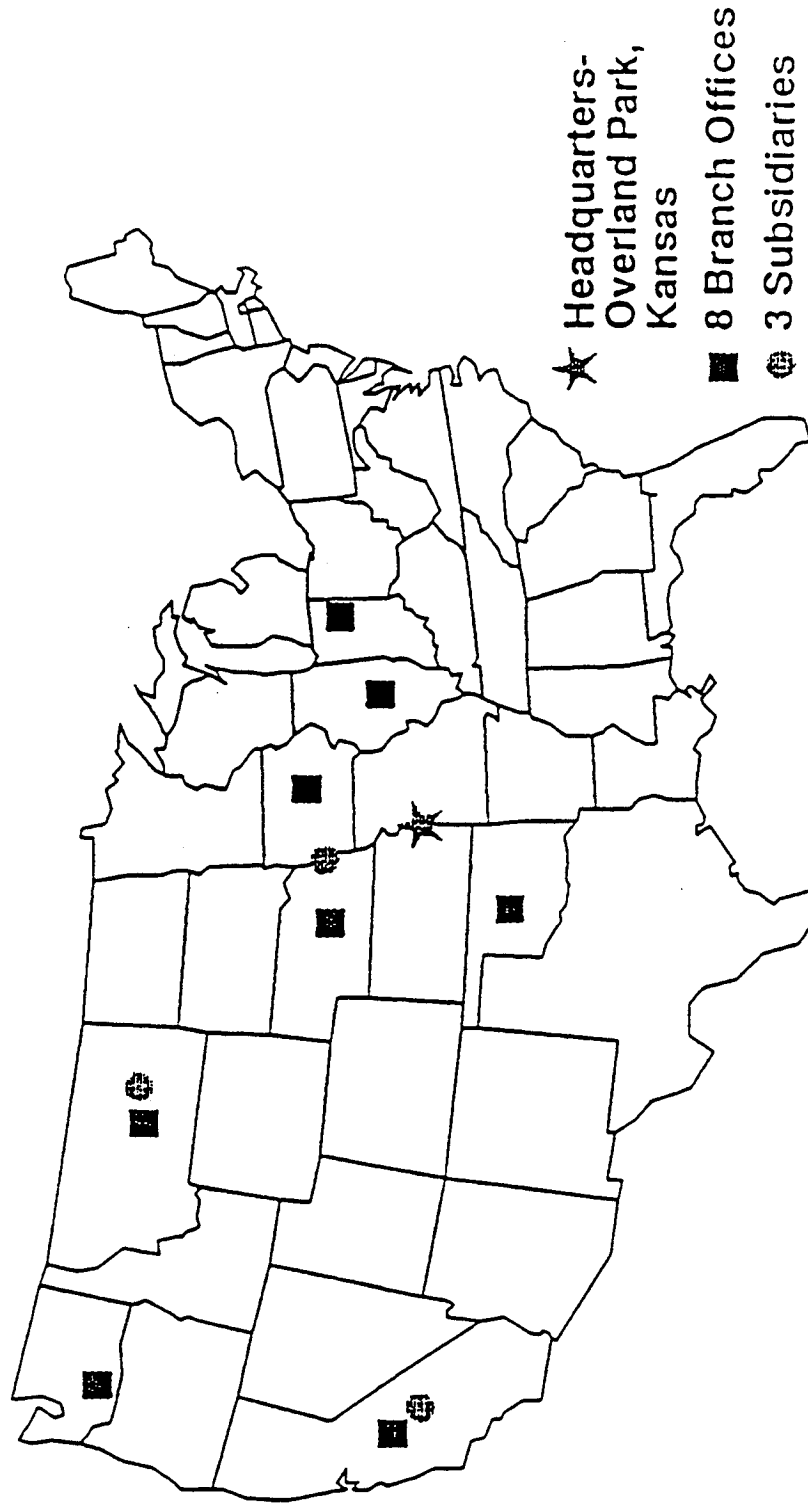


# MORTGAGE PORTFOLIO

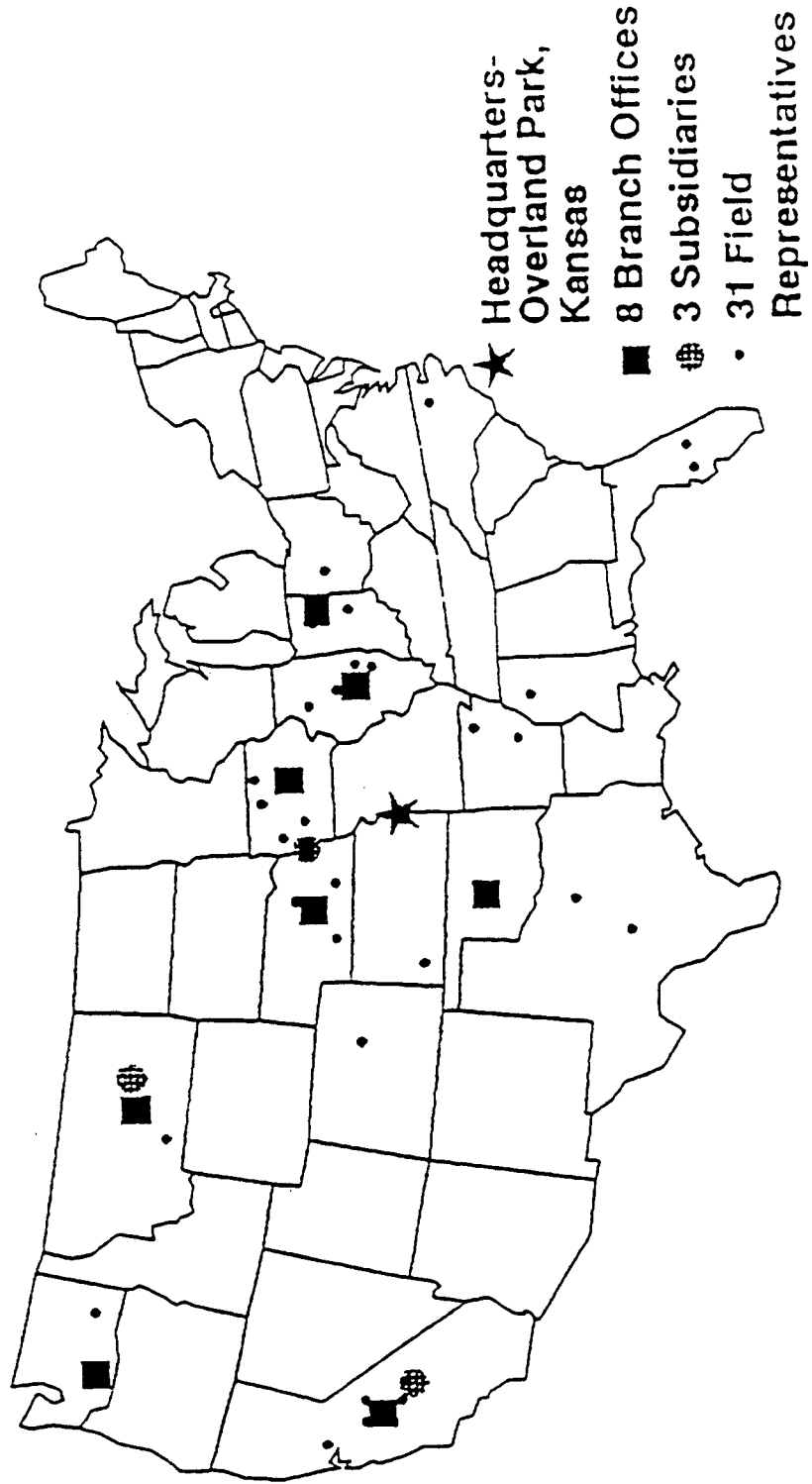
## (\$ Millions)

	Book Value	Percent of Total
Farm and Ranch Mortgages	\$2,202	84%
Agribusiness Loans	\$421	16%
As of December 31, 1994	\$2,623	100%

# MetLife Agricultural Investments Operations



# MetLife Agricultural Investments Operations

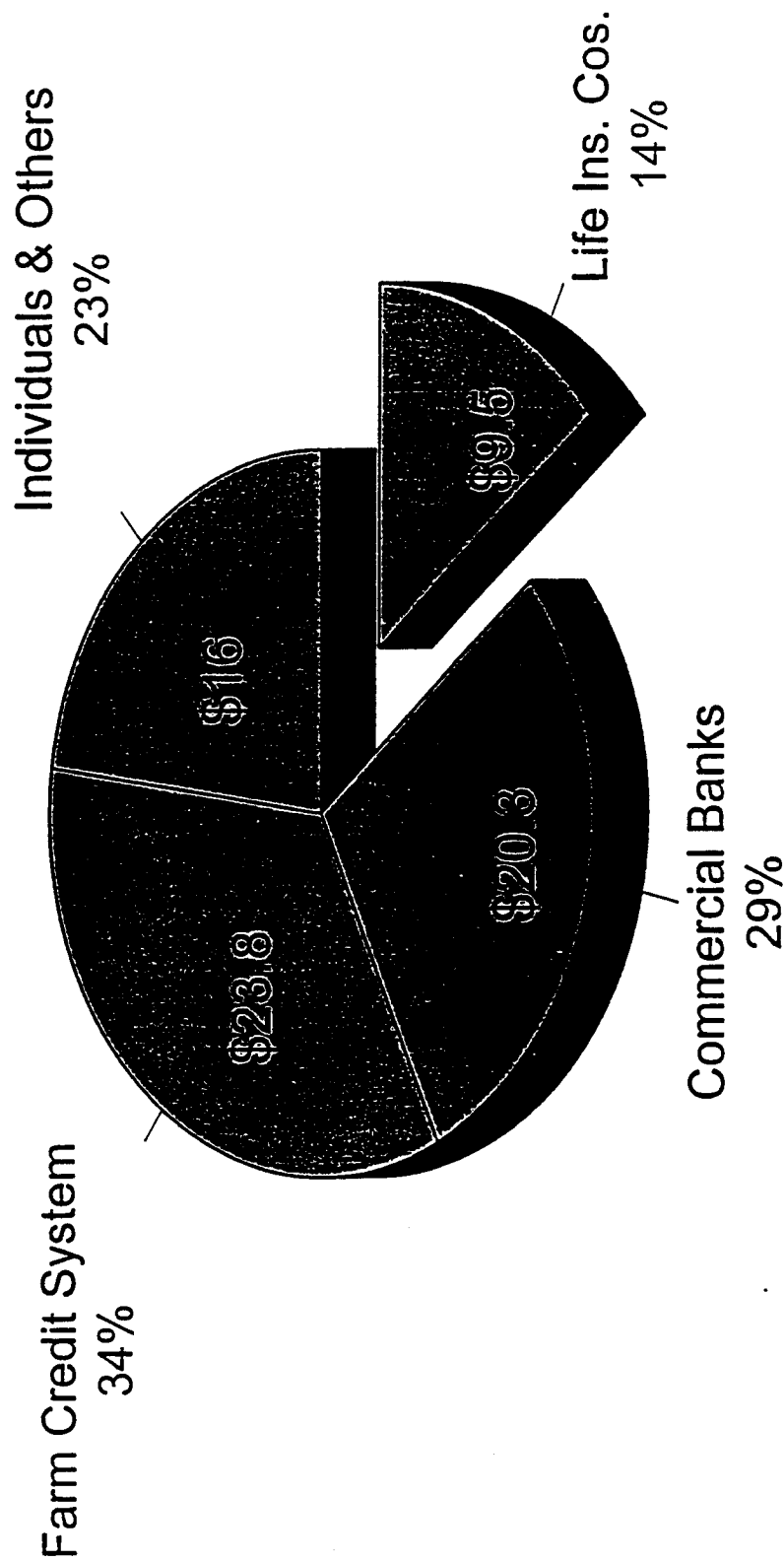


# Agricultural Mtg. Market

## Total Market: \$70 Billion

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(\$ in Billions)



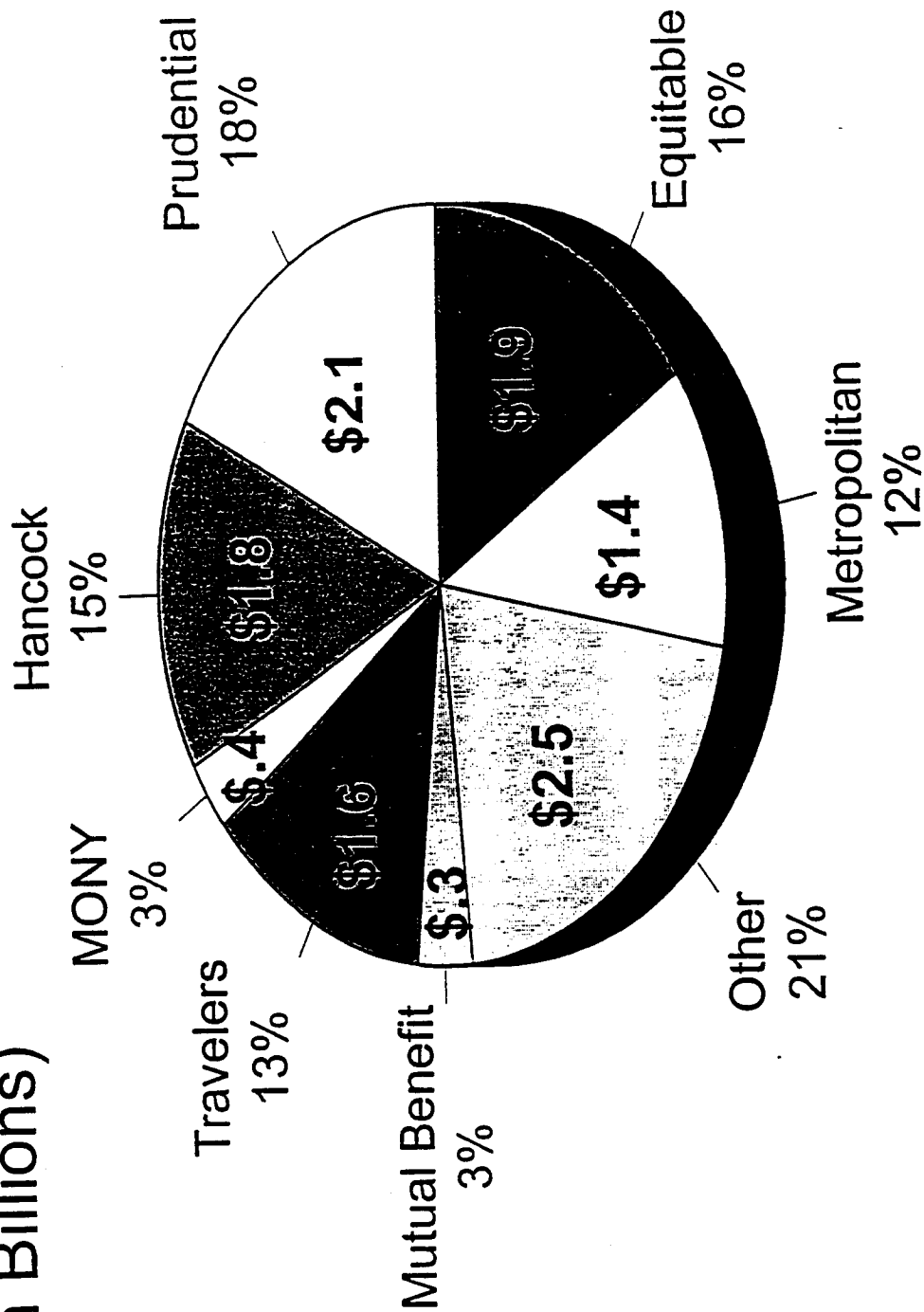
1995



# Life Insurance Market Share 1980

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(\$ in Billions)

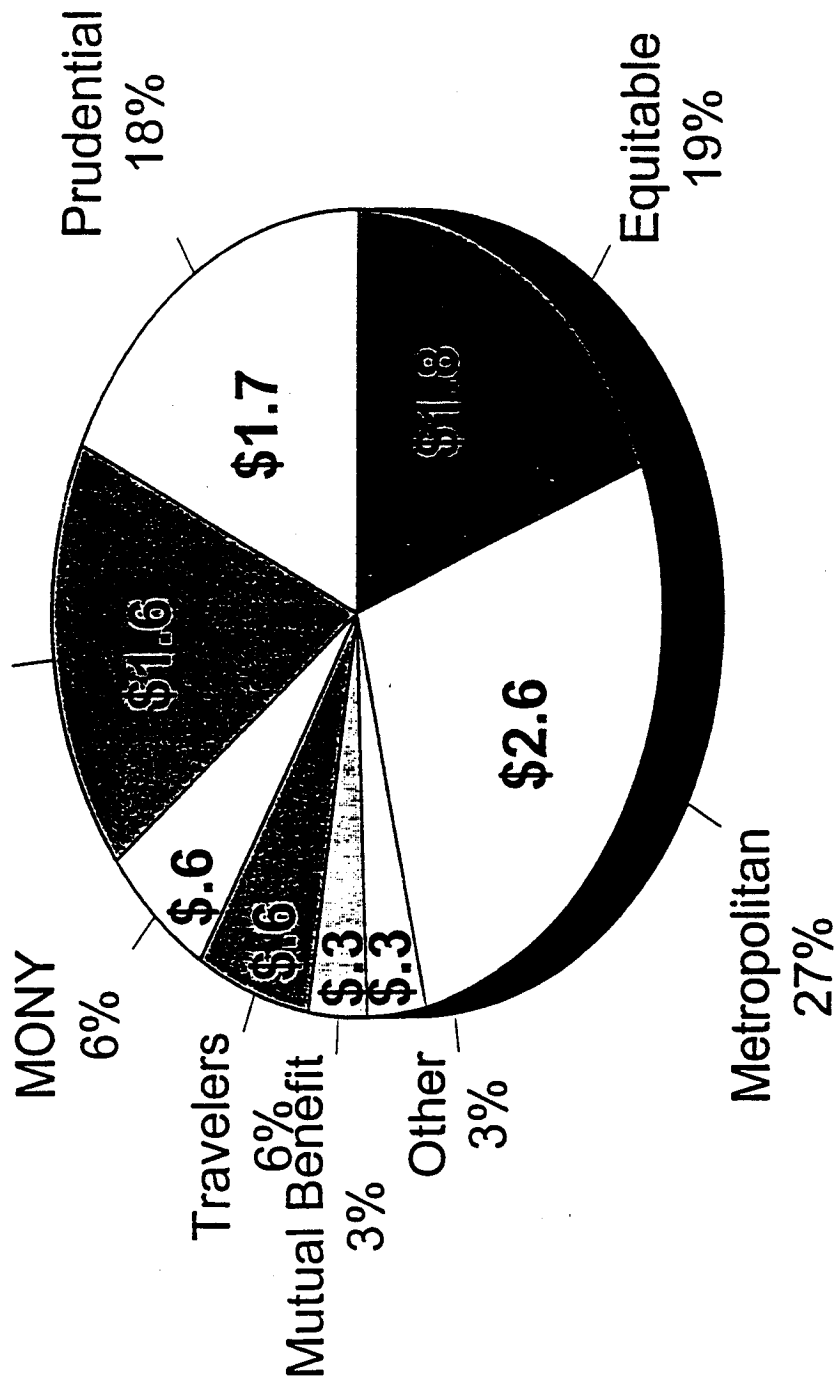


**\$12 Billion**

# Life Insurance Market Share 1995

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(\$ in Billions)



\$9.5 Billion

# **Attributes of Players Increasing Their Market Share**

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- ◆ Consistent Presence in the Market
- ◆ Direct Origination System
- ◆ Understand the Business

## **Competing on a New Playing Field: Non-traditional Lenders**

*William Bennett*

Corporate Credit Manager, MFA Incorporated, Columbia, Missouri

**AGMO organized  
February 18, 1965**

### **Ownership:**

MFA Incorporated . . . . . 94%  
MFA Local Exchanges . . . . 6%

### **Criteria For Doing Business With AGMO**

- Board President and Secretary must sign a Membership and Discounting Agreement.
- Location must purchase stock in AGMO. Stock is \$100.00 a share. One share is needed for each \$1,000.00 of loan value (10% investment).

### **Criteria For Doing Business With AGMO**

- Location must be an affiliate of MFA Incorporated.
- Location Board of Directors must pass a resolution to do business.

### **Total Loc with CoBank**

\$25,000,000

### **Total Dollar Amount of Applications Received Last Year**

\$38,952,295

### **Largest Loan Approved**

\$3,280,000

### **Average Size of Approved Loan**

\$ 17,708

AGMO Corporation				
	No.	%	Dollar Volume	%
Acceptable	30	71	\$4,393,507	86.0
OAEM	7	17	403,105	7.9
Substandard	5	12	309,700	6.1
Doubtful	----	----	----	----
Loss	----	----	----	----
Total Loans	42	100	\$5,106,312	100