

STATE OF NEW YORK

7329

IN SENATE

January 17, 2020

Introduced by Sen. BRESLIN -- read twice and ordered printed, and when printed to be committed to the Committee on Insurance

AN ACT to amend the insurance law, in relation to certain voidable transfers affecting a federal home loan bank

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Section 7425 of the insurance law is amended by adding a
2 new subsection (e) to read as follows:

3 (e) (1) Notwithstanding subsection (a) of this section or any other
4 provision of this article to the contrary, (i) a receiver shall not void
5 a transfer of money or other property arising under or in connection
6 with a federal home loan bank security agreement that is made before the
7 commencement of a formal proceeding under this article in the ordinary
8 course of business and in compliance with the security agreement unless
9 such transfer was made with actual intent to hinder, delay or defraud
10 the insurer-member, a receiver appointed for the insurer-member or
11 existing or future creditors; and (ii) a receiver shall not void a
12 redemption or repurchase of any stock or equity securities which was
13 made by the federal home loan bank within four months of a formal
14 commencement of the delinquency proceedings or which received prior
15 approval of the receiver.

16 (2) Following the appointment of a receiver for an insurer-member and
17 upon request of the receiver, the federal home loan bank shall, within
18 ten days of such request, provide a process and establish timing for all
19 of the following:

20 (i) the release of collateral that exceeds the lending value, as
21 determined in accordance with the federal home loan bank security agree-
22 ment, required to support secured obligations remaining after any repay-
23 ment of advances;

24 (ii) the release of any collateral remaining in the federal home loan
25 bank's possession following repayment in full of all outstanding secured
26 obligations;

27 (iii) the payment of fees and the operation of deposits and other
28 accounts with the federal home loan bank; and

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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1 (iv) the possible redemption or repurchase of federal home loan bank
2 stock or excess stock of any class that an insurer-member is required to
3 own.

4 (3) Upon the request of the receiver for an insurer-member, the feder-
5 al home loan bank shall provide any available options that are accepta-
6 ble to the federal home loan bank for such insurer-member to renew or
7 restructure an advance to defer associated prepayment fees, to the
8 extent that market conditions, the terms of the advance outstanding to
9 the insurer-member, the applicable policies of the federal home loan
10 bank and compliance with the federal home loan bank act and correspond-
11 ing regulations permit.

12 (4) Nothing in this subsection shall affect the federal home loan
13 bank's rights pursuant to 12 CFR 1266.4, which relates to limitations on
14 access to advances.

15 § 2. Section 7419 of the insurance law is amended by adding a new
16 subsection (c) to read as follows:

17 (c) Notwithstanding subsections (a) and (b) of this section and any
18 other provision of this article, a federal home loan bank shall not be
19 stayed, enjoined, or prohibited from exercising any right or enforcing
20 any obligation under a federal home loan bank security agreement relat-
21 ing to collateral pledged by an insurer-member to such federal home loan
22 bank.

23 § 3. Section 7409 of the insurance law is amended by adding a new
24 subsection (d) to read as follows:

25 (d) Notwithstanding subsections (a), (b) and (c) of this section, or
26 any other provision of this article, the receiver shall not disavow,
27 reject, or repudiate a federal home loan bank security agreement or any
28 pledge agreement, security agreement, collateral agreement, guarantee
29 agreement, or other similar arrangement or credit enhancement relating
30 to a security agreement to which a federal home loan bank is a party.

31 § 4. This act shall take effect immediately.