§ 7425. Voidable transfers. (a) Any transfer of, or lien created upon, the property of an insurer within twelve months prior to the granting of an order to show cause under this article with the intent of giving to any creditor or enabling him to obtain a greater percentage of his debt than any other creditor of the same class and which is accepted by such creditor having reasonable cause to believe that such a preference will occur, shall be voidable.

(b) Every director, officer, employee, shareholder, member or other person acting on behalf of such insurer who shall be concerned in any such prohibited act and every person receiving thereby any property of such insurer or the benefit thereof shall be personally liable therefor and shall be bound to account to the superintendent.

(c) The superintendent, as liquidator, rehabilitator or conservator in any proceeding under this article, may avoid any transfer of, or lien upon, the property of an insurer which any creditor, shareholder or member of such insurer might have avoided and may recover the property transferred or its value from the transferee unless he was a bona fide holder for value prior to the date of the granting of an order to show cause under this article. Such property or its value may be recovered from anyone who has received it except a bona fide holder for value.

(d) Notwithstanding the provisions of subsection (a) of this section, a commutation of a reinsurance agreement, approved by the superintendent pursuant to section one thousand three hundred twenty-one of this chapter, shall not be voidable as a preference.

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

(2) Following the appointment of a receiver for an insurer-member and upon request of the receiver, the federal home loan bank shall in good faith, within five days of such request, provide a process and establish timing for all of the following:

(i) the release of collateral that exceeds the lending value, as determined in accordance with the federal home loan bank security agreement, required to support secured obligations remaining after any repayment of advances;

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

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

(iv) the redemption or repurchase of federal home loan bank stock or excess stock of any class that an insurer-member is required to own consistent with federal law and regulations, the federal home loan bank's capital plan, and the capital stock practices currently applicable to the federal home loan bank's entire membership.

(3) Upon the request of the receiver for an insurer-member, the federal home loan bank shall provide any available options that are acceptable to the federal home loan bank for such insurer-member to renew or restructure an advance to defer associated prepayment fees, to the extent that market conditions, the terms of the advance outstanding to the insurer-member, the applicable policies of the federal home loan bank and compliance with the federal home loan bank act and corresponding regulations permit.

(4) Prior to and during a proceeding under this article against an insurer-member, the department, its receiver or rehabilitator shall be entitled to make reasonable requests to the federal home loan bank, and the federal home loan bank shall, to the fullest extent permitted by federal law, support the department with efforts to:

(i) permit and facilitate collateral substitutions;

(ii) permit and facilitate transfer of agreement to a purchaser and/or another federal home loan bank member;

(iii) permit additional advances in case of the need for additional liquidity; or

(iv) take other actions that may facilitate orderly proceedings prior

to and during a delinquency.

(5) To the extent permitted by applicable law and for the purposes of a federal home loan bank assisting the department, a federal home loan bank shall upon request of the department provide in confidence to the department periodic information concerning its financial condition, underwriting, and credit opinions regarding an insurer-member.

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