

Federal Home Loan Bank Exemptions in Insurance Company Insolvency Proceedings; HB 2514

HB 2514 amends the Insurers Supervision, Rehabilitation and Liquidation Act to clarify the priority rights of Federal Home Loan (FHL) Banks as secured creditors in insurance company insolvency proceedings. Specifically, the bill:

- Prohibits an FHL Bank from being stayed, enjoined, or prohibited from exercising or enforcing any right or cause of action regarding collateral pledged under any FHL Bank security agreement or any pledge, security, collateral, or guarantee agreement, or other similar arrangement or credit enhancement relating to such security agreement;
- Prohibits a liquidator from disavowing, rejecting, or repudiating any FHL Bank security agreement;
- Clarifies a receiver cannot avoid any transfer arising under or in connection with any FHL Bank security agreement, unless the transfer was made with the intent to hinder, delay, or defraud existing or future creditors; and
- Prohibits a liquidator or receiver from avoiding any preference arising under or in connection with any FHL Bank security agreement.