

MAINE STATE LEGISLATURE

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132nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2025

Legislative Document

No. 720

H.P. 459

House of Representatives, February 25, 2025

**An Act to Protect Federal Home Loan Banks That Lend Money to
Insurer Members That Become Delinquent**

Received by the Clerk of the House on February 20, 2025. Referred to the Committee on Health Coverage, Insurance and Financial Services pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative FOLEY of Wells.
Cosponsored by Senator HAGGAN of Penobscot and
Representatives: FLYNN of Albion, MORRIS of Turner, OLSEN of Raymond, Senator:
BAILEY of York.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 24-A MRSA §4353, sub-§22** is enacted to read:

3 **22. Federal home loan bank.** "Federal home loan bank" means an institution
4 established under the Federal Home Loan Bank Act, 12 United States Code, Sections 1421
5 to 1449.

6 **Sec. 2. 24-A MRSA §4353, sub-§23** is enacted to read:

7 **23. Insurer member.** "Insurer member" means an insurer that is a member of a federal
8 home loan bank.

9 **Sec. 3. 24-A MRSA §4362, sub-§4** is enacted to read:

10 **4.** Notwithstanding subsections 1, 2 or 3 or any provision of this chapter to the
11 contrary, a person may not for more than 10 days be restrained, enjoined or prohibited from
12 exercising or enforcing any right or cause of action under any pledge, security, credit,
13 collateral, loan, advance, reimbursement, guarantee agreement or arrangement or any
14 similar agreement, arrangement or other credit enhancement to which a federal home loan
15 bank is a party.

16 **Sec. 4. 24-A MRSA §4362, sub-§5** is enacted to read:

17 **5.** A federal home loan bank exercising its rights regarding collateral pledged by an
18 insurer member of the federal home loan bank shall, within 7 days of receiving a
19 redemption request made by the insurer member, repurchase the insurer member's
20 outstanding capital stock in excess of the amount the insurer member must hold as a
21 minimum investment. The federal home loan bank shall repurchase the excess outstanding
22 capital stock only to the extent that the federal home loan bank determines in good faith
23 that the repurchase is:

24 A. Permissible under federal law, federal regulation and the federal home loan bank's
25 capital plan; and

26 B. Consistent with the capital stock practices currently applicable to the federal home
27 loan bank's entire membership.

28 **Sec. 5. 24-A MRSA §4362, sub-§6** is enacted to read:

29 **6.** No later than 10 days after the date of appointment of a receiver in a proceeding
30 under this chapter involving an insurer member of a federal home loan bank, the federal
31 home loan bank shall provide to the superintendent a process and a timeline for the
32 following:

33 A. The release of any collateral held by the federal home loan bank that exceeds the
34 amount that is required to support the secured obligations of the insurer member and is
35 remaining after any repayment of loans as determined under any applicable agreement
36 between the federal home loan bank and the insurer member;

37 B. The release of any collateral of the insurer member remaining in the federal home
38 loan bank's possession following repayment in full of all outstanding secured
39 obligations of the insurer member;

1 collateral held by the federal home loan bank, payment of certain fees owed by the insurer
2 and redeem or repurchase any excess federal home loan bank stock held by an insurer;

3 4. Requiring the federal home loan bank to provide to the superintendent any available
4 options to renew or restructure the insurer's loan; and

5 5. Preventing the avoidance of any transfer of property or preference arising under or
6 in connection to any pledge, security, credit, collateral, loan or other similar arrangement
7 to which the federal home loan bank is a party, except for transfers made with actual intent
8 to hinder, delay or defraud.