

# ACT NO. 87 14

BILL NO. 35-0026

## THIRTY-FIFTH LEGISLATURE OF THE VIRGIN ISLANDS

Regular Session

2023

An Act amending title 22 Virgin Islands Code relating to insurers becoming members of a Federal Home Loan Bank and matters relating thereto

---0---

*Be it enacted by the Legislature of the Virgin Islands:*

**SECTION 1.** Title 22 Virgin Islands Code is amended in the following instances:

(a) In chapter 1, add section 6a. to read as follows:

**“§ 6a. Federal Home Loan Bank and Insurer-member defined**

(a) “Federal Home Loan Bank,” when used in this title means an institution chartered under the Federal Home Loan Bank Act of 1932, 12 U.S.C. §§ 1421, *et seq.* (the “Federal Home Loan Bank Act”).

(b) “Insurer-member” when used in this title means an Insurer that is a member of a Federal Home Loan Bank.”

(b) In chapter 9, add section 230c. that reads as follows:

**“§ 230c. Membership in Federal Home Loan Bank**

(a) Insurers duly organized under the laws of any State, eligible for membership, may become a member of a Federal Home Loan Bank and upon becoming a member, may:

(1) purchase stock in; obtain advances from; sell loans to; pledge collateral to; and perform such acts which are necessary and required to make available to it all the advantages and privileges offered by such Federal Home Loan Bank to the extent provided by and in accordance with the Federal Home Loan Bank Act; and

(2) invest in the debt obligations of the Federal Home Loan Banks or of the Federal Home Loan Bank of New York or its legal successor.

(b) For purposes of this section, the term "State," in addition to the States of the United States, includes the District of Columbia, Guam, Puerto Rico, the Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands."

(c) In chapter 10, section 246, strike "All" at the beginning of the first sentence and insert "Except as provided in section 1256 of this title, all".

(c) In chapter 23, section 553, insert ", to ownership of shares of stock in or advances from a Federal Home Loan Bank" after the second occurrence of "United States" in the second sentence.

(d) Chapter 51 is amended in the following instances:

(1) Section 1254 is amended by:

(A) Adding a new subsection (b) that reads:

"(b) The Commissioner has the authority to enter into such contracts as may be needed for the execution of the order of rehabilitation and to affirm or disavow any contract to which the insurer is a party; except that the Commissioner does not have the authority to disavow, reject, or repudiate a Federal Home Loan Bank security agreement, pledge, collateral or guarantee agreement, or other similar arrangement or credit enhancement relating to a security agreement to which a Federal Home Loan Bank is a party, except if it was made with actual intent to hinder, delay, or defraud either existing or future creditors."; and

(B) Re-designating the affected subsections accordingly.

(2) In section 1256, add subsections (c) through (f) that read as follows:

"(c) Following the appointment of the Commissioner, as receiver, rehabilitator, conservator, or liquidator for an Insurer-member, and upon request of the Commissioner, the Federal Home Loan Bank must, within ten days of the request, provide a process and establish the timing for:

(1) The release of any collateral held by the Federal Home Loan Bank that exceeds the amount that is required to support the secured obligations of the Insurer-member and that remains after any repayment of loans, as determined under the applicable agreements between the Federal Home Loan Bank and the Insurer-member;

(2) The release of any collateral remaining in the Federal Home Loan Bank's possession following repayment in full of all outstanding secured obligations of the Insurer-member;

(3) The payment of fees owed by the Insurer-member and the operation, maintenance, closure, or disposition of deposits and other accounts of the Insurer-member, as mutually agreed upon by the Commissioner and the Federal Home Loan Bank; and

(4) Any redemption or repurchase of Federal Home Loan Bank stock or excess stock of any class that an Insurer-member is required to own.

(d) Upon the request of the Commissioner, as receiver, rehabilitator, conservator, or liquidator of an Insurer-member, the Federal Home Loan Bank must provide any available options for the Insurer-member to renew or restructure an advance to defer associated prepayment fees; subject to market conditions, the terms of the advances 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.

(e) The enumeration of the powers and authority of the Commissioner in this title is not construed as a limitation upon the Commissioner and does not exclude the right to take other actions or engage in other acts not specifically enumerated or otherwise provided for to the extent necessary or appropriate for the accomplishment of or in aid of the liquidation purposes.

(f) Notwithstanding subsections (c), (d) and (e) of this section and any other provision of this title, a Federal Home Loan Bank shall not be enjoined, or prohibited from exercising or enforcing any right or cause of action regarding collateral pledged under a security agreement or under any pledge, collateral or guarantee agreement, or other similar arrangement or credit enhancement relating to a security agreement to which the Federal Home Loan Bank is a party; except that a transfer may be voided under this section if it was made with actual intent to hinder, delay, or defraud either existing or future creditors.”

(e) In section 1276, add subsections (d) and (e) that read as follows:

“(d) Notwithstanding subsections (a), (b) and (c) of this section, and any other provision of this title to the contrary, the Commissioner, as receiver, rehabilitator, conservator or liquidator, may not disavow, reject, repudiate, stay, or enjoin, any Federal Home Loan Bank security agreement, or any pledge, collateral or guarantee agreement or any other similar arrangement or credit enhancement relating to such Federal Home Loan Bank security agreement unless it was made with actual intent to hinder, delay, or defraud either existing or future creditors.

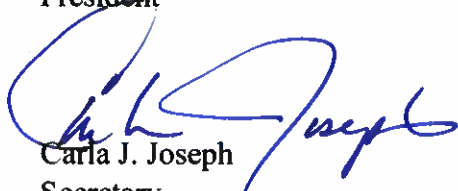
(e) This section does not affect the Commissioner's rights regarding advances to an Insurer-member in delinquency proceedings under 12 CFR §1266.4."

Thus passed by the Legislature of the Virgin Islands on April 14, 2023.

Witness our Hands and Seal of the Legislature of the Virgin Islands this 18th Day of April, A.D., 2023.



  
Novelle E. Francis, Jr.  
President

  
Carla J. Joseph  
Secretary



**Bill No. 35-0026 is hereby approved.**

**Witness my hand and the Seal of the Government of the United States Virgin Islands at Charlotte Amalie, St. Thomas, This 25th day of April 2023 A.D.**

  
Albert Bryan Jr.  
Governor