

State of Arizona  
House of Representatives  
Fifty-fourth Legislature  
Second Regular Session  
2020

# HOUSE BILL 2645

AN ACT

AMENDING SECTIONS 20-611, 20-614, 20-630, 20-631, 20-636, 20-637, 20-676  
AND 20-694, ARIZONA REVISED STATUTES; RELATING TO INSURER INSOLVENCY.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 20-611, Arizona Revised Statutes, is amended to  
3 read:

4 20-611. Definitions

5 ~~For the purpose of~~ IN this article, ~~UNLESS THE CONTEXT OTHERWISE~~  
6 ~~REQUIRES:~~

7 1. "Ancillary state" means any state other than a domiciliary  
8 state.

9 2. "Commodity exchange act" means the federal commodity exchange  
10 act (7 United States Code chapter 1).

11 3. "Court" means, unless the context otherwise requires, the judge  
12 of the superior court assigned to the delinquency proceeding.

13 4. "Delinquency proceeding" means any proceeding commenced against  
14 an insurer pursuant to this article for the purpose of liquidating,  
15 rehabilitating, reorganizing or conserving such insurer.

16 5. "Domiciliary state" means the state in which an insurer is  
17 incorporated or organized, or in the case of an insurer incorporated or  
18 organized in a foreign country, the state in which such insurer, having  
19 become authorized to do business in such state, has, at the commencement  
20 of delinquency proceedings, the largest amount of its assets held in trust  
21 and assets held on deposit for the benefit of its policyholders or  
22 policyholders and creditors in the United States, and any such insurer is  
23 deemed to be domiciled in such state.

24 6. "FEDERAL HOME LOAN BANK" MEANS AN INSTITUTION THAT IS  
25 ESTABLISHED UNDER THE FEDERAL HOME LOAN BANK ACT (12 UNITED STATES CODE  
26 SECTIONS 1421 THROUGH 1449) OR ITS SUCCESSOR STATUTE.

27 ~~6.~~ 7. "Foreign country" means territory not in any state.

28 ~~7.~~ 8. "General assets" means all property, real, personal or  
29 otherwise, not specifically mortgaged, pledged, deposited or otherwise  
30 encumbered for the security or benefit of specified persons or a limited  
31 class or classes of persons, and as to such specifically encumbered  
32 property the term includes all such property or its proceeds in excess of  
33 the amount necessary to discharge the amount or amounts secured thereby.  
34 Assets held in trust and assets held on deposit for the security or  
35 benefit of all policyholders or all policyholders and creditors in the  
36 United States shall be deemed general assets.

37 ~~8.~~ 9. "Impairment" or "insolvency" means that the capital of a  
38 stock insurer or limited capital stock insurer, or the surplus of a mutual  
39 or reciprocal insurer, ~~shall be~~ IS deemed ~~to be~~ impaired and the insurer  
40 ~~shall be~~ IS deemed ~~to be~~ insolvent, when ~~such~~ THE insurer is not possessed  
41 of assets at least equal to all liabilities and required reserves together  
42 with its total issued and outstanding capital stock if a stock insurer, or  
43 the minimum surplus if a mutual or reciprocal insurer, required by this  
44 title to be maintained for the kind or kinds of insurance it is then  
45 authorized to transact.

1           ~~9.~~ 10. "Insurer" means any person, firm, corporation, association  
2 or aggregation of persons doing an insurance business and subject to the  
3 insurance supervisory authority of, or to liquidation, rehabilitation,  
4 reorganization or conservation by the director or the equivalent insurance  
5 supervisory official of another state.

6           11. "INSURER MEMBER" MEANS AN INSURER THAT IS A MEMBER OF A FEDERAL  
7 HOME LOAN BANK.

8           ~~10.~~ 12. "Netting agreement" means:

9           (a) A contract or an agreement including a master agreement that  
10 documents one or more transactions between the parties to the agreement  
11 for or involving one or more qualified financial contracts and that  
12 provides for the netting, liquidation, setoff, termination, acceleration  
13 or close out under or in connection with one or more qualified financial  
14 contracts or present or future payment or delivery obligations or payment  
15 or delivery entitlements thereunder, including liquidation or close-out  
16 values relating to ~~such~~ THE obligations or entitlements, among the parties  
17 to the netting agreement. A master agreement, together with all  
18 schedules, confirmations, definitions and addenda thereto and transactions  
19 under any thereof, shall be treated as one netting agreement.

20           (b) Any master agreement or bridge agreement for one or more master  
21 agreements described in subdivision (a) of this paragraph.

22           (c) Any security agreement or arrangement or other credit  
23 enhancement or guarantee or reimbursement obligation related to any  
24 contract or agreement described in subdivision (a) or (b) of this  
25 paragraph. Any contract or agreement described in subdivision (a) or (b)  
26 of this paragraph relating to agreements or transactions that are not  
27 qualified financial contracts are deemed to be a netting agreement only  
28 with respect to those agreements or transactions that are qualified  
29 financial contracts.

30           ~~11.~~ 13. "Preferred claim" means any claim with respect to which the  
31 law of the state or of the United States accords priority of payments from  
32 the general assets of the insurer.

33           ~~12.~~ 14. "Qualified financial contract" means any commodity  
34 contract, forward contract, repurchase agreement, securities  
35 contract, ~~AND~~ swap agreement and any similar agreement that the director  
36 determines by rule or order to be a qualified financial contract for the  
37 purposes of this article. For the purposes of this paragraph:

38           (a) "Commodity contract" means:

39           (i) A contract for the purchase or sale of a commodity for future  
40 delivery on, or subject to the rules of, a board of trade or contract  
41 market under the commodity exchange act or a board of trade outside the  
42 United States.

43           (ii) An agreement that is subject to regulation under section 19 of  
44 the commodity exchange act and that is commonly known to the commodities

1 trade as a margin account, margin contract, leverage account or leverage  
2 contract.

3 (iii) An agreement or transaction that is subject to regulation  
4 under section 6c(b) of the commodity exchange act and that is commonly  
5 known to the commodities trade as a commodity option.

6 (iv) Any combination of the agreements or transactions referred to  
7 in this paragraph.

8 (v) Any option to enter into an agreement or transaction referred  
9 to in this paragraph.

10 (b) "Forward contract", "repurchase agreement", "securities  
11 contract" and "swap agreement" have the same meanings prescribed in the  
12 federal deposit insurance act, 12 United States Code section  
13 1821(e)(8)(D), as amended.

14 ~~13.~~ 15. "Receiver" means the director as receiver, liquidator,  
15 rehabilitator or conservator as the context may require.

16 ~~14.~~ 16. "Reciprocal state" means any state other than this state in  
17 which in substance and effect the provisions of the uniform insurers  
18 liquidation act, as defined in section 20-631, are in force, including the  
19 provisions requiring that the director of insurance or equivalent  
20 insurance supervisory official be the receiver of a delinquent insurer.

21 ~~15.~~ 17. "Secured claim" means any claim secured by mortgage, trust  
22 deed, pledge, deposit as security, escrow or otherwise, including federal,  
23 state or local tax liens that are perfected before the commencement of a  
24 delinquency proceeding but not including a special deposit claim or claims  
25 against general assets. The term also includes claims that more than four  
26 months ~~prior to~~ BEFORE the commencement of delinquency proceedings in the  
27 state of the insurer's domicile have become liens on specific assets by  
28 reason of judicial process.

29 ~~16.~~ 18. "Special deposit claim" means any claim secured by a  
30 deposit made pursuant to statute for the security or benefit of a limited  
31 class or classes of persons, but not including any general assets.

32 ~~17.~~ 19. "State" means any state of the United States, the District  
33 of Columbia and the territories and possessions of the United States.

34 Sec. 2. Section 20-614, Arizona Revised Statutes, is amended to  
35 read:

36 20-614. Injunctions

37 A. ~~Upon~~ ON application by the director for an order to show cause,  
38 or at any time thereafter, the court may without notice issue an  
39 injunction restraining the insurer, its officers, directors, stockholders,  
40 members, subscribers and agents and all other persons from the transaction  
41 of its business or the waste or disposition of its property until further  
42 order of the court.

43 B. The court may at any time during a proceeding under this article  
44 issue ~~such~~ other injunctions or orders as is deemed necessary to prevent  
45 any of the following:

- 1 1. Interference with the receiver or the proceeding.
- 2 2. The waste of the assets of the insurer.
- 3 3. The commencement or prosecution of any actions.
- 4 4. The obtaining of preferences, judgments, attachments or other
- 5 liens.
- 6 5. The making of any levy against the insurer or against its assets
- 7 or any part of its assets.

8 C. An injunction issued pursuant to subsection A or B of this  
9 section does not operate to enjoin or prohibit any right to cause the  
10 netting, liquidation, setoff, termination, acceleration or close out of  
11 obligations or enforcement of any security agreement or arrangement or  
12 other credit enhancement or guarantee or reimbursement obligation under or  
13 in connection with any netting agreement or qualified financial contract  
14 as provided in section 20-637.

15 D. The court may also prescribe exclusive conditions and procedures  
16 for access to information from the receiver including procedures for the  
17 inspection or copying of the records of the insurer or receiver. The  
18 court may not place conditions on a reinsurer's contract rights to access  
19 to claim files other than the payment of reasonable charges for locating  
20 and copying the records.

21 E. Notwithstanding any other ~~provision of~~ law, ~~no~~ A bond ~~shall be~~  
22 IS NOT required of the director or receiver as a prerequisite for the  
23 issuance of any injunction or restraining order pursuant to this section  
24 or for the filing of any appeal or other action for which a bond may be  
25 required.

26 F. NOTWITHSTANDING ANY OTHER PROVISION OF THIS CHAPTER, A FEDERAL  
27 HOME LOAN BANK MAY NOT BE STAYED, ENJOINED OR PROHIBITED FROM EXERCISING  
28 OR ENFORCING ANY RIGHT OR CAUSE OF ACTION AGAINST COLLATERAL PLEDGED BY AN  
29 INSURER MEMBER UNDER ANY FEDERAL HOME LOAN BANK SECURITY AGREEMENT OR ANY  
30 PLEDGE, SECURITY, COLLATERAL OR GUARANTEE AGREEMENT OR OTHER SIMILAR  
31 ARRANGEMENT OR CREDIT ENHANCEMENT RELATING TO A SECURITY AGREEMENT TO  
32 WHICH THAT FEDERAL HOME LOAN BANK IS A PARTY.

33 Sec. 3. Section 20-630, Arizona Revised Statutes, is amended to  
34 read:

35 20-630. Attachment and garnishment of assets

36 A. During the pendency of delinquency proceedings in this or any  
37 reciprocal state, ~~no~~ AN action or proceeding in the nature of an  
38 attachment, garnishment or execution ~~shall~~ MAY NOT be commenced or  
39 maintained in the courts of this state against the delinquent insurer or  
40 its assets. Any lien obtained by any such action or proceeding within  
41 four months ~~prior to~~ BEFORE the commencement of any such delinquency  
42 proceeding or at any time thereafter ~~shall be~~ IS void as against any  
43 rights arising in the delinquency proceeding.

44 B. NOTWITHSTANDING ANY OTHER PROVISION OF THIS CHAPTER, A FEDERAL  
45 HOME LOAN BANK MAY NOT BE STAYED, ENJOINED OR PROHIBITED FROM EXERCISING

1 OR ENFORCING ANY RIGHT OR CAUSE OF ACTION AGAINST COLLATERAL PLEDGED BY AN  
2 INSURER MEMBER UNDER ANY FEDERAL HOME LOAN BANK SECURITY AGREEMENT OR ANY  
3 PLEDGE, SECURITY, COLLATERAL OR GUARANTEE AGREEMENT OR OTHER SIMILAR  
4 ARRANGEMENT OR CREDIT ENHANCEMENT RELATING TO A SECURITY AGREEMENT TO  
5 WHICH THAT FEDERAL HOME LOAN BANK IS A PARTY.

6 Sec. 4. Section 20-631, Arizona Revised Statutes, is amended to  
7 read:

8 20-631. Uniform insurers liquidation act

9 A. Section 20-611, paragraphs 1, 4, ~~through 5, 7, 8, 9, 10, 11,~~ 13,  
10 ~~through 15, 16,~~ 17, 18 AND 19 and sections 20-613, 20-614, 20-624, 20-625,  
11 20-626, 20-627, 20-628, 20-629 and 20-630 are and may be cited as the  
12 uniform insurers liquidation act.

13 B. The uniform insurers liquidation act shall be so interpreted and  
14 construed as to effectuate its general purpose to make uniform the law of  
15 those states that enact it. To the extent that its provisions when  
16 applicable conflict with other provisions of this article the provisions  
17 of such act shall control.

18 Sec. 5. Section 20-636, Arizona Revised Statutes, is amended to  
19 read:

20 20-636. Voidable transfers

21 A. Any transfer of, or lien ~~upon~~ ON, the property of an insurer  
22 ~~which~~ THAT is made or created within four months ~~prior to~~ BEFORE the  
23 granting of an order to show cause under this article with the intent of  
24 giving to any creditor or of enabling such creditor to obtain a greater  
25 percentage of ~~his~~ THE CREDITOR'S debt than any other creditor of the same  
26 class, and ~~which~~ THAT is accepted by such creditor having reasonable cause  
27 to believe that such preference will occur, shall be voidable.

28 B. Every director, officer, employee, stockholder, member and  
29 subscriber and any other person acting on behalf of the insurer who is  
30 concerned in any such act or deed and every person receiving thereby any  
31 property of the insurer or the benefit thereof shall be personally liable  
32 therefor and shall be bound to account to the receiver.

33 C. The receiver in any proceeding under this article may avoid any  
34 transfer of or lien ~~upon~~ ON the property of an insurer ~~which~~ THAT any  
35 creditor, stockholder, subscriber or member of ~~such~~ THE insurer might have  
36 avoided and may recover the property so transferred unless ~~such~~ THE person  
37 was a bona fide holder for value ~~prior to~~ BEFORE the date of the granting  
38 of an order to show cause under this article. Such property or its value  
39 may be recovered from anyone who has received it except a bona fide holder  
40 for value as specified in this article.

41 D. NOTWITHSTANDING ANY OTHER PROVISION OF THIS CHAPTER, A RECEIVER,  
42 REHABILITATOR, LIQUIDATOR OR CONSERVATOR MAY NOT VOID ANY TRANSFER OF, OR  
43 ANY OBLIGATION TO TRANSFER, MONEY OR OTHER PROPERTY ARISING UNDER OR IN  
44 CONNECTION WITH ANY FEDERAL HOME LOAN BANK SECURITY AGREEMENT WITH AN  
45 INSURER MEMBER, OR ANY PLEDGE, SECURITY, COLLATERAL OR GUARANTEE AGREEMENT

1 OR ANY OTHER SIMILAR ARRANGEMENT OR CREDIT ENHANCEMENT RELATING TO A  
2 FEDERAL HOME LOAN BANK SECURITY AGREEMENT WITH AN INSURER MEMBER UNLESS  
3 THE TRANSFER WAS MADE WITH ACTUAL INTENT TO HINDER, DELAY OR DEFRAUD  
4 EITHER EXISTING OR FUTURE CREDITORS.

5 Sec. 6. Section 20-637, Arizona Revised Statutes, is amended to  
6 read:

7 20-637. Qualified financial contracts; definition

8 A. Notwithstanding any other provision of this article, a person  
9 shall not be enjoined or prohibited from exercising:

10 1. A contractual right to cause the termination, liquidation,  
11 acceleration or close out of obligations under or in connection with any  
12 netting agreement or qualified financial contract with an insurer because  
13 of either:

14 (a) The insolvency, financial condition or default of the insurer  
15 at any time if the right is enforceable under applicable law other than  
16 this article.

17 (b) The commencement of a formal delinquency proceeding under this  
18 article.

19 2. Any right under a pledge, security, collateral, reimbursement or  
20 guarantee agreement or arrangement or any other similar security agreement  
21 or arrangement or other credit enhancement relating to one or more netting  
22 agreements or qualified financial contracts.

23 3. Subject to section 20-638, subsection B, any right to offset or  
24 net out any termination value, payment amount or other transfer obligation  
25 arising under or in connection with one or more qualified financial  
26 contracts where the counterparty or its guarantor is organized under the  
27 laws of the United States or a state or a foreign jurisdiction approved by  
28 the securities valuation office of the national association of insurance  
29 commissioners as eligible for netting.

30 B. If a counterparty to a master netting agreement or a qualified  
31 financial contract with an insurer subject to a proceeding under this  
32 article terminates, liquidates, closes out or accelerates the agreement or  
33 contract, damages shall be measured as of the date or dates of  
34 termination, liquidation, close out or acceleration. The amount of a  
35 claim for damages shall be actual direct compensatory damages calculated  
36 pursuant to subsection H of this section.

37 C. On termination of a netting agreement or qualified financial  
38 contract, the net or settlement amount owed by a nondefaulting party to an  
39 insurer against which a proceeding under this article has been commenced  
40 shall be transferred to or on the order of the receiver for the insurer,  
41 even if the insurer is the defaulting party, notwithstanding any walkaway  
42 clause in the netting agreement or qualified financial contract. Any  
43 limited two-way payment or first method provision in a netting agreement  
44 or qualified financial contract with an insurer that has defaulted shall  
45 be deemed to be a full two-way payment or second method provision as

1 against the defaulting insurer. Any such property or amount shall be a  
2 general asset of the insurer, except to the extent it is subject to one or  
3 more secondary liens or encumbrances or rights of netting or offset. For  
4 the purposes of this subsection, "walkaway clause" means a provision in a  
5 netting agreement or a qualified financial contract that, after  
6 calculation of a value of a party's position or an amount due to or from  
7 one of the parties in accordance with its terms on termination,  
8 liquidation or acceleration of the netting agreement or qualified  
9 financial contract, either does not create a payment obligation of a party  
10 or extinguishes a payment obligation of a party in whole or in part solely  
11 because of the party's status as a nondefaulting party.

12 D. In making any transfer of a netting agreement or qualified  
13 financial contract of an insurer subject to a proceeding under this  
14 article, the receiver shall either:

15 1. Transfer to one party, other than an insurer subject to a  
16 proceeding under this article, all netting agreements and qualified  
17 financial contracts between a counterparty or any affiliate of the  
18 counterparty and the insurer that is the subject of the proceeding  
19 including:

20 (a) All rights and obligations of each party under each netting  
21 agreement and qualified financial contract.

22 (b) All property, including any guarantees or other credit  
23 enhancement, securing any claims of each party under each netting  
24 agreement and qualified financial contract.

25 2. Transfer none of the netting agreements, qualified financial  
26 contracts, rights, obligations or property referred to in paragraph 1 of  
27 this subsection with respect to the counterparty and any affiliate of the  
28 counterparty.

29 E. If the receiver makes a transfer of one or more netting  
30 agreements or qualified financial contracts, the receiver shall use its  
31 best efforts to notify any person who is a party to the netting agreements  
32 or qualified financial contracts of the transfer by noon in the receiver's  
33 local time on the business day following the transfer. For the purposes  
34 of this subsection, "business day" means a day other than a Saturday,  
35 Sunday or other day on which either the New York stock exchange or the  
36 federal reserve bank of New York is closed.

37 F. Notwithstanding any other provision of this article, the  
38 receiver may not avoid a transfer of money or other property arising under  
39 or in connection with a netting agreement or qualified financial contract  
40 or any pledge, security, collateral or guarantee agreement or any other  
41 similar security arrangement or credit support document relating to a  
42 netting agreement or qualified financial contract that is made before the  
43 commencement of a delinquency proceeding under this article. However, a  
44 transfer may be avoided under section 20-636, subsection C if the transfer



1 was made with actual intent to hinder, delay or defraud the insurer, a  
2 receiver appointed for the insurer or existing or future creditors.

3 G. In disaffirming or repudiating any netting agreement or  
4 qualified financial contract to which an insurer is a party, the receiver  
5 for the insurer shall either:

6 1. Disaffirm or repudiate all netting agreements and qualified  
7 financial contracts between a counterparty or any affiliate of the  
8 counterparty and the insurer that is the subject of the proceeding.

9 2. Disaffirm or repudiate none of the netting agreements and  
10 qualified financial contracts referred to in paragraph 1 of this  
11 subsection with respect to the person or any affiliate of the person.

12 H. Notwithstanding any other provision of this article, any claim  
13 of a counterparty against the estate arising from the receiver's  
14 disaffirmance or repudiation of a netting agreement or qualified financial  
15 contract that has not been previously affirmed in the proceeding under  
16 this article shall be determined and shall be allowed or disallowed as if  
17 the claim had arisen before the date of the commencement of a proceeding  
18 under this article. The amount of the claim shall be the actual direct  
19 compensatory damages determined as of the date of the disaffirmance or  
20 repudiation of the netting agreement or qualified financial contract. For  
21 the purposes of this subsection, "actual direct compensatory damages":

22 1. Does not include punitive or exemplary damages, damages for lost  
23 profit or lost opportunity or damages for pain and suffering.

24 2. Includes normal and reasonable costs of cover or other  
25 reasonable measures of damages used in the derivatives, securities or  
26 other market for the contract and agreement claims.

27 I. This section does not apply to persons who are affiliates of the  
28 insurer that is the subject of the proceeding.

29 J. All rights of counterparties under this article apply to netting  
30 agreements and qualified financial contracts entered into on behalf of the  
31 general account or separate accounts if the assets of each separate  
32 account are available only to counterparties to netting agreements and  
33 qualified financial contracts entered into on behalf of that separate  
34 account.

35 K. NOTWITHSTANDING ANY OTHER PROVISION OF THIS CHAPTER, A FEDERAL  
36 HOME LOAN BANK MAY NOT BE STAYED, ENJOINED OR PROHIBITED FROM EXERCISING  
37 OR ENFORCING ANY RIGHT OR CAUSE OF ACTION AGAINST COLLATERAL PLEDGED BY AN  
38 INSURER MEMBER UNDER ANY FEDERAL HOME LOAN BANK SECURITY AGREEMENT OR ANY  
39 PLEDGE, SECURITY, COLLATERAL OR GUARANTEE AGREEMENT OR OTHER SIMILAR  
40 ARRANGEMENT OR CREDIT ENHANCEMENT RELATING TO A SECURITY AGREEMENT TO  
41 WHICH THAT FEDERAL HOME LOAN BANK IS A PARTY.

1           ~~K~~ L. For the purposes of this section, "contractual right"  
2 includes:

3           1. Any right set forth:

4           (a) In a rule or bylaw of a derivatives clearing organization as  
5 defined in the commodity exchange act, a multilateral clearing  
6 organization as defined in the federal deposit insurance corporation  
7 improvement act of 1991 (12 United States Code section 4421), a national  
8 securities exchange, a national securities association, a securities  
9 clearing agency, a contract market designated under the commodity exchange  
10 act, a derivatives transaction execution facility registered under the  
11 commodity exchange act or a board of trade as defined in the commodity  
12 exchange act.

13           (b) In a resolution of the governing board of any entity described  
14 in subdivision (a) of this paragraph.

15           2. Any right, whether or not evidenced in writing, arising under  
16 statutory or common law, or under law merchant or by reason of normal  
17 business practice.

18           Sec. 7. Section 20-676, Arizona Revised Statutes, is amended to  
19 read:

20           20-676. Stay of proceedings

21           A. All proceedings in which the insolvent insurer or the insolvent  
22 insurer's insured is a party in any court of this state shall be stayed  
23 for six months from the date the insolvency is determined or an ancillary  
24 proceeding is instituted in this state, whichever is later, to permit  
25 proper defense by the fund of all pending causes of action as to any  
26 covered claim. At the request of any party and on a showing of good  
27 cause, the court may shorten or lengthen the stay prescribed in this  
28 section. This subsection does not apply to proceedings in which the  
29 insolvent insurer is a party to a proceeding before the industrial  
30 commission regarding an employee's entitlement to benefits under title 23,  
31 chapter 6, except that, on a showing of good cause, the industrial  
32 commission shall grant up to a ninety-day continuance of any scheduled  
33 hearing to allow the fund to assume the defense and investigate the claim.

34           B. On application of the fund, either on the fund's own behalf or  
35 on the insured's behalf, the court may set aside any judgment, order,  
36 decision, verdict, finding or award arising from the default of the  
37 insolvent insurer or the insurer's failure to defend the insured and the  
38 fund shall be ~~permitted~~ ALLOWED to defend the claim on the merits.

39           C. NOTWITHSTANDING ANY OTHER PROVISION OF THIS CHAPTER, A FEDERAL  
40 HOME LOAN BANK MAY NOT BE STAYED, ENJOINED OR PROHIBITED FROM EXERCISING  
41 OR ENFORCING ANY RIGHT OR CAUSE OF ACTION AGAINST COLLATERAL PLEDGED BY AN  
42 INSURER MEMBER UNDER ANY FEDERAL HOME LOAN BANK SECURITY AGREEMENT OR ANY  
43 PLEDGE, SECURITY, COLLATERAL OR GUARANTEE AGREEMENT OR OTHER SIMILAR  
44 ARRANGEMENT OR CREDIT ENHANCEMENT RELATING TO A SECURITY AGREEMENT TO  
45 WHICH THAT FEDERAL HOME LOAN BANK IS A PARTY.

1           Sec. 8. Section 20-694, Arizona Revised Statutes, is amended to  
2 read:

3           20-694. Stay of proceedings; reopening default judgments

4           A. All proceedings in which the impaired insurer or insolvent  
5 insurer or the impaired insurer's or insolvent insurer's insured is a  
6 party in any court in this state shall be stayed sixty days from the date  
7 an order of liquidation, rehabilitation or conservation is final to permit  
8 proper legal action by the board on any matters germane to its powers or  
9 duties. At the request of the board and on a showing of good cause, the  
10 court may lengthen the stay prescribed in this section. As to a judgment  
11 under any decision, order, verdict or finding based on default, the board  
12 may apply to have such judgment set aside by the same court that made such  
13 judgment and shall be permitted to defend against such suit on the merits.

14           B. NOTWITHSTANDING SUBSECTION A OF THIS SECTION OR ANY OTHER  
15 PROVISION OF THIS CHAPTER, A RECEIVER, REHABILITATOR, LIQUIDATOR OR  
16 CONSERVATOR MAY NOT VOID ANY TRANSFER OF, OR ANY OBLIGATION TO TRANSFER,  
17 MONEY OR OTHER PROPERTY ARISING UNDER OR IN CONNECTION WITH ANY FEDERAL  
18 HOME LOAN BANK SECURITY AGREEMENT WITH AN INSURER MEMBER, OR ANY PLEDGE,  
19 SECURITY, COLLATERAL OR GUARANTEE AGREEMENT OR ANY OTHER SIMILAR  
20 ARRANGEMENT OR CREDIT ENHANCEMENT RELATING TO A FEDERAL HOME LOAN BANK  
21 SECURITY AGREEMENT WITH AN INSURER MEMBER UNLESS THE TRANSFER WAS MADE  
22 WITH ACTUAL INTENT TO HINDER, DELAY OR DEFRAUD EITHER EXISTING OR FUTURE  
23 CREDITORS.