



New York Bankers Association  
99 Park Avenue, 4<sup>th</sup> Floor  
New York, New York 10016

Clare M. Cusack  
President & CEO

February 18, 2021

Honorable Steven Cymbrowitz  
Chair  
Assembly Housing Committee  
New York State Assembly  
Albany, NY

Honorable Neil Breslin  
Chair  
Senate Insurance Committee  
New York State Senate  
Albany, NY

Re: A.3573 (Cymbrowitz)/S.4282 (Breslin)

Dear Chairs:

The New York Bankers Association (“NYBA”) writes in support of A.3573/S.4282, which would clarify provisions of New York’s insurance insolvency laws with regards to secured lending by the Federal Home Loan Bank of New York (“FHLBNY”). NYBA is comprised of community, regional, and large banks across every region of New York State. Together NYBA members employ nearly 200,000 New Yorkers, safeguard \$2 trillion in deposits, and extend nearly \$70 billion in home and small business loans.

While this bill primarily applies to insurance matters, NYBA stands in support with the FHLBNY because the bill will allow for more flexibility in insurance lending, which in turn provides more lending across the state through the FHLBNY Affordable Housing Program (“AHP”). Member banks of the FHLBNY currently use 10% of their earnings to support low-income housing projects in the AHP. As financial institutions and insurance companies continue to address the COVID-19 pandemic, allowing insurance companies to access emergency liquidity through the FHLBNY may prove even more vital during COVID-19 recovery efforts.

Lending to banks and credit unions secured by the FHLBNY is already protected by federal law in the event of insolvency. However, current New York law does not provide the same protection to FHLBNY insurance company members and may impede the FHLBNY from working with the Department of Financial Services (“DFS”) to support a troubled insurance company. This bill would facilitate the FHLBNY, in close coordination with DFS, to provide emergency liquidity to a troubled insurance company that would reduce the risk of loss to policyholders, FHLBNY investor members, and other creditors. This proposed legislation will allow the kind of liquidity support available to banks and credit unions to be extended to New York’s insurance companies. The extension of these protections to the Federal Home Loan Banks in providing emergency liquidity to insurance companies is notable in the nineteen states which have similarly amended their insurance insolvency laws.

New York communities and affordable housing throughout New York State would also benefit through this legislation. The FHLBNY contributes 10% of its income to affordable housing through its AHP. If this proposed bill is passed, New York-based insurer-members would be able to take greater advantage of the FHLBNY low-cost lending, which, in turn, would support increased AHP grants. In the past decade, this valuable program, which includes a first-time home buyer program, has awarded more than \$310 million in affordable housing grants in New York.

For these reasons, the New York Bankers Association strongly supports this legislation and urges that it be passed.

Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Clare Cusack". The signature is written in black ink and is positioned above a light gray rectangular box.

Clare M. Cusack