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CONSENT

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Bill No: AB 1781  
Author: Michelle Rodriguez (D)  
Introduced: 2/9/26  
Vote: 21

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SENATE INSURANCE COMMITTEE: 6-0, 6/10/26  
AYES: Padilla, Becker, Jones, Menjivar, Richardson, Rubio  
NO VOTE RECORDED: Niello

SENATE JUDICIARY COMMITTEE: 13-0, 6/23/26  
AYES: Umberg, Niello, Allen, Ashby, Caballero, Durazo, Laird, Reyes, Stern,  
Valladares, Wahab, Weber Pierson, Wiener

ASSEMBLY FLOOR: 74-0, 4/23/26 (Consent) - See last page for vote

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**SUBJECT:** Federal Home Loan Banks

**SOURCE:** Author

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**DIGEST:** This bill prohibits a Federal Home Loan Bank (FHLB) from being stayed, enjoined, or prohibited from exercising or enforcing any right or cause of action against collateral pledged by an insurer-member or an FHLB insurer-member under any FHLB security agreement.

**ANALYSIS:**

Existing law:

- 1) Provides for the regulation of insurers, agents and brokers, and other insurance-like organizations by the Insurance Commissioner, and imposes a broad range of financial solvency, licensing and market behavior requirements, as set forth in the Insurance Code.

This bill:

- 1) Prohibits a receiver, rehabilitator, liquidator, or conservator from voiding any transfer of, or any obligation to transfer, money or other property arising under or in connection with any FHLB security agreement with an insurer-member unless the transfer was made with actual intent to hinder, delay, or defraud either existing or future creditors.
- 2) Defines “Federal Home Loan Bank” as an institution that is established under the Federal Home Loan Bank Act as a government-sponsored enterprise to support mortgage lending and related community investment.
- 3) Defines “insurer-member” as an insurer that is a member of a Federal Home Loan Bank, which consists of approximately 6,500 financial institutions in the United States, including commercial banks, community banks, credit unions, insurance companies, and community development financial institutions.

### **Comments**

*Federal Home Loan Banks.* FHLBs provide their members with a source of funding for mortgages and asset-liability management, liquidity for short-term needs, and additional funds for housing finance and community development. FHLBs provide long- and short-term loans, also called advances, to their members. All borrowed funds must also be backed by collateral pledged to the FHLB. Collateral includes mortgages, mortgage-backed securities, loans and securities issued by the United States Government, securities issued by any U.S. agency, cash or deposits at the FHLB, and other collateral that is real estate related.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: No Local: No

**SUPPORT:** (Verified 6/25/26)

California Bankers Association  
California's Credit Unions  
Federal Home Loan Bank of San Francisco

**OPPOSITION:** (Verified 6/25/26)

None received

**ARGUMENTS IN SUPPORT:** The Federal Home Loan Bank of San Francisco states:

Reliable access to low-cost liquidity is essential for insurance companies, particularly during periods of financial stress or elevated claims activity. Like banks and credit unions, insurance company members of the Federal Home Loan Bank System rely on secured advances backed by eligible collateral, including mortgages, mortgage-backed securities, and U.S. Treasuries. These advances support financial stability and help members continue serving policyholders across economic cycles.

Under current California law, however, Federal Home Loan Banks do not receive the same protections for pledged collateral in an insurance company receivership that exist for depository institutions under federal law. As a result, collateral pledged to FHLBank San Francisco could be subject to stay or voidable transfer provisions, creating uncertainty and uneven treatment among Federal Home Loan Bank members. This disparity can lead to more restrictive or costly liquidity terms for California-domiciled insurers.

AB 1781 addresses this issue by clarifying that Federal Home Loan Banks may access pledged collateral as secured lenders during an insurance company receivership, consistent with federal law and with the treatment already afforded to banks and credit unions. The bill would also establish a clear and orderly receivership process, providing greater certainty for regulators, insurers, and market participants.

Importantly, AB 1781 does not create a special creditor preference or alter existing secured lending standards. The Uniform Commercial Code, priority of claims, and policyholder protections remain unchanged. In fact, improved access to reliable liquidity can benefit policyholders by supporting insurers' financial stability and facilitating orderly receivership operations if a failure occurs.

**ASSEMBLY FLOOR:** 74-0, 4/23/26

**AYES:** Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega,

Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Solache, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wilson, Zbur, Rivas  
NO VOTE RECORDED: Addis, Hadwick, Celeste Rodriguez, Sharp-Collins, Soria, Wicks

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6/26/26 13:09:12

\*\*\*\* END \*\*\*\*