

3 six (6) of paragraph "d" of subsection seventeen (17) thereof the
 4 following: ", or at a value as determined under rules adopted by the
 5 National Association of Insurance Commissioners".

Approved April 29, 1965.

CHAPTER 396

LIFE INSURANCE COMPANIES

S. F. 215

AN ACT relating to investment of funds of life insurance companies.

Be It Enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Section five hundred eleven point eight (511.8), Code
 2 1962, is hereby amended by striking paragraph "a" of subsection five
 3 (5) thereof and inserting in lieu thereof the following:

4 "If fixed interest-bearing obligations, the net earnings of the issu-
 5 ing, assuming or guaranteeing corporation available for its fixed
 6 charges for a period of five fiscal years next preceding the date of
 7 acquisition of the obligations by such insurance company shall have
 8 averaged per year not less than one and one-half times such average
 9 annual fixed charges of the issuing, assuming or guaranteeing corpo-
 10 ration applicable to such period, and, during at least one of the last
 11 two years of such period, its net earnings shall have been not less than
 12 one and one-half times its fixed charges for such year; or if, at the
 13 date of acquisition, the obligations are adequately secured and have
 14 investment qualities and characteristics wherein the speculative ele-
 15 ments are not predominant."

1 SEC. 2. Section five hundred eleven point eight (511.8), Code 1962,
 2 is hereby further amended by striking the first paragraph of para-
 3 graph "b" of subsection five (5) thereof and inserting in lieu thereof
 4 the following:

5 "If adjustment, income or other contingent interest obligations, the
 6 net earnings of the issuing, assuming or guaranteeing corporation
 7 available for its fixed charges for a period of five fiscal years next
 8 preceding the date of acquisition of the obligations by such insurance
 9 company shall have averaged per year not less than one and one-half
 10 times such average annual fixed charges of the issuing, assuming or
 11 guaranteeing corporation and its average annual maximum contingent
 12 interest applicable to such period and, during at least one of the last
 13 two years of such period, its net earnings shall have been not less than
 14 one and one-half times the sum of its fixed charges and maximum con-
 15 tingent interest for such year."

1 SEC. 3. Section five hundred eleven point eight (511.8), Code 1962,
 2 is hereby further amended by striking the last paragraph of para-
 3 graph "b" of subsection five (5) thereof and inserting in lieu thereof
 4 the following:

5 "The term 'fixed charges' as used herein shall include interest on

6 unfunded debt and funded debt on a parity with or having a priority
7 to the obligation under consideration."

1 SEC. 4. Section five hundred eleven point eight (511.8), Code 1962,
2 is hereby further amended by inserting after the word "indebtedness"
3 in line four (4) of paragraph "d" of subsection nine (9) thereof the
4 following: ", or in the acquisition or disposition of real property
5 acquired pursuant to subsection fourteen (14)".

1 SEC. 5. Section five hundred eleven point eight (511.8), Code 1962,
2 is hereby further amended by striking paragraph "f" of subsection
3 nine (9) thereof and inserting in lieu thereof the following:

4 "Bonds, notes, obligations or other evidences of indebtedness se-
5 cured by mortgages or deeds of trust which are a first lien upon un-
6 encumbered personal or real property or both personal and real prop-
7 erty, including a leasehold of real estate, within the United States of
8 America, or any insular or territorial possession of the United States
9 of America, or the Dominion of Canada, under lease, purchase con-
10 tract, or lease purchase contract to any governmental body or instru-
11 mentality whose obligations qualify under subsections one (1), two
12 (2) or three (3) of this section, or to a corporation whose obligations
13 qualify under paragraph "a" of subsection five (5) of this section, if
14 the terms of the bond, note or other evidence of indebtedness provide
15 for the amortization during the initial, fixed period of the lease or con-
16 tract of one hundred percent of the indebtedness and there is pledged
17 or assigned, as additional security for the loan, sufficient of the rentals
18 payable under the lease, or of contract payments, to provide the re-
19 quired payments on the loan necessary to permit such amortization,
20 including but not limited to payments of principal, interest, ground
21 rents and taxes other than the income taxes of the borrower; pro-
22 vided, however, that where the security consists of a first mortgage or
23 deed of trust lien on a fee interest in real property only, the bond, note
24 or other evidence of indebtedness may provide for the amortization
25 during the initial, fixed period of the lease or contract of less than
26 one hundred percent of the indebtedness if there is to be left un-
27 amortized at the end of such period an amount not greater than the
28 appraised value of the land only, exclusive of all improvements, and
29 if there is pledged or assigned, as additional security for the loan,
30 sufficient of the rentals payable under the lease, or of contract pay-
31 ments, to provide the required payments on the loan necessary to
32 permit such amortization, including but not limited to payments of
33 principal, interest, and taxes other than the income taxes of the bor-
34 rower. Investments made in accordance with the provisions of this
35 paragraph shall not be eligible in excess of ten percent of the legal
36 reserve."

1 SEC. 6. Section five hundred eleven point eight (511.8), Code 1962,
2 is hereby further amended by inserting before the word "The" in line
3 sixteen (16) of subsection fourteen (14) the following new sentence:
4 "Legal title to such real property may be acquired subject to a con-
5 tract of sale."

Approved May 13, 1965.