

9 lishing of notice of incorporation and payment of corporation fees by
 10 like domestic corporations, and designating its principal place of
 11 business at a place in this state, and upon payment to the commis-
 12 sioner of insurance of a transfer tax in a sum equal to twenty-five
 13 percent of the premium tax paid pursuant to the provisions of chapter
 14 four hundred thirty-two (432) of the Code for the last calendar year
 15 immediately preceding its becoming a domestic corporation or the
 16 sum of ten thousand dollars, whichever is the lesser but not less than
 17 one thousand dollars, may become a domestic corporation and be en-
 18 titled to like certificates of its corporate existence and license to trans-
 19 act business in this state, and be subject in all respects to the author-
 20 ity and jurisdiction thereof.

1 SEC. 2. Chapter four hundred ninety-one (491), Code 1973, is
 2 amended by adding the following new section:

3 **NEW SECTION. Foreign life insurance companies becoming domes-**
 4 **tic.** The secretary of state upon a corporation complying with the
 5 provisions of this Act and upon the filing of articles of incorporation
 6 and upon receipt of the fees as provided in this chapter shall issue a
 7 certificate of incorporation as of the date of the corporation's original
 8 incorporation in its state of original incorporation. The certificate of
 9 incorporation shall state on its face that it is issued in accordance
 10 with the provisions of this Act. The secretary of state shall forward
 11 said articles as provided in this chapter to the county recorder where
 12 the principal place of business of the corporation is to be located. The
 13 secretary of state shall then notify the appropriate officer of the
 14 state or country of the corporation's last domicile that the corporation
 15 is now a domestic corporation domiciled in this state.

Approved July 12, 1973.

This Act was passed by the G. A. before July 1, 1973.

CHAPTER 271

VARIABLE ANNUITIES

H. F. 642

AN ACT relating to variable contracts of annuities and life insurance.

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

1 **SECTION 1. NEW SECTION.** A domestic life insurance company
 2 organized under chapter five hundred eight (508) of the Code may
 3 establish one or more separate accounts, and may allocate thereto
 4 amounts, including without limitation proceeds applied under optional
 5 modes of settlement or under dividend options, to provide for life
 6 insurance or annuities, and benefits incidental thereto, payable in fixed
 7 or variable amounts or both, subject to the following:

8 1. The income, gains and losses, realized or unrealized, from assets
 9 allocated to a separate account shall be credited to or charged against
 10 the account, without regard to other income, gains or losses of the
 11 company.

12 2. Except as may be provided with respect to reserves for guaran-

13 teed benefits and funds referred to in subsection three (3) of this
14 section:

15 a. Amounts allocated to any separate account and accumulations
16 thereon may be invested and reinvested without regard to any require-
17 ments or limitations prescribed by the laws of this state governing the
18 investments of such life insurance companies; and

19 b. The investments in such separate account or accounts shall not be
20 taken into account in applying the investment limitations otherwise
21 applicable to the investments of such company.

22 3. Except with the approval of the commissioner of insurance and
23 under such conditions as to investments and other matters as he may
24 prescribe, which shall recognize the guaranteed nature of the benefits
25 provided, reserves for benefits guaranteed as to dollar amount and
26 duration and funds guaranteed as to principal amount or stated rate
27 of interest shall not be maintained in a separate account.

28 4. Unless otherwise approved by the commissioner of insurance,
29 assets allocated to a separate account shall be valued at their market
30 value on the date of valuation, or if there is no readily available mar-
31 ket, then as provided under the terms of the contract or the rules or
32 other written agreement applicable to such separate account; however,
33 unless otherwise approved by the commissioner of insurance, the por-
34 tion, if any, of the assets of such separate account equal to the com-
35 pany's reserve liability with regard to the guaranteed benefits and
36 funds referred to in subsection three (3) of this section shall be valued
37 in accordance with the rules otherwise applicable to the company's
38 assets.

39 5. Amounts allocated to a separate account in the exercise of the
40 power granted by this Act shall be owned by the company, and the
41 company shall not be, nor hold itself out to be, a trustee with respect
42 to such amounts. Unless it is provided to the contrary under the
43 applicable contracts, that portion of the assets of any such separate
44 account equal to the reserves and other contract liabilities with respect
45 to such account shall not be chargeable with liabilities arising out of
46 any other business the company may conduct.

47 6. No sale, exchange or other transfer of assets may be made by
48 such company between any of its separate accounts or between any
49 other investment account and one or more of its separate accounts
50 unless, in case of a transfer into a separate account, such transfer is
51 made solely to establish the account or to support the operation of the
52 contracts with respect to the separate account to which the transfer
53 is made, and unless such transfer, whether into or from a separate
54 account, is made by a transfer of cash, or by a transfer of securities
55 having a readily determinable market value, provided that such trans-
56 fer of securities is approved by the commissioner of insurance. The
57 commissioner of insurance may approve other transfers among such
58 accounts if, in his opinion, such transfers would not be inequitable.

59 7. To the extent such company deems it necessary to comply with
60 any applicable federal or state laws, such company, with respect to
61 any separate account, including without limitation any separate ac-
62 count which is a management investment company or a unit invest-
63 ment trust, may provide for persons having an interest therein
64 appropriate voting and other rights and special procedures for the
65 conduct of the business of such account, including without limitation

66 special rights and procedures relating to investment policy, investment
67 advisory services, selection of independent public accountants, and the
68 selection of a committee, the members of which need not be otherwise
69 affiliated with such company, to manage the business of such account.

1 **SEC. 2. NEW SECTION.** Any contract providing benefits payable
2 in variable amounts delivered or issued for delivery in this state shall
3 contain a statement of the essential features of the procedures to be
4 followed by the insurance company in determining the dollar amount
5 of such variable benefits. Any such contract under which the benefits
6 vary to reflect investment experience, including a group contract and
7 any certificate in evidence of variable benefits issued thereunder, shall
8 state that such dollar amount will so vary and shall contain on its first
9 page a statement to the effect that the benefits thereunder are on a
10 variable basis.

1 **SEC. 3. NEW SECTION.** No company shall deliver or issue for
2 delivery within this state variable contracts unless it is licensed or
3 organized to do a life insurance or annuity business in this state, and
4 the commissioner of insurance is satisfied that its condition or method
5 of operation in connection with the issuance of such contracts will not
6 render its operation hazardous to the public or its policyholders in this
7 state. In this connection, the commissioner of insurance shall consider
8 among other things:

9 1. The history and financial condition of the company;
10 2. The character, responsibility and fitness of the officers and direc-
11 tors of the company; and

12 3. The law and regulation under which the company is authorized
13 in the state of domicile to issue variable contracts. The state of entry
14 of an alien company shall be deemed its place of domicile for that
15 purpose.

16 If the company is a subsidiary of an admitted life insurance company,
17 or affiliated with such company through common management or own-
18 ership, it may be deemed by the commissioner of insurance to have met
19 the provisions of this section if either it or the parent or the affiliated
20 company meets the requirements hereof.

1 **SEC. 4. NEW SECTION.** Notwithstanding any other provision of
2 law, the commissioner of insurance shall have sole authority to regu-
3 late the issuance and sale of variable contracts, and to issue such
4 reasonable rules and regulations as may be appropriate to carry out
5 the purposes and provisions of this Act.

1 **SEC. 5. NEW SECTION.** Except for section five hundred eight
2 point thirty-seven (508.37) and subsection one (1) of section five
3 hundred nine point two (509.2) of the Code, and except as otherwise
4 provided in this Act, all pertinent provisions of chapters five hundred
5 eight (508), five hundred nine (509), five hundred eleven (511) and
6 five hundred twenty-two (522) of the Code shall apply to separate
7 accounts and contracts relating thereto. Any individual variable life
8 insurance contract, delivered or issued for delivery in this state, shall
9 contain nonforfeiture provisions appropriate to such a contract. Any
10 group variable life insurance contract, delivered or issued for delivery
11 in this state, shall contain a grace provision appropriate to such a con-
12 tract. The reserve liability for variable contracts shall be established

13 in accordance with actuarial procedures that recognize the variable
 14 nature of the benefits provided and any mortality guarantees.

Approved July 12, 1973.

This Act was passed by the G. A. before July 1, 1973.

CHAPTER 272
 GROUP INSURANCE

H. F. 156

AN ACT relating to the definition of employees eligible for group insurance.

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

1 SECTION 1. Section five hundred nine point one (509.1), subsec-
 2 tion one (1), paragraph a, Code 1973, is amended to read as follows:
 3 a. The employees eligible for insurance under the policy shall be all
 4 of the employees of the employer, or all of any class or classes thereof
 5 determined by conditions pertaining to their employment. The policy
 6 may provide that the term "employees" shall include the employees of
 7 one or more subsidiary corporations, and partners of one or more
 8 affiliated corporations, proprietors or partnerships if the business of
 9 the employer and of such affiliated corporations, proprietors or part-
 10 nerships is under common control through stock ownership, contract,
 11 or otherwise. The policy may provide that the term "employees" shall
 12 include the individual proprietor or partners if the employer is an
 13 individual proprietor or a partnership. The policy may provide that
 14 the term "employees" shall include retired employees. *The policy*
 15 *may also provide that the term "employees" shall include the board*
 16 *of directors if the employer is a corporation.*

1 SEC. 2. Section five hundred nine point one (509.1), subsection
 2 five (5), paragraph a, Code 1973, is amended to read as follows:
 3 a. The persons eligible for insurance shall be all of the employees
 4 of the employers or all of the members of the unions, or all of any
 5 class or classes thereof determined by conditions pertaining to their
 6 employment, or to membership in the unions, or both. The policy may
 7 provide that the term "employees" shall include the individual pro-
 8 prietor or partners if an employer is an individual proprietor or a
 9 partnership. The policy may provide that the term "employees" shall
 10 include the trustees or their employees, or both, if their duties are
 11 principally connected with such trusteeship. The policy may provide
 12 that the term "employees" shall include retired employees. *The pol-*
 13 *icy may also provide that the term "employees" shall include the*
 14 *board of directors if the employer is a corporation.*

1 SEC. 3. Section five hundred nine point three (509.3), Code 1973,
 2 is amended by adding the following new subsection:
 3 NEW SUBSECTION. A provision that if the insurance on a person
 4 or insurance on a person and the person's dependents covered by the
 5 policy ceases because of termination of employment or of member-
 6 ship in the class or classes eligible for coverage under the policies,
 7 such person, if enrolled under the group policy for ninety days, shall be