

NEW SUBSECTION. 8. A policy issued to a resident of this state under a group life, accident, or health insurance policy issued to a group other than one described in subsections 1 through 7, subject to the following requirements:

- a. The commissioner determines that all of the following apply:
 - (1) The issuance of the group policy is not contrary to the best interest of the public.
 - (2) The issuance of the group policy will result in economies of acquisition or administration.
 - (3) The benefits under the group policy are reasonable in relation to the premium charged.
- b. The commissioner need not make a determination under paragraph "a" if the commissioner determines that the group insurance coverage offered in this state by an insurer or other person is offered under a policy issued in another state and that state or another state in which the policy is offered, having requirements substantially similar to those in paragraph "a", has determined that the policy meets those requirements.
- c. The premium for the policy shall be paid either from the policyholder's funds, or from funds contributed by the covered person, or both.
- d. The insurer may exclude or limit the coverage on any person as to whom evidence of individual insurability is not satisfactory to the insurer.
- e. If compensation of any kind will or may be paid to the policyholder in connection with the group policy, the insurer shall provide to prospective insured written notice that compensation will or may be paid. Notice shall be provided whether the compensation is direct or indirect, and whether the compensation is paid to or retained by the policyholder, or paid to or retained by a third party at the direction of the policyholder or any entity affiliated with the policyholder by ownership, contract, or employment. The notice shall be placed on or accompany any document designed for the enrollment of prospective insureds.

Approved April 24, 1987

CHAPTER 64

LIFE INSURANCE COMPANY INVESTMENTS

H.F. 639

AN ACT relating to investments of Iowa life insurance companies.

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

Section 1. Section 511.8, subsection 5, paragraph b, Code 1987, is amended by adding the following new unnumbered paragraphs:

NEW UNNUMBERED PARAGRAPH. The term "corporation" as used in this chapter includes a joint stock association, a partnership, or a trust.

NEW UNNUMBERED PARAGRAPH. The securities, real estate, and mortgages described in this section include participations, which means instruments evidencing partial or undivided collective interests in such securities, real estate, and mortgages.

Sec. 2. Section 511.8, subsection 7, unnumbered paragraph 1, Code 1987, is amended to read as follows:

EQUIPMENT TRUST OBLIGATIONS. Subject to the restrictions contained in subsection 8 hereof, bonds, certificates, or other evidences of indebtedness secured by any transportation equipment used wholly or in part in the United States of America or Canada, that provide a right to receive determined rental, purchase or other fixed obligatory payments adequate to retire the obligations within twenty years from date of issue, and also provide:

Sec. 3. Section 511.8, subsection 18, paragraph a, Code 1987, is amended to read as follows:

a. Common stocks or shares issued by solvent corporations or institutions are eligible if the total investment in stocks or shares in the corporations or institutions does not exceed ten

percent of legal reserve, provided not more than one-half percent of the legal reserve is invested in stocks or shares of any one corporation. However, the stocks or shares shall be listed or admitted to trading on a an established foreign securities exchange or a securities exchange in the United States or shall be publicly held and traded in the "over-the-counter market" and market quotations shall be readily available, and further, the investment shall not create a conflict of interest for an officer or director of the company between the insurance company and the corporation whose stocks or shares are purchased.

Sec. 4. Section 511.8, subsection 19, unnumbered paragraph 1, Code 1987, is amended to read as follows:

OTHER FOREIGN GOVERNMENT OR CORPORATE OBLIGATIONS. Bonds or other evidences of indebtedness, not to include currency, issued, assumed or guaranteed by a foreign government other than Canada, or by a corporation incorporated under the laws of a foreign government other than Canada. Any such governmental obligations must be valid, legally authorized and issued. Any such corporate obligations must meet the qualifications established in subsection 5 of this section for bonds and other evidences of indebtedness issued, assumed, or guaranteed by a corporation incorporated under the laws of the United States or ~~the Dominion~~ of Canada. Foreign investments authorized by this subsection are not eligible in excess of ~~one~~ two percent of the legal reserve of the life insurance company or association.

Approved April 24, 1987

CHAPTER 65

LAWS RELATING TO BUSINESS AND OCCUPATION REGULATION AFFIRMED AND REENACTED

S.F. 267

AN ACT relating to the affirmation and reenactment of certain provisions of law concerning the regulation of certain businesses and occupations, and providing an effective date.

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

Section 1. It is the finding of the general assembly that certain recent court cases have raised questions in regard to the proper enactment of certain provisions contained in Code editor's bills. It is the intent of the general assembly to resolve any doubt as to the validity of provisions enacted in the Code editor's bills of prior years. It is the position of the general assembly that all of the following provisions contained in Code editor's bills and all other provisions of the Code editor's bills were properly enacted in the Code editor's bills. Passage of an Act by the general assembly necessarily includes a finding by the general assembly that the Act embraced but one subject, and matters properly connected therewith; and that the subject is properly expressed in the title.

Sec. 2. 1980 Iowa Acts, chapter 1015, section 61, is affirmed and reenacted.

Sec. 3. Section 148A.1, Code 1987, is affirmed and reenacted, from and including the amendment enacted in 1986 Iowa Acts, chapter 1238, section 7, to Code 1985.

Sec. 4. Section 192A.13, Code 1987, is affirmed and reenacted, from and including the amendment enacted in 1986 Iowa Acts, chapter 1238, section 10, to Code 1985.

Sec. 5. This Act, being deemed of immediate importance, is effective upon enactment.

Approved April 29, 1987