CHAPTER 1023

NONSUBSTANTIVE CODE CORRECTIONS

S.F. 2203

AN ACT relating to nonsubstantive Code corrections and including effective date provisions.

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

DIVISION I
NONSUBSTANTIVE CHANGES

Section 1. Section 6B.14, subsection 2, Code 2011, is amended to read as follows:

2. Prior to the meeting of the commission, the commission or a commissioner shall not communicate with the applicant, property owner, or tenant, or their agents, regarding the condemnation proceedings. The commissioners shall meet in open session to view the property and to receive evidence, but may deliberate in closed session. When deliberating in closed session, the meeting is closed to all persons who are not commissioners except for personnel from the sheriff's office if such personnel ~~is~~ are requested by the commission. After deliberations commence, the commission and each commissioner ~~is~~ are prohibited from communicating with any party to the proceeding. However, if the commission is deliberating in closed session, and after deliberations commence the commission requires further information from a party or a witness, the commission shall notify the property owner and the acquiring agency that they are allowed to attend the meeting at which such additional information shall be provided but only for that period of time during which the additional information is being provided. The property owner and the acquiring agency shall be given a reasonable opportunity to attend the meeting. The commission shall keep minutes of all its meetings showing the date, time, and place, the members present, and the action taken at each meeting. The minutes shall show the results of each vote taken and information sufficient to indicate the vote of each member present. The vote of each member present shall be made public at the open session. The minutes shall be public records open to public inspection.

Sec. 2. Section 8F.2, subsection 8, paragraph b, subparagraph (8), Code 2011, is amended to read as follows:

(8) A contract for services provided from resources made available under ~~Title~~ Tit. XVIII, XIX, or XXI of the federal Social Security Act.

Sec. 3. Section 10B.4, subsection 2, paragraph g, Code Supplement 2011, is amended to read as follows:

g. If the reporting entity is a life science enterprise, as provided in chapter 10C, Code 2011, as that chapter exists on or before June 30, 2005, the total amount of commercial sale of life science products and products other than life science products which are produced from the agricultural land held by the life science enterprise.

Sec. 4. Section 12.87, subsection 1, paragraph a, Code Supplement 2011, is amended to read as follows:

a. The treasurer of state is authorized to issue and sell bonds on behalf of the state to provide funds for certain infrastructure projects and for purposes of the Iowa jobs program established in section 16.194. The treasurer of state shall have all of the powers which are necessary or convenient to issue, sell, and secure bonds and carry out the treasurer of state's duties, and exercise the treasurer of state's authority under this section and sections 12.88 through 12.90. The treasurer of state may issue and sell bonds in such amounts as the treasurer of state determines to be necessary to provide sufficient funds for certain infrastructure projects and the revenue bonds capitals fund, the revenue bonds capitals II fund, the payment of interest on the bonds, the establishment of reserves to secure the bonds, the payment of costs of issuance of the bonds, the payment of other expenditures of the treasurer of state incident to and necessary or convenient to carry out the issuance and sale of the bonds, and the payment of all other expenditures of the treasurer of state

necessary or convenient to administer the funds and to carry out the purposes for which the bonds are issued and sold. The treasurer of state may issue and sell bonds as provided in paragraph "*b*" in one or more series on the terms and conditions the treasurer of state determines to be in the best interest of the state, in accordance with this section in such amounts as the treasurer of state determines to be necessary to fund the purposes for which such bonds are issued and sold ~~as follows:~~.

Sec. 5. Section 15.104, subsection 3, unnumbered paragraph 1, Code Supplement 2011, is amended to read as follows:

Review and approve or disapprove a life science enterprise plan or amendments to that plan as provided in chapter 10C, Code 2011, and according to rules adopted by the board. A life science plan shall make a reasonable effort to provide for participation by persons who are individuals or family farm entities actively engaged in farming as defined in section 10.1. The persons may participate in the life science enterprise by holding an equity position in the life science enterprise or providing goods or service to the enterprise under contract. The plan must be filed with the board not later than June 30, 2005. The life science enterprise may file an amendment to a plan at any time. A life science enterprise is not eligible to file a plan, unless the life science enterprise files a notice with the board. The notice shall be a simple statement indicating that the life science enterprise may file a plan as provided in this section. The notice must be filed with the board not later than June 1, 2005. The notice, plan, or amendments shall be submitted by a life science enterprise as provided by the board. The board shall consult with the department of agriculture and land stewardship during its review of a life science plan or amendments to that plan. The plan shall include information regarding the life science enterprise as required by rules adopted by the board, including but not limited to all of the following:

Sec. 6. Section 15.117A, subsection 6, paragraph b, Code Supplement 2011, is amended to read as follows:

b. Review annually all of the economic development programs administered by the authority and the board that relate to the targeted industries and make recommendations for adjustments that enhance efficiency and effectiveness. In reviewing the programs, the council shall, to the greatest extent possible, utilize economic development data and research in order to make objective, fact-based recommendations.

Sec. 7. Section 15.247, subsection 8, paragraphs c and d, Code Supplement 2011, are amended to read as follows:

c. A person within the third degree of consanguinity of an employee of the authority, a person within the third degree of consanguinity of a member of the targeted small business financial assistance board or member's relative, or a business with any financial ties to a member shall not be eligible for financial assistance under the program during the employee's employment or the member's tenure on the board, as applicable.

d. Members shall serve ~~two year~~ two-year terms and may be reappointed. A member shall not serve more than two terms.

~~*d.*~~ *e.* The targeted small business financial assistance board shall consider all applications for financial assistance under the program submitted on or after July 1, 2007.

Sec. 8. Section 15A.9, subsection 1, paragraph b, Code Supplement 2011, is amended to read as follows:

b. (1) In order to assist a community or communities located within the state to secure new industrial manufacturing jobs, the state of Iowa makes economic development assistance available within the zone or zones, and the department of economic development shall designate a site or sites, which shall not be larger than two thousand five hundred acres, within thirty days of March 4, 1994, as a quality jobs enterprise zone or zones for the purpose of attracting a primary business and supporting businesses to locate facilities within the state.

(2) The primary business or a supporting business shall not be prohibited from participating in or receiving other economic development programs or services or electing to utilize other tax provisions to the extent authorized elsewhere by law.

Sec. 9. Section 34A.15, subsection 1, paragraphs c, e, and h, Code Supplement 2011, are amended to read as follows:

c. One person appointed by the Iowa ~~association of chiefs of police and~~ peace officers association.

e. One person appointed by the Iowa ~~association of~~ professional fire fighters.

h. One person appointed by the Iowa chapter of the association of ~~public safety~~ public-safety communications officials-international, inc.

Sec. 10. Section 80B.11A, Code 2011, is amended to read as follows:

80B.11A Jailer training standards.

The director of the academy, subject to the approval of the council, and in consultation with the Iowa department of corrections, Iowa state sheriffs' and deputies' association, and the Iowa ~~association of chiefs of police and~~ peace officers association, shall adopt rules in accordance with this chapter and chapter 17A establishing minimum standards for training of jailers.

Sec. 11. Section 80B.11C, Code 2011, is amended to read as follows:

80B.11C Telecommunicator training standards.

The director of the academy, subject to the approval of the council, in consultation with the Iowa state sheriffs' and deputies' association, the Iowa police executive forum, the Iowa ~~association of chiefs of police and~~ peace officers association, the Iowa state police association, the Iowa ~~association of~~ professional fire fighters, the Iowa emergency medical services association, the joint council of Iowa fire service organizations, the Iowa department of public safety, the Iowa chapter of the association of ~~public safety~~ public-safety communications officials-international, inc., the Iowa chapter of the national emergency number association, the homeland security and emergency management division of the Iowa department of public defense, and the Iowa department of public health, shall adopt rules pursuant to chapter 17A establishing minimum standards for training of telecommunicators. For purposes of this section, *"telecommunicator"* means a person who receives requests for, or dispatches requests to, emergency response agencies which include, but are not limited to, law enforcement, fire, rescue, and emergency medical services agencies.

Sec. 12. Section 80E.2, subsection 1, paragraph m, Code 2011, is amended to read as follows:

m. A member representing the Iowa ~~association of chiefs of police and~~ peace officers association.

Sec. 13. Section 80E.2, subsection 2, Code 2011, is amended to read as follows:

2. The prosecuting attorney, licensed substance abuse treatment specialist, certified substance abuse prevention specialist, substance abuse treatment program director, member representing the Iowa ~~association of chiefs of police and~~ peace officers association, member representing the Iowa state police association, and the member representing the Iowa state sheriffs' and deputies' association shall be appointed by the governor, subject to senate confirmation, for four-year terms beginning and ending as provided in section 69.19. A vacancy on the council shall be filled for the unexpired term in the same manner as the original appointment was made.

Sec. 14. Section 96.21, Code 2011, is amended to read as follows:

96.21 Termination.

If at any time ~~Title~~ Tit. IX of the Social Security Act, as amended, shall be amended or repealed by Congress or held unconstitutional by the supreme court of the United States, with the result that no portion of the contributions required under this chapter may be credited against the tax imposed by said ~~Title~~ Tit. IX, in any such event the operation of the provisions of this chapter requiring the payment of contributions and benefits shall immediately cease, the department shall thereupon requisition from the unemployment trust fund all moneys therein standing to its credit, and such moneys, together with any other moneys in the unemployment compensation fund shall be refunded, without interest and under regulations prescribed by the department, to each employer by whom contributions

have been paid, proportionately to the employer's pro rata share of the total contributions paid under this chapter. Any interest or earnings of the fund shall be available to the department to pay for the costs of making such refunds. When the department shall have executed the duties prescribed in this section and performed such other acts as are incidental to the termination of its duties under this chapter, the provisions of this chapter, in their entirety, shall cease to be operative.

Sec. 15. Section 96.27, Code 2011, is amended to read as follows:

96.27 Approval of attorney general.

An agreement made for the purchase or other acquisition of the premises mentioned in section 96.25 ~~of this section~~ with funds granted or credited to this state for such purpose under the Social Security Act or the Wagner-Peyser Act shall be subject to the approval of the attorney general of the state of Iowa as to form and as to title thereto.

Sec. 16. Section 97C.5, Code 2011, is amended to read as follows:

97C.5 Tax on employees.

Every employee whose services are covered by an agreement entered into under section 97C.3 shall be required to pay for the period of such coverage into the contribution fund established by section 97C.12, a tax which is hereby imposed with respect to wages received during the calendar year of 1953, equal to such percentum of the wages received by the employee as imposed by Social Security Act, ~~Title~~ Tit. II, as such Act has been and may from time to time be amended. Such payment shall be considered a condition of employment as a public employee. Taxes deducted from the wages of the employee by the employer and taxes imposed upon the employer shall be forwarded to the state agency for recording and shall be deposited with the treasurer of state to the credit of the contribution fund established by section 97C.12 of this chapter.

Sec. 17. Section 97C.10, Code 2011, is amended to read as follows:

97C.10 Tax on employer.

In addition to all other taxes there is hereby imposed upon each employer as defined in section 97C.2, subsection 2, a tax equal to such percentum of the wages paid by the employer to each employee as imposed by the Social Security Act, ~~Title~~ Tit. II, as such Act has been and may from time to time be amended. The employer shall pay its tax or contribution from funds available and is directed to pay same from tax money or from any other income available. The political subdivision is hereby authorized and directed to levy in addition to all other taxes a property tax sufficient to meet its obligations under the provisions of this chapter, if such tax levy is necessary because other funds are not available.

Sec. 18. Section 97C.15, Code 2011, is amended to read as follows:

97C.15 Payments to secretary of treasury.

From the contribution fund the custodian of the fund shall pay to the secretary of the treasury of the United States such amounts and at such time or times as may be directed by the state agency in accordance with any agreement entered into under section 97C.3 and the Social Security Act, ~~Title~~ Tit. II.

Sec. 19. Section 99D.11, subsections 2 and 3, Code Supplement 2011, are amended to read as follows:

2. Licensees shall only permit the pari-mutuel or certificate method of wagering, or the ~~advanced~~ advance deposit method of wagering, as defined in this section.

3. The licensee may receive wagers of money only from a person present in a licensed racetrack enclosure on a horse or dog in the race selected by the person making the wager to finish first in the race or from a person engaging in ~~advanced~~ advance deposit wagering as defined in this section. The person wagering shall acquire an interest in the total money wagered on all horses or dogs in the race as first winners in proportion to the amount of money wagered by the person.

Sec. 20. Section 99D.11, subsection 6, paragraph c, Code Supplement 2011, is amended to read as follows:

c. (1) The commission shall authorize the licensee of the horse racetrack located in Polk county to conduct ~~advanced~~ advance deposit wagering. An ~~advanced~~ advance deposit wager may be placed in person at a licensed racetrack enclosure, or from any other location via a telephone-type device or any other electronic means. The commission may also issue an ~~advanced~~ advance deposit wagering operator license to an entity who complies with subparagraph (3) and section 99D.8A.

(2) For the purposes of this section, ~~*"advanced deposit wagering"*~~ *"advance deposit wagering"* means a method of pari-mutuel wagering in which an individual may establish an account, deposit money into the account, and use the account balance to pay for pari-mutuel wagering. Of the net revenue, less all taxes paid and expenses directly related to account deposit wagering incurred by the licensee of the horse racetrack located in Polk county, received through ~~advanced~~ advance deposit wagering, fifty percent shall be designated for the horse purses created pursuant to section 99D.7, subsection 5, and fifty percent shall be designated for the licensee for the pari-mutuel horse racetrack located in Polk county.

(3) Before granting an ~~advanced~~ advance deposit wagering operator license to an entity other than the licensee of the horse racetrack located in Polk county, the commission shall enter into an agreement with the licensee of the horse racetrack located in Polk county, the Iowa horsemen's benevolent and protective association, and the prospective ~~advanced~~ advance deposit wagering operator for the purpose of determining the payment of statewide source market fees and the host fees to be paid on all races subject to ~~advanced~~ advance deposit wagering. The commission shall establish the term of such an ~~advanced~~ advance deposit wagering operator license. Such an ~~advanced~~ advance deposit wagering operator licensee shall accept wagers on live races conducted at the horse racetrack in Polk county from all of its account holders if it accepts wagers from any residents of this state.

(4) An unlicensed ~~advanced~~ advance deposit wagering operator or an individual taking or receiving wagers from residents of this state on races conducted at the horse racetrack located in Polk county is guilty of a class "D" felony.

(5) For the purposes of this paragraph "*c*", ~~*"advanced deposit wagering operator"*~~ *"advance deposit wagering operator"* means an ~~advanced~~ advance deposit wagering operator licensed by the commission who has entered into an agreement with the licensee of the horse racetrack in Polk county and the Iowa horsemen's benevolent and protective association to provide ~~advanced~~ advance deposit wagering.

Sec. 21. Section 100B.1, subsection 1, paragraph a, subparagraph (1), subparagraph division (c), Code Supplement 2011, is amended to read as follows:

(c) Two members from a list submitted by the Iowa ~~association of~~ professional fire fighters.

Sec. 22. Section 105.2, subsection 8, Code Supplement 2011, is amended to read as follows:

8. *"Hydronic"* means a heating or cooling system that transfers heating or cooling by circulating fluid through a closed system, including boilers, pressure vessels, ~~refrigerated~~ refrigeration equipment in connection with chilled water systems, all steam piping, hot or chilled water piping together with all control devices and accessories, installed as part of, or in connection with, any heating or cooling system or appliance using a liquid, water, or steam as the heating or cooling media. *"Hydronic"* includes all low-pressure and high-pressure systems and all natural, propane, liquid propane, or other gas lines associated with any component of a hydronic system.

Sec. 23. Section 124.401, subsection 4, paragraph e, Code Supplement 2011, is amended to read as follows:

e. Red ~~phosphorous~~ phosphorus.

Sec. 24. Section 135.105, subsection 1, Code 2011, is amended to read as follows:

1. Coordinate the childhood lead poisoning prevention program with the department of natural resources, the university of Iowa poison control program, the mobile and regional

child health ~~speciality~~ specialty clinics, and any agency or program known for a direct interest in lead levels in the environment.

Sec. 25. Section 135.159, subsection 2, paragraph a, subparagraph (9), Code Supplement 2011, is amended to read as follows:

(9) A representative of the ~~governor's~~ Iowa developmental disabilities council.

Sec. 26. Section 161G.3, subsection 3, paragraph a, Code 2011, is amended to read as follows:

a. Provide for conservation systems that manage and optimize nitrogen and ~~phosphorous~~ phosphorus within fields to minimize runoff and reduce downstream nutrient loading.

Sec. 27. Section 162.20, subsection 5, paragraph c, Code 2011, is amended to read as follows:

c. The transfer of a dog or cat to a research facility as defined in section 162.2 or a person licensed by the United States department of agriculture as a class B dealer pursuant to 9 C.F.R. ch. 1, subch. A, pt. 2. However, a class B dealer who receives an unsterilized dog or cat from a pound or animal shelter shall either sterilize the dog or cat or transfer the unsterilized dog or cat to a research facility provided in this paragraph. The class B dealer shall not transfer a dog to a research facility if the dog is a greyhound registered with the national greyhound association and the dog raced at a track associated with pari-mutuel racing unless the class B dealer receives written approval of the transfer from a person who owned an interest in the dog while the dog was racing.

Sec. 28. Section 225B.3, subsection 1, paragraphs b, c, and d, Code 2011, are amended to read as follows:

b. Three providers of disability prevention services, recommended by the ~~governor's~~ Iowa developmental disabilities council, appointed by the governor, and confirmed by the senate.

c. Three persons with expertise in priority prevention areas, recommended by the ~~governor's~~ Iowa developmental disabilities council, appointed by the governor, and confirmed by the senate.

d. Three persons with disabilities or family members of a person with disabilities, recommended by the ~~governor's~~ Iowa developmental disabilities council, appointed by the governor and confirmed by the senate.

Sec. 29. Section 225C.6, subsection 1, paragraph k, Code Supplement 2011, is amended to read as follows:

k. Coordinate activities with the ~~governor's~~ Iowa developmental disabilities council and the mental health planning council, created pursuant to federal law. The commission shall work with other state agencies on coordinating, collaborating, and communicating concerning activities involving persons with disabilities.

Sec. 30. Section 231E.4, subsection 3, paragraph e, Code 2011, is amended to read as follows:

e. Work with the department of human services, the Iowa department of public health, the ~~governor's~~ Iowa developmental disabilities council, and other agencies to establish a referral system for the provision of substitute decision-making services.

Sec. 31. Section 241.3, subsection 2, Code 2011, is amended to read as follows:

2. The department shall consult and cooperate with the department of workforce development, the United States commissioner of social security administration, the ~~division of~~ office on the status of women of the department of human rights, the department of education, and other persons in the executive branch of the state government as the department considers appropriate to facilitate the coordination of multipurpose service programs established under this chapter with existing programs of a similar nature.

Sec. 32. Section 249A.4B, subsection 2, paragraph a, subparagraph (39), Code Supplement 2011, is amended to read as follows:

(39) The ~~governor's~~ Iowa developmental disabilities council.

Sec. 33. Section 256.32, subsection 2, paragraph c, Code Supplement 2011, is amended to read as follows:

c. The current postsecondary agriculture ~~students~~ student organization of Iowa president.

Sec. 34. Section 256.35A, subsection 2, paragraph b, Code 2011, is amended to read as follows:

b. In addition, representatives of the department of education, the division of vocational rehabilitation of the department of education, the department of public health, the department of human services, the ~~governor's~~ Iowa developmental disabilities council, the division of insurance of the department of commerce, and the state board of regents shall serve as ex officio members of the advisory council. Ex officio members shall work together in a collaborative manner to serve as a resource to the advisory council. The council may also form workgroups as necessary to address specific issues within the technical purview of individual members.

Sec. 35. Section 256C.5, subsection 2, paragraph a, Code Supplement 2011, is amended to read as follows:

a. For the initial school year for which a school district approved to participate in the preschool program receives that approval and implements the preschool program, the funding for the preschool foundation aid payable to that school district shall be paid from the appropriation made for that school year in section 256C.6, Code 2011, or in another appropriation made for purposes of this chapter. For that school year, the preschool foundation aid payable to the school district is the product of the regular program state cost per pupil for the school year multiplied by sixty percent of the school district's eligible student enrollment on the date in the school year determined by rule.

Sec. 36. Section 260H.2, Code Supplement 2011, is amended to read as follows:

260H.2 Pathways for academic career and employment program.

A pathways for academic career and employment program is established to provide funding to community colleges for the development of projects in coordination with the economic development authority, the department of education, ~~Iowa~~ the department of workforce development, regional advisory boards established pursuant to section 84A.4, and community partners to implement a simplified, streamlined, and comprehensive process, along with customized support services, to enable eligible participants to acquire effective academic and employment training to secure gainful, quality, in-state employment.

Sec. 37. Section 260H.8, Code Supplement 2011, is amended to read as follows:

260H.8 Rules.

The department of education, in consultation with the community colleges, the economic development authority, and ~~Iowa~~ the department of workforce development, shall adopt rules pursuant to chapter 17A and this chapter to implement the provisions of this chapter. Regional advisory boards established pursuant to section 84A.4 shall be consulted in the development and implementation of rules to be adopted pursuant to this chapter.

Sec. 38. Section 273.2, subsection 3, Code Supplement 2011, is amended to read as follows:

3. The area education agency board shall furnish educational services and programs as provided in sections[1] 273.1, this section, sections 273.3 to 273.9, and chapter 256B to the pupils enrolled in public or nonpublic schools located within its boundaries which are on the list of accredited schools pursuant to section 256.11. The programs and services provided shall be at least commensurate with programs and services existing on July 1, 1974. The programs and services provided to pupils enrolled in nonpublic schools shall be comparable

[1] See chapter 1138, §61 herein

to programs and services provided to pupils enrolled in public schools within constitutional guidelines.

Sec. 39. Section 273.3, subsections 2 and 12, Code Supplement 2011, are amended to read as follows:

2. Be authorized to receive and expend money for providing programs and services as provided in sections 273.1, 273.2, this section, sections 273.4 to 273.9, and chapters 256B and 257. All costs incurred in providing the programs and services, including administrative costs, shall be paid from funds received pursuant to sections 273.1 to 273.9 and chapters 256B and 257.

12. Prepare an annual budget estimating income and expenditures for programs and services as provided in sections 273.1, 273.2, this section, sections 273.4 to 273.9, and chapter 256B within the limits of funds provided under section 256B.9 and chapter 257. The board shall give notice of a public hearing on the proposed budget by publication in an official county newspaper in each county in the territory of the area education agency in which the principal place of business of a school district that is a part of the area education agency is located. The notice shall specify the date, which shall be not later than March 1 of each year, the time, and the location of the public hearing. The proposed budget as approved by the board shall then be submitted to the state board of education, on forms provided by the department, no later than March 15 preceding the next fiscal year for approval. The state board shall review the proposed budget of each area education agency and shall before April 1, either grant approval or return the budget without approval with comments of the state board included. An unapproved budget shall be resubmitted to the state board for final approval not later than April 15. For the fiscal year beginning July 1, 1999, and each succeeding fiscal year, the state board shall give final approval only to budgets submitted by area education agencies accredited by the state board or that have been given conditional accreditation by the state board.

Sec. 40. Section 280.13C, subsection 3, Code Supplement 2011, is amended to read as follows:

3. ~~*a.*~~ A student who has been removed from participation shall not recommence such participation until the student has been evaluated by a licensed health care provider trained in the evaluation and management of concussions and other brain injuries and the student has received written clearance to return to participation from the health care provider.

~~*b.*~~ 4. For the purposes of this section~~, a *"licensed health care provider"*~~:

a. "Extracurricular interscholastic activity" means any extracurricular interscholastic activity, contest, or practice, including sports, dance, or cheerleading.

b. "Licensed health care provider" means a physician, physician assistant, chiropractor, advanced registered nurse practitioner, nurse, physical therapist, or athletic trainer licensed by a board designated under section 147.13.

~~*c.* For the purposes of this section, an *"extracurricular interscholastic activity"* means any extracurricular interscholastic activity, contest, or practice, including sports, dance, or cheerleading.~~

Sec. 41. Section 313.3, subsection 1, paragraph d, Code 2011, is amended to read as follows:

d. All revenue accrued or accruing to the state of Iowa on or after January 26, 1949, from the sale of public lands within the state, under Acts of Congress approved March 3, 1845, supplemental to the Act for the ~~admission~~ Admission of the ~~states~~ States of Iowa and Florida into the Union, chapters 75 and 76 ~~(Fifth Statutes, pages 788 and 790)~~, 5 Stat. 788, 790, shall be placed in the primary road fund.

Sec. 42. Section 331.512, subsection 1, paragraph e, Code 2011, is amended to read as follows:

e. The levy for taxes for the ~~county~~ brucellosis and tuberculosis eradication fund as provided in section 165.18.

Sec. 43. Section 331.559, subsection 2, Code 2011, is amended to read as follows:

2. Collect the tax levied for the ~~county~~ brucellosis and tuberculosis eradication fund as provided in section 165.18.

Sec. 44. Section 356.36, unnumbered paragraph 1, Code 2011, is amended to read as follows:

The Iowa department of corrections, in consultation with the Iowa state sheriff's association, the Iowa ~~association of chiefs of police and~~ peace officers association, the Iowa league of cities, and the Iowa board of supervisors association, shall draw up minimum standards for the regulation of jails, alternative jails, facilities established pursuant to chapter 356A and municipal holding facilities. When completed by the department, the standards shall be adopted as rules pursuant to chapter 17A.

Sec. 45. Section 356.37, Code 2011, is amended to read as follows:

356.37 Confinement and detention report — design proposals.

The division of criminal and juvenile justice planning of the department of human rights, in consultation with the department of corrections, the Iowa county attorneys association, the Iowa state sheriff's association, the Iowa ~~association of chiefs of police and~~ peace officers association, a statewide organization representing rural property taxpayers, the Iowa league of cities, and the Iowa board of supervisors association, shall prepare a report analyzing the confinement and detention needs of jails and facilities established pursuant to this chapter and chapter 356A. The report for each type of jail or facility shall include but is not limited to an inventory of prisoner space, daily prisoner counts, options for detention of prisoners with mental illness or substance abuse service needs, and the compliance status under section 356.36 for each jail or facility. The report shall contain an inventory of recent jail or facility construction projects in which voters have approved the issuance of general obligation bonds, essential county purpose bonds, revenue bonds, or bonds issued pursuant to chapter 423B. The report shall be revised periodically as directed by the administrator of the division of criminal and juvenile justice planning. The first submission of the report shall include recommendations on offender data needed to estimate jail space needs in the next two, three, and five years, on a county, geographic region, and statewide basis, which may be based upon information submitted pursuant to section 356.49.

Sec. 46. Section 403.21, subsection 3, Code Supplement 2011, is amended to read as follows:

3. The community college shall send a copy of the final agreement prepared pursuant to section 260F.3 to the economic development authority. For each year in which incremental property taxes are used to retire debt service on a jobs training advance issued for a project creating new jobs, the community college shall provide to the economic development authority a report of the incremental property taxes and new jobs credits from withholding generated for that year, a specific description of the training conducted, the number of employees provided program services under the project, ~~and~~ the median wage of employees in the new jobs in the project, and the administrative costs directly attributable to the project.

Sec. 47. Section 410.1, unnumbered paragraph 5, Code 2011, is amended to read as follows:

The provisions of this chapter shall not apply to police officers and fire fighters who entered employment after March 2, 1934, except that any police officer or fire fighter who had been making payments of membership fees and assessments as provided in section 410.5 prior to July 1, 1971, shall on July 1, 1973, be fully restored and entitled to all pension rights and benefits, vested or not vested, under this chapter if the city has not returned to such police officer or fire fighter the membership fees and assessments paid by the police officer or fire fighter prior to July 1, 1971, and if such police officer or fire fighter pays to the city within six months after July 1, 1973, the amount of the fees and assessments that the police officer or fire fighter would have paid to the police officers' or fire fighters' pension fund from July 1, 1971, to July 1, 1973, if 1971 Iowa Acts ~~of the 1971 Session, Sixty-fourth General Assembly~~, ch. 108, had not been adopted. If the membership fees and assessments paid by such police officer or fire fighter prior to July 1, 1971, have been returned to the police officer or fire

fighter, all pension rights and benefits, vested or not vested, under this chapter shall be fully restored to the police officer or fire fighter on July 1, 1973, if, within six months after July 1, 1973, such police officer or fire fighter repays the fees and assessments so returned and pays the amount of the fees and assessments to the city that the police officer or fire fighter would have paid to the appropriate pension fund from July 1, 1971, to July 1, 1973, if 1971 Iowa Acts ~~of the Sixty-fourth General Assembly, 1971 Session~~, ch. 108 had not been adopted.

Sec. 48. Section 411.36, subsection 1, paragraph a, subparagraph (1), Code 2011, is amended to read as follows:

(1) Two fire fighters from different participating cities, one of whom is an active member of the retirement system and one of whom is a retired member. The fire fighters shall be appointed by the governing body of the Iowa ~~association of~~ professional fire fighters.

Sec. 49. Section 437A.3, subsection 14, Code Supplement 2011, is amended to read as follows:

14. *a. "Local amount"* means the first forty-four million four hundred forty-four thousand four hundred forty-five dollars of the acquisition cost of any major addition which is an electric power generating plant and the total acquisition cost of any other major addition.

b. "Local amount" for the purposes of determining the local taxable value for a new electric power generating plant shall annually be determined to be equal up to the first forty-four million four hundred forty-four thousand four hundred forty-five dollars of the taxable value of the new electric power generating plant. *"Local amount"* for the purposes of determining the local assessed value for a new electric power generating plant shall be annually determined to be the percentage share of the taxable value of the new electric power generating plant allocated as the local amount multiplied by the total assessed value of the new electric power generating plant.

Sec. 50. Section 437A.3, subsection 18, paragraph b, Code Supplement 2011, is amended to read as follows:

b. (1) Any acquisition on or after January 1, 2004, by a taxpayer, by transfer of ownership, self-construction, or capital lease of any interest in electric transmission operating property within a local taxing district where the acquisition cost of all interests acquired exceeds one million dollars.

(2) For purposes of this chapter, the acquisition cost of an asset acquired by capital lease is its capitalized value determined under generally accepted accounting principles.

Sec. 51. Section 451.1, subsection 3, Code 2011, is amended to read as follows:

3. *"Federal Estate Tax Act"* and all such similar terms, means ~~Title~~ Tit. III of chapter 27 of the Acts of the Sixty-ninth Congress of the United States, first session, appearing in 44 ~~Statutes at Large~~ Stat., ~~chapter~~ ch. 27, as of January 1, 2000, as amended.

Sec. 52. Section 452A.5, Code 2011, is amended to read as follows:

452A.5 Distribution allowance.

1. A supplier shall retain a distribution allowance of not more than one and six-tenths percent of all gallons of motor fuel and a distribution allowance of not more than seven-tenths percent of all gallons of undyed special fuel removed from the terminal during the reporting period for purposes of tax computation under section 452A.8.

2. The distribution allowance shall be prorated between the supplier and the distributor or dealer as follows:

~~1.~~ *a.* Motor fuel: four-tenths percent retained by the supplier, one and two-tenths percent to the distributor.

~~2.~~ *b.* Undyed special fuel: thirty-five hundredths percent retained by the supplier, thirty-five hundredths percent to the distributor or dealer purchasing directly from a supplier.

3. Gallons exported outside of the state shall not be included in the calculation of the distribution.

Sec. 53. Section 452A.8, subsection 2, paragraph e, Code 2011, is amended to read as follows:

e. (1) The tax for compressed natural gas and liquefied petroleum gas delivered by a licensed compressed natural gas or liquefied petroleum gas dealer for use in this state shall attach at the time of the delivery and shall be collected by the dealer from the consumer and paid to the department as provided in this chapter. The tax, with respect to compressed natural gas and liquefied petroleum gas acquired by a consumer in any manner other than by delivery by a licensed compressed natural gas or liquefied petroleum gas dealer into a fuel supply tank of a motor vehicle, attaches at the time of the use of the fuel and shall be paid over to the department by the consumer as provided in this chapter.

(2) The department shall adopt rules governing the dispensing of compressed natural gas and liquefied petroleum gas by licensed dealers and licensed users. The director may require by rule that reports and returns be filed by electronic transmission. For purposes of this paragraph *"e"*, *"dealer"* and *"user"* mean a licensed compressed natural gas or liquefied petroleum gas dealer or user and *"fuel"* means compressed natural gas or liquefied petroleum gas. The department shall require that all pumps located at dealer locations and user locations through which liquefied petroleum gas can be dispensed shall be metered, inspected, tested for accuracy, and sealed and licensed by the state department of agriculture and land stewardship, and that fuel delivered into the fuel supply tank of any motor vehicle shall be dispensed only through tested metered pumps and may be sold without temperature correction or corrected to a temperature of sixty degrees. If the metered gallonage is to be temperature-corrected, only a temperature-compensated meter shall be used. Natural gas used as fuel shall be delivered into compressing equipment through sealed meters certified for accuracy by the department of agriculture and land stewardship.

(3) (a) All gallonage which is not for highway use, dispensed through metered pumps as licensed under this section on which fuel tax is not collected, must be substantiated by exemption certificates as provided by the department or by valid exemption certificates provided by the dealers, signed by the purchaser, and retained by the dealer. A *"valid exemption certificate provided by a dealer"* is an exemption certificate which is in the form prescribed by the director to assist a dealer to properly account for fuel dispensed for which tax is not collected and which is complete and correct according to the requirements of the director.

(b) For the privilege of purchasing liquefied petroleum gas, dispensed through licensed metered pumps, on a basis exempt from the tax, the purchaser shall sign exemption certificates for the gallonage claimed which is not for highway use.

(c) The department shall disallow all sales of gallonage which is not for highway use unless proof is established by the certificate. Exemption certificates shall be retained by the dealer for a period of three years.

~~(1)~~ (4) (a) For the purpose of determining the amount of liability for fuel tax, each dealer and each user shall file with the department not later than the last day of the month following the month in which this division becomes effective and not later than the last day of each calendar month thereafter a monthly tax return certified under penalties for false certification. The return shall show, with reference to each location at which fuel is delivered or placed by the dealer or user into a fuel supply tank of any motor vehicle during the next preceding calendar month, information as required by the department.

~~(2)~~ (b) The amount of tax due shall be computed by multiplying the appropriate tax rate per gallon by the number of gallons of fuel delivered or placed by the dealer or user into supply tanks of motor vehicles.

~~(3)~~ (c) The return shall be accompanied by remittance in the amount of the tax due for the month in which the fuel was placed into the supply tanks of motor vehicles.

Sec. 54. Section 453A.13, subsection 4, paragraph a, unnumbered paragraph 1, Code Supplement 2011, is amended to read as follows:

An unrevoked permit for which the holder has paid the full annual fee may be surrendered during the first nine months of said year to the officer issuing it, and the department, or the city or county granting the permit shall make refunds to the ~~said~~ holder as follows:

Sec. 55. Section 453A.13, subsection 4, paragraphs b and c, Code Supplement 2011, are amended to read as follows:

b. An unrevoked permit for which the holder has paid three-fourths of a full annual fee may be so surrendered during the first six months of the period covered by said payment and the ~~said~~ department, city, or county shall make refunds to the holder as follows:

(1) A sum equal to one-half of an annual fee if the surrender is made during October, November, or December.

(2) A sum equal to one-fourth of an annual fee if the surrender is made during January, February, or March.

c. An unrevoked permit for which the holder has paid one-half of a full annual fee may be surrendered during the first three months of the period covered by that payment, and the department, city, or county~~,~~ shall refund to the holder a sum equal to one-fourth of an annual fee.

Sec. 56. Section 455B.171, subsection 32, Code Supplement 2011, is amended to read as follows:

32. *"Sewage sludge"* means any solid, semisolid, or liquid residue removed during the treatment of municipal waste water or domestic sewage. *"Sewage sludge"* includes but is not limited to solids removed during primary, secondary, or advanced waste water treatment, scum septage, portable toilet pumpings, type III marine device pumpings as defined in 33 C.F.R. ~~part~~ ch. 1, subch. O, pt. 159, and sewage sludge products. *"Sewage sludge"* does not include grit, screenings, or ash generated during the incineration of sewage sludge.

Sec. 57. Section 455B.261, subsection 7, Code 2011, is amended to read as follows:

7. *"Established average minimum flow"* means the average minimum flow for a given watercourse at a given point determined and established by the commission.

a. The "average minimum flow" for a given watercourse shall be determined by the following factors:

~~*a.*~~ (1) Average of minimum daily flows occurring during the preceding years chosen by the commission as more nearly representative of changing conditions and needs of a given drainage area at a particular time.

~~*b.*~~ (2) Minimum daily flows shown by experience to be the limit at which further withdrawals would be harmful to the public interest in any particular drainage area.

~~*c.*~~ (3) The minimum daily flows shown by established discharge records and experiences to be definitely harmful to the public interest.

b. The determination shall be based upon available data, supplemented, when available data are incomplete, with whatever evidence is available.

Sec. 58. Section 455B.423, subsection 2, paragraph a, subparagraph (6), Code Supplement 2011, is amended to read as follows:

(6) Through agreements or contracts with other state agencies, to work with private industry to develop alternatives to land disposal of hazardous waste or hazardous substances including but not limited to resource recovery, recycling, neutralization, and reduction.

Sec. 59. Section 455B.471, subsection 11, Code Supplement 2011, is amended to read as follows:

11. *a. "Underground storage tank"* means one or a combination of tanks, including underground pipes connected to the tanks which are used to contain an accumulation of regulated substances and the volume of which, including the volume of the underground pipes, is ten percent or more beneath the surface of the ground.

b. (1) *"Underground storage tank"* does not include:

~~(1)~~ (a) Farm or residential tanks of one thousand one hundred gallons or less capacity used for storing motor fuel for noncommercial purposes.

~~(2)~~ (b) Tanks used for storing heating oil for consumptive use on the premises where stored.

~~(3)~~ (c) Residential septic tanks.

~~(4)~~ (d) Pipeline facilities regulated under the Natural Gas Pipeline Safety Act of 1968, as amended to January 1, 1985, codified at 49 U.S.C. § 1671 et seq., the Hazardous Liquid

Pipeline Safety Act of 1979, as amended to January 1, 1985, codified at 49 U.S.C. § 2001 et seq., or an intrastate pipeline facility regulated under chapter 479.

~~(5)~~ (e) A surface impoundment, pit, pond, or lagoon.

~~(6)~~ (f) A storm water or wastewater collection system.

~~(7)~~ (g) A flow-through process tank.

~~(8)~~ (h) A liquid trap or associated gathering lines directly related to oil or gas production and gathering operations.

~~(9)~~ (i) A storage tank situated in an underground area including but not limited to a basement, cellar, mineworking, drift, shaft, or tunnel if the storage tank is situated upon or above the surface of the floor.

~~*b.*~~ (2) *"Underground storage tank"* does not include pipes connected to a tank described in paragraph ~~*"a"*~~ *"b"*, ~~subparagraphs~~ subparagraph (1) ~~through (9)~~.

Sec. 60. Section 455B.474, subsection 1, paragraph a, subparagraph (6), subparagraph division (g), Code Supplement 2011, is amended to read as follows:

(g) An owner or operator may elect to proceed with additional corrective action on the site. However, any action taken in addition to that required pursuant to this ~~paragraph "a",~~ subparagraph (6), shall be solely at the expense of the owner or operator and shall not be considered corrective action for purposes of section 455G.9, unless otherwise previously agreed to by the board and the owner or operator pursuant to section 455G.9, subsection 7. Corrective action taken by an owner or operator due to the department's failure to meet the time requirements provided in subparagraph division (e) shall be considered corrective action for purposes of section 455G.9.

Sec. 61. Section 455B.474, subsection 1, paragraph a, subparagraph (8), subparagraph division (c), Code Supplement 2011, is amended to read as follows:

(c) A certificate shall be recorded with the county recorder. The owner or operator of a site who has been issued a certificate under this ~~paragraph "a",~~ subparagraph (8), or a subsequent purchaser of the site shall not be required to perform further corrective action because action standards are changed at a later date. A certificate shall not prevent the department from ordering corrective action of a new release.

Sec. 62. Section 455B.474, subsection 2, paragraph a, subparagraph (2), Code Supplement 2011, is amended to read as follows:

(2) A person who establishes financial responsibility by self-insurance shall not require or shall not enforce an indemnification agreement with an operator or owner of the tank covered by the self-insurance obligation, unless the owner or operator has committed a substantial breach of a contract between the self-insurer and the owner or operator, and that substantial breach relates directly to the operation of the tank in an environmentally sound manner. This ~~paragraph~~ subparagraph applies to all contracts between a self-insurer and an owner or operator entered into on or after May 5, 1989.

Sec. 63. Section 456A.33B, subsection 2, paragraph c, subparagraph (4), unnumbered paragraph 1, Code Supplement 2011, is amended to read as follows:

Delivery of ~~phosphorous~~ phosphorus and sediment from the watershed will be controlled and in place before lake restoration begins. Loads of ~~phosphorous~~ phosphorus and sediment, in conjunction with in-lake management, will meet or exceed the following water quality targets:

Sec. 64. Section 462A.52, subsection 3, Code 2011, is amended to read as follows:

3. The commission shall submit a written report to the general assembly by December 31, 2007, and by December 31 of each year thereafter through December 31, 2013, summarizing the activities of the department in administering and enforcing programs to control aquatic invasive species and administering and enforcing navigation laws and water safety upon the inland waters of the state. The report shall include information concerning the amount of revenues collected pursuant to this section as a result of fee increases pursuant to 2005 Iowa Acts, ch. 137, and how the revenues were expended. The report shall also include information concerning the amount and source of all other funds expended by the commission during the

year for the purposes of administering and enforcing programs to control aquatic invasive species and administering and enforcing navigation laws and water safety upon the inland waters of the state and how the funds were expended.

Sec. 65. Section 466B.3, subsection 4, paragraph k, unnumbered paragraph 1, Code Supplement 2011, is amended to read as follows:

The secretary of agriculture, who shall be the chairperson, or the secretary's designee. As the chairperson, and in order to further the coordination efforts of the council, the secretary may invite representatives from any other public agency, private organization, business, citizen group, or nonprofit entity to give public input at council meetings, provided the entity has an interest in the coordinated management of land resources, soil conservation, flood mitigation, or water quality. The secretary shall also invite and solicit advice from the following:

Sec. 66. Section 468.174, Code 2011, is amended to read as follows:

468.174 Membership in the national drainage association.

1. Any drainage district may join and become a member of the national drainage association. A drainage district may pay a membership fee and annual dues upon the approval of the drainage board of such district, but not in excess of the following:

a. One hundred dollars for drainage districts having indebtedness in excess of one million dollars.

b. Fifty dollars for drainage districts having an indebtedness of five hundred thousand dollars and less than one million dollars.

c. Twenty-five dollars for drainage districts having an indebtedness of two hundred fifty thousand dollars and less than five hundred thousand dollars.

d. Ten dollars for drainage districts having an indebtedness less than two hundred fifty thousand dollars.

2. The annual dues for any district shall not exceed one-twentieth of one percent of the outstanding indebtedness of the district.

Sec. 67. Section 476.1, Code 2011, is amended to read as follows:

476.1 Applicability of authority.

1. The utilities board within the utilities division of the department of commerce shall regulate the rates and services of public utilities to the extent and in the manner hereinafter provided.

2. As used in this chapter, *"board"* or *"utilities board"* means the utilities board within the utilities division of the department of commerce.

3. As used in this chapter, *"public utility"* shall include any person, partnership, business association, or corporation, domestic or foreign, owning or operating any facilities for:

~~1.~~ *a.* Furnishing gas by piped distribution system or electricity to the public for compensation.

~~2.~~ *b.* Furnishing communications services to the public for compensation.

~~3.~~ *c.* Furnishing water by piped distribution system to the public for compensation.

4. Mutual telephone companies in which at least fifty percent of the users are owners, cooperative telephone corporations or associations, telephone companies having less than fifteen thousand customers and less than fifteen thousand access lines, municipally owned utilities, and unincorporated villages which own their own distribution systems are not subject to the rate regulation provided for in this chapter.

5. This chapter does not apply to waterworks having less than two thousand customers, municipally owned waterworks, joint water utilities established pursuant to chapter 389, rural water districts incorporated and organized pursuant to chapters 357A and 504, cooperative water associations incorporated and organized pursuant to chapter 499, or to a person furnishing electricity to five or fewer customers either by secondary line or from an alternate energy production facility or small hydro facility, from electricity that is produced primarily for the person's own use.

6. A telephone company otherwise exempt from rate regulation and having telephone exchange facilities which cross state lines may elect, in a writing filed with the board, to

have its rates regulated by the board. When a written election has been filed with the board, the board shall assume rate regulation jurisdiction over the company.

7. The jurisdiction of the board under this chapter shall include efforts designed to promote the use of energy efficiency strategies by rate or service-regulated gas and electric utilities.

Sec. 68. Section 476.1D, subsection 1, paragraph c, subparagraph (3), Code Supplement 2011, is amended to read as follows:

(3) Effective July 1, 2008, the retail rate jurisdiction of the board shall not be applicable to single line flat-rated residential and business service rates unless the board during the first six calendar months of 2008 extends its retail rate jurisdiction over single line flat-rated residential and business service rates provided by a previously rate-regulated telephone utility. The board may extend its jurisdiction pursuant to this ~~paragraph~~ subparagraph for not more than two years and may do so only after the board finds that such action is necessary for the public interest. The board shall provide the general assembly with a copy of any order to extend its jurisdiction and shall permit any telephone utility subject to the extension to increase single line flat-rated residential and business monthly service rates by an amount up to two dollars during each twelve-month period of the extension. If a telephone utility fails to impose such a rate increase during any twelve-month period, the utility may not impose the unused increase in any subsequent year.

Sec. 69. Section 499.47B, subsection 3, paragraph a, Code Supplement 2011, is amended to read as follows:

a. Except as provided in paragraph *"b"*, the sale, lease, exchange, or other disposition must be approved by a two-thirds vote of the members in which vote a majority of all voting members participate.

Sec. 70. Section 499.47B, subsection 3, paragraph b, subparagraph (1), Code Supplement 2011, is amended to read as follows:

(1) If the cooperative association's articles of incorporation require approval by more than two-thirds of its members in which vote a majority of all voting members participate, the sale, lease, exchange, or other disposition must be approved by the greater number as provided in the articles of incorporation.

Sec. 71. Section 499.64, subsection 2, paragraph a, Code Supplement 2011, is amended to read as follows:

a. Except as provided in paragraph *"b"*, the proposed plan of merger or consolidation must be approved by a two-thirds vote of the members in which vote a majority of all voting members participate.

Sec. 72. Section 499.64, subsection 2, paragraph b, subparagraph (1), Code Supplement 2011, is amended to read as follows:

(1) If the cooperative association's articles of incorporation require approval by more than two-thirds of its members in which vote a majority of all voting members participate, the proposed plan of merger or consolidation must be approved by the greater number as provided in the articles of incorporation.

Sec. 73. Section 501.203, subsection 4, Code Supplement 2011, is amended to read as follows:

4. If the board does not recommend the amendment or restatement to the members, then the amendment or restatement must be adopted by the members by a vote of two-thirds of the votes cast in which vote a majority of all votes are cast.

Sec. 74. Section 501.204, Code Supplement 2011, is amended to read as follows:

501.204 Bylaws.

The board may adopt or amend the cooperative's bylaws by a vote of three-fourths of the board. The members may adopt or amend the cooperative's bylaws by a vote of three-fourths of the votes cast in which vote a majority of all votes are cast. A bylaw provision adopted by the members shall not be amended or repealed by the directors.

Sec. 75. Section 501.601, subsection 2, paragraph b, Code Supplement 2011, is amended to read as follows:

b. The members must approve the plan of conversion by ~~the~~ a vote of two-thirds of the votes cast in which vote a majority of all votes are cast.

Sec. 76. Section 501.603, subsection 2, Code Supplement 2011, is amended to read as follows:

2. A cooperative may sell, lease, exchange, or otherwise dispose of all, or substantially all, of its property, with or without the goodwill, on the terms and conditions and for the consideration determined by the board, which consideration may include the interests of another cooperative, if the board recommends the proposed transaction to the members, and the members approve it by ~~the~~ a vote of two-thirds of the votes cast in which vote a majority of all votes are cast. The board may condition its submission of the proposed transaction on any basis.

Sec. 77. Section 501.614, subsection 2, Code Supplement 2011, is amended to read as follows:

2. At the meeting, a vote of the members who are entitled to vote in the affairs of the association shall be taken on the proposed plan of merger or consolidation. The plan of merger or consolidation shall be approved if two-thirds of the members vote affirmatively ~~in which~~ and a majority of all voting members participate in the voting.

Sec. 78. Section 509B.1, subsection 6, Code 2011, is amended to read as follows:

6. *"Medicare"* means ~~Title~~ Tit. XVIII of the United States Social Security Act.

Sec. 79. Section 513C.3, subsection 14, paragraph a, Code 2011, is amended to read as follows:

a. Loss of eligibility for medical assistance provided pursuant to chapter 249A or Medicare coverage provided pursuant to ~~Title~~ Tit. XVIII of the federal Social Security Act.

Sec. 80. Section 514G.103, subsection 16, paragraph a, subparagraph (2), Code 2011, is amended to read as follows:

(2) The contract does not pay or reimburse expenses incurred for services or items to the extent that the expenses are reimbursable under ~~Title~~ Tit. XVIII of the federal Social Security Act, as amended, or would be reimbursable but for the application of a deductible or coinsurance amount. The requirements of this subparagraph do not apply to expenses that are reimbursable under ~~Title~~ Tit. XVIII of the federal Social Security Act only as a secondary payor. A contract does not fail to satisfy the requirements of this subparagraph because payments are made on a per diem or other periodic basis without regard to the expenses incurred during the period to which the payments relate.

Sec. 81. Section 524.221, subsection 3, Code Supplement 2011, is amended to read as follows:

3. The provisions of this section, insofar as applicable, shall apply to the records of a national bank or a federally chartered savings bank or a federally ~~charted~~ chartered savings and loan association.

Sec. 82. Section 558.66, subsection 3, paragraph b, subparagraph (2), Code Supplement 2011, is amended to read as follows:

(2) The name of the surviving joint tenant or owner of the remainder interest, as applicable, in whose name the county records should reflect ownership of title.

Sec. 83. Section 602.4201, subsection 3, paragraph h, Code 2011, as amended by 2011 Iowa Acts, chapter 121, section 60, is amended to read as follows:

h. Involuntary commitment or treatment of persons with ~~a~~ substance-related disorders.

Sec. 84. Section 634A.1, subsection 1, paragraph a, Code 2011, is amended to read as follows:

a. Is considered to be a person with a disability under the disability criteria specified in ~~Title~~ Tit. II or ~~Title~~ Tit. XVI of the federal Social Security Act.

Sec. 85. Section 714G.8, subsection 4, Code 2011, is amended to read as follows:

4. Child support enforcement officials when investigating a child support case pursuant to ~~Title~~ Tit. IV-D or ~~Title~~ Tit. XIX of the federal Social Security Act.

Sec. 86. Section 717.5, subsection 3, paragraph a, subparagraph (1), Code Supplement 2011, is amended to read as follows:

(1) For livestock neglected under section 717.2, the amount shall not be more than for expenses incurred by the local authority in maintaining and disposing of the neglected livestock rescued pursuant to section 717.2A, and reasonable attorney fees and expenses related to the investigation of the case. The remaining amount of a bond or other security posted pursuant to subsection 1 shall be used to reimburse the local authority.

DIVISION II
VOLUME V RENUMBERING

Sec. 87. Section 490.202, subsection 2, paragraph d, Code 2011, is amended to read as follows:

d. (1) A provision eliminating or limiting the liability of a director to the corporation or its shareholders for money damages for any action taken, or any failure to take any action, as a director, except liability for any of the following:

~~(1)~~ (a) The amount of a financial benefit received by a director to which the director is not entitled.

~~(2)~~ (b) An intentional infliction of harm on the corporation or the shareholders.

~~(3)~~ (c) A violation of section 490.833.

~~(4)~~ (d) An intentional violation of criminal law.

(2) A provision shall not eliminate or limit the liability of a director for an act or omission occurring prior to the date when the provision in the articles of incorporation becomes effective.

Sec. 88. Section 490.1110, subsection 2, Code 2011, is amended to read as follows:

2. *a.* This section does not apply in any of the following circumstances:

~~*a.*~~ (1) The corporation does not have a class of voting stock that is listed on a national securities exchange, authorized for quotation on the national association of securities dealers automated quotations – national market system, or held of record by more than two thousand shareholders, unless any of the foregoing results from action taken, directly or indirectly, by an interested shareholder or from a transaction in which a person becomes an interested shareholder.

~~*b.*~~ (2) The corporation's original articles of incorporation contain a provision expressly electing not to be governed by this section.

~~*c.*~~ (3) The corporation, by action of its board of directors, adopts an amendment to its bylaws by no later than September 29, 1997, expressly electing not to be governed by this section, which amendment shall not be further amended by the board of directors.

~~*d.*~~ (4) (a) The corporation, by action of its shareholders, adopts an amendment to its articles of incorporation or bylaws expressly electing not to be governed by this section, provided that, in addition to any other vote required by law, such amendment to the articles of incorporation or bylaws must be approved by the affirmative vote of a majority of the shares entitled to vote. An amendment adopted pursuant to this ~~paragraph~~ subparagraph is effective immediately in the case of a corporation that has never had a class of voting stock that falls within any of the three categories set out in ~~paragraph "a"~~ subparagraph (1) and has not elected by a provision in its original articles of incorporation or any amendment to such articles to be governed by this section. In all other cases, an amendment adopted pursuant to this ~~paragraph~~ subparagraph is not effective until twelve months after the adoption of the amendment and does not apply to any business combination between the corporation and

any person who became an interested shareholder of the corporation on or prior to such adoption.

(b) An amendment to the bylaws adopted pursuant to this ~~paragraph~~ subparagraph shall not be further amended by the board of directors.

~~*e.*~~ (5) A shareholder becomes an interested shareholder inadvertently and both of the following apply:

~~(1)~~ (a) As soon as practicable the shareholder divests itself of ownership of sufficient shares so that the shareholder ceases to be an interested shareholder.

~~(2)~~ (b) The shareholder would not, at any time within the three-year period immediately prior to a business combination between the corporation and such shareholder, have been an interested shareholder but for the inadvertent acquisition of ownership.

~~*f.* (1)~~ (6) (a) The business combination is proposed prior to the consummation or abandonment of and subsequent to the earlier of the public announcement or the notice required in this ~~paragraph~~ subparagraph of a proposed transaction which satisfies all of the following:

~~(a)~~ (i) Constitutes a transaction described in ~~subparagraph (2)~~ subparagraph division (b).

~~(b)~~ (ii) Is with or by a person who either was not an interested shareholder during the previous three years or who became an interested shareholder with the approval of the corporation's board of directors or who became an interested shareholder during the time period described in ~~paragraph "*g*"~~ subparagraph (7).

~~(c)~~ (iii) Is approved or not opposed by a majority of the members of the board of directors then in office who were directors prior to any person becoming an interested shareholder during the previous three years, or who were recommended for election or elected to succeed such directors by a majority of such directors.

~~(2)~~ (b) A proposed transaction under subparagraph ~~(1)~~ division (a) is limited to the following:

~~(a)~~ (i) A merger of the corporation, other than a merger pursuant to section 490.1105.

~~(b)~~ (ii) A sale, lease, exchange, mortgage, pledge, transfer, or other disposition, in one or more transactions and whether as part of a dissolution or otherwise, of assets of the corporation or of any direct or indirect majority-owned subsidiary of the corporation, other than to a direct or indirect wholly owned subsidiary of the corporation or to the corporation itself, which has an aggregate market value equal to fifty percent or more of either the aggregate market value of all of the assets of the corporation determined on a consolidated basis, or the aggregate market value of all the outstanding stock of the corporation.

~~(c)~~ (iii) A proposed tender or exchange offer for fifty percent or more of the outstanding voting stock of the corporation.

~~(3)~~ (c) The corporation shall give no less than twenty days' notice to all interested shareholders prior to the consummation of any of the transactions described in subparagraph ~~(2)~~ division (b), subparagraph ~~division (a) or (b)~~ subdivision (i) or (ii).

~~*g.*~~ (7) The business combination is with an interested shareholder who becomes an interested shareholder of the corporation at a time when the corporation is not subject to this section pursuant to ~~paragraph "*a*", "*b*", "*c*", or "*d*"~~ subparagraph (1), (2), (3), or (4).

b. Notwithstanding ~~paragraphs "*a*" through "*d*"~~ paragraph "*a*", subparagraphs (1) through (4), a corporation may elect under its original articles of incorporation or any amendment to such articles to be subject to this section. However, such amendment shall not apply to restrict a business combination between the corporation and an interested shareholder of the corporation if the interested shareholder became such prior to the effective date of the amendment.

Sec. 89. Section 490.1110, subsection 3, paragraph e, Code 2011, is amended to read as follows:

e. "Interested shareholder" means any person, other than the corporation and any direct or indirect majority-owned subsidiary of the corporation, that is the owner of ten percent or more of the outstanding voting stock of the corporation, or is an affiliate or associate of the corporation and was the owner of ten percent or more of the outstanding voting stock of the corporation at any time within the three-year period immediately prior to the date on which it is sought to be determined whether such person is an interested shareholder, and the

affiliates and associates of such person. *"Interested shareholder"* does not include a person whose ownership of shares in excess of the ten percent limitation is the result of action taken solely by the corporation, provided that such person is an interested shareholder if, after such action by the corporation, the person acquires additional shares of voting stock of the corporation, other than as a result of further corporate action not caused, directly or indirectly, by such person. For purposes of determining whether a person is an interested shareholder, the outstanding voting stock of the corporation does not include any other unissued stock of the corporation which may be issuable pursuant to any agreement, arrangement, or understanding, or upon exercise of conversion rights, warrants, or options, or otherwise.

~~For purposes of determining whether a person is an interested shareholder, the outstanding voting stock of the corporation does not include any other unissued stock of the corporation which may be issuable pursuant to any agreement, arrangement, or understanding, or upon exercise of conversion rights, warrants, or options, or otherwise.~~

Sec. 90. Section 491.102, Code 2011, is amended to read as follows:

491.102 Procedure for merger.

1. Any two or more corporations whether heretofore or hereafter organized may merge into one of such corporations in the ~~following~~ manner~~:~~ provided in this section.

2. The board of directors of each corporation shall, by resolution adopted by a majority vote of the members of each such board, approve a plan of mergers setting forth:

~~1.~~ *a.* The names of the corporations proposing to merge, and the name of the corporation into which they propose to merge, which is hereinafter designated as the surviving corporation.

~~2.~~ *b.* The terms and conditions of the proposed merger.

~~3.~~ *c.* The manner and basis of converting the shares of each merging corporation into shares or other securities or obligations of the surviving corporation.

~~4.~~ *d.* A statement of any changes in the articles of incorporation of the surviving corporation to be effected by such merger.

~~5.~~ *e.* Such other provisions with respect to the proposed merger as are deemed necessary or desirable.

Sec. 91. Section 491.103, Code 2011, is amended to read as follows:

491.103 Procedure for consolidation.

1. Any two or more corporations whether heretofore or hereafter organized may consolidate into a new corporation in the ~~following~~ manner~~:~~ provided in this section.

2. The board of directors of each corporation~~,~~ shall, by a resolution adopted by a majority vote of the members of each such board, approve a plan of consolidation setting forth:

~~1.~~ *a.* The names of the corporations proposing to consolidate, and the name of the new corporation into which they propose to consolidate, which is hereinafter designated as the new corporation.

~~2.~~ *b.* The terms and conditions of the proposed consolidation.

~~3.~~ *c.* The manner and basis of converting the shares of each corporation into shares, or other securities, or obligations of the new corporation.

~~4.~~ *d.* With respect to the new corporation, all of the statements required to be set forth in articles of incorporation for corporations organized under this chapter.

~~5.~~ *e.* Such other provisions with respect to the proposed consolidation as are deemed necessary or desirable.

Sec. 92. Section 499.48, Code 2011, is amended to read as follows:

499.48 Distribution in liquidation.

1. On dissolution or liquidation, the assets of the association shall be used to pay liquidation expenses first, next the association's obligations other than patronage dividends or patronage dividend certificates which it has issued, and the remainder shall be distributed in the following priority:

~~1.~~ *a.* To pay to each person the full amount originally paid by that person in cash for stock or other equity interest in the association.

~~2.~~ *b.* To pay to each person in proportion to the total of each person's revolving fund, stock, or other equity interest in the association remaining after the payment under ~~subsection 1~~ paragraph "*a*".

2. In applying ~~subsections~~ subsection 1 ~~and 2~~, paragraphs "*a*" and "*b*", all classes of stock, all revolving funds, and all other equity interests in the association shall be treated equally based on their stated values. However, an association may establish its own method of distributing the assets remaining, after paying liquidation expenses and obligations other than patronage dividends or patronage dividend certificates which it has issued, in articles of incorporation adopted, amended, or restated after July 1, 1986.

Sec. 93. Section 499.62, Code 2011, is amended to read as follows:

499.62 Merger.

1. Any two or more cooperative associations may merge into one cooperative association in the ~~following~~ manner~~:~~ provided in this section.

2. The board of directors of each cooperative association shall, by resolution adopted by a majority vote of all members of each board, approve a plan of merger which shall set forth:

~~1.~~ *a.* The names of the cooperative associations proposing to merge and the name of the surviving association.

~~2.~~ *b.* The terms and conditions of the proposed merger.

~~3.~~ *c.* A statement of any changes in the articles of incorporation of the surviving association.

~~4.~~ *d.* Other provisions deemed necessary or desirable.

Sec. 94. Section 499.63, Code 2011, is amended to read as follows:

499.63 Consolidation.

1. Any two or more cooperative associations may be consolidated into a new cooperative association in the ~~following~~ manner~~:~~ provided in this section.

2. The board of directors of each cooperative association shall, by resolution adopted by a majority vote of all members of each board, approve a plan of consolidation setting forth:

~~1.~~ *a.* The names of the cooperative associations proposing to consolidate and the name of the new association.

~~2.~~ *b.* The terms and conditions of the proposed consolidation.

~~3.~~ *c.* With respect to the new association, all of the statements required to be set forth in articles of incorporation for cooperative associations.

~~4.~~ *d.* Other provisions deemed necessary or desirable.

Sec. 95. Section 499.68, unnumbered paragraphs 1 and 2, Code 2011, are amended to read as follows:

A merger or consolidation shall become effective upon the date that the certificate of merger or the certificate of consolidation is issued by the secretary of state, or the effective date specified in the articles of merger or articles of consolidation, whichever is later. When a merger or consolidation has become effective:

~~When a merger or consolidation has become effective:~~

Sec. 96. Section 499.69, Code 2011, is amended to read as follows:

499.69 Foreign and domestic mergers or consolidations.

1. One or more foreign cooperative associations and one or more domestic cooperative associations may be merged or consolidated in the following manner, if such merger or consolidation is permitted by the laws of the state under which each foreign cooperative association is organized:

~~1.~~ *a.* Each domestic cooperative association shall comply with the provisions of this division with respect to the merger or consolidation of domestic cooperative associations, and each foreign cooperative association shall comply with the applicable provisions of the laws of the state under which it is organized.

~~2.~~ *b.* If the surviving or new association is to be governed by the laws of any state other than this state, it shall comply with the provisions of the laws of this state with respect to the qualifications of foreign cooperative associations if it is to transact business in this state, and in every case it shall file with the secretary of state of this state:

~~a.~~ (1) An agreement that it may be served with process in this state in any proceeding for the enforcement of any obligation of any domestic cooperative association which is a party to the merger or consolidation, and in any proceeding for the enforcement of the rights of a dissenting shareholder of any such domestic cooperative association, against the surviving or new association.

~~b.~~ (2) An irrevocable appointment of the secretary of state of this state as its agent to accept service of process in any proceeding.

~~c.~~ (3) An agreement that it will promptly pay to the dissenting shareholders of any domestic cooperative association the amount to which they are entitled under the provisions of this division with respect to the rights of dissenters.

2. The effect of such merger or consolidation shall be the same as the effect of the merger or consolidation of domestic cooperative associations, if the surviving or new association is to be governed by the laws of this state. If the surviving or new association is to be governed by the laws of any other state, the effect of merger or consolidation shall be the same as in the case of the merger or consolidation of domestic cooperative associations, except as the laws of the other state otherwise provide.

Sec. 97. Section 499A.22, subsections 1, 2, and 3, Code 2011, are amended to read as follows:

1. a. The cooperative has a lien on a member's interest in the cooperative for all operating charges or other assessments payable by the member pursuant to the member's proprietary lease from the time the operating charge or other assessment becomes due. If carrying charges and assessments are payable in installments, the full amount of the charge or assessment is a lien from the first time the first installment becomes due. Upon nonpayment of a carrying charge or assessment, the member may be evicted from the member's apartment unit in the same manner as provided by law in the case of an unlawful holdover by a tenant and the lien may be foreclosed by judicial sale in like manner as a mortgage on real estate, or may be foreclosed by the power of sale provided in this section.

b. A lien under this section is prior to all other liens and encumbrances on a member's cooperative interest except liens and encumbrances on the cooperative's real property which the cooperative creates, assumes, or takes subject to, and liens for real estate taxes and other governmental assessments or charges against the cooperative or the member's cooperative interest.

2. The cooperative, upon a member's nonpayment of carrying charges and assessments and the cooperative's compliance with this section, may sell the defaulting member's cooperative interest. Sale may be at a public sale or by private negotiation, and at any time and place, but every aspect of the sale, including the method, advertising, time, place, and terms must be reasonable. The cooperative shall give to the member and any sublessees of the member reasonable written notice of the time and place of a public sale or, if a private sale is intended, of the intention of entering into a contract to sell and of the time after which a private disposition may be made. The same notice shall also be sent to any other person who has a recorded interest in the defaulting member's cooperative interest which would be extinguished by the sale. The notices required by this ~~paragraph~~ subsection may be sent to any address reasonable under the circumstances. Sale may not be held until five weeks after the sending of the notice. The cooperative may buy at a public sale, and, if the sale is conducted by a fiduciary or other person not related to the cooperative, at a private sale.

3. a. The proceeds of a sale under the preceding ~~paragraph~~ subsection shall be applied in the following order:

~~a.~~ (1) The reasonable expenses of sale.

~~b.~~ (2) The reasonable expenses of securing possession before sale, and the reasonable expenses of holding, maintaining, and preparing the cooperative interest for sale. These expenses include, but are not limited to, the payment of taxes and other governmental charges, premiums on liability insurance, and to the extent provided for by agreement between the cooperative and the member, reasonable attorney fees and other legal expenses incurred by the cooperative.

~~c.~~ (3) Satisfaction of the cooperative's lien.

~~d.~~ (4) Satisfaction in the order of priority of any subordinate claim of record.

~~e.~~ (5) Remittance of any excess to the member.
b. Unless otherwise agreed, the member is liable for any deficiency.

Sec. 98. Section 501.618, unnumbered paragraphs 1 and 2, Code 2011, are amended to read as follows:

A merger or consolidation shall become effective upon the date that the certificate of merger or the certificate of consolidation is issued by the secretary of state, or the effective date specified in the articles of merger or articles of consolidation, whichever is later. When a merger or consolidation has become effective:

~~When a merger or consolidation has become effective:~~

Sec. 99. Section 501A.715, subsection 2, paragraph a, subparagraph (2), subparagraph division (b), Code 2011, is amended to read as follows:

(b) In the case of an act or omission occurring in the official capacity described in subsection 1, paragraph *"a"*, subparagraph (3), the person reasonably believed that the conduct was not opposed to the best interests of the cooperative. If the person's acts or omissions complained of in the proceeding relate to conduct as a director, officer, trustee, employee, or agent of an employee benefit plan, the conduct is not considered to be opposed to the best interests of the cooperative if the person reasonably believed that the conduct was in the best interests of the participants or beneficiaries of the employee benefit plan.

~~If the person's acts or omissions complained of in the proceeding relate to conduct as a director, officer, trustee, employee, or agent of an employee benefit plan, the conduct is not considered to be opposed to the best interests of the cooperative if the person reasonably believed that the conduct was in the best interests of the participants or beneficiaries of the employee benefit plan.~~

Sec. 100. Section 502A.3, Code 2011, is amended to read as follows:

502A.3 Exempt person transactions.

1. The prohibitions in section 502A.2 do not apply to a transaction in which any of the following persons, or any employee, officer, or director of a listed person acting solely in that capacity, is the purchaser or seller:

~~1.~~ *a.* A person registered with the commodity futures trading commission as a futures commission merchant or as a leverage transaction merchant whose activities require such registration.

~~2.~~ *b.* A person registered with the securities and exchange commission as a broker-dealer whose activities require such registration.

~~3.~~ *c.* A person affiliated with, and whose obligations and liabilities under the transaction are guaranteed by, a person referred to in ~~subsection 1 or 2~~ paragraph *"a"* or *"b"*.

~~4.~~ *d.* A person who is a member of a contract market designated by the commodity futures trading commission, or any CFTC clearinghouse.

~~5.~~ *e.* A financial institution.

~~6.~~ *f.* A person registered under the laws of this state as a securities broker-dealer whose activities require such registration.

2. This exemption provided by this section does not apply to any transaction or activity which is prohibited by the Commodity Exchange Act or CFTC rule.

Sec. 101. Section 507B.4, Code 2011, is amended to read as follows:

507B.4 Unfair methods of competition and unfair or deceptive acts or practices defined.

1. For purposes of subsection 3, paragraph *"p"*, *"insurer"* means an entity providing a plan of health insurance, health care benefits, or health care services, or an entity subject to the jurisdiction of the commissioner performing utilization review, including an insurance company offering sickness and accident plans, a health maintenance organization, an organized delivery system authorized under 1993 Iowa Acts, ch. 158, and licensed by the department of public health, a nonprofit health service corporation, a plan established pursuant to chapter 509A for public employees, or any other entity providing a plan of health insurance, health care benefits, or health care services. However, *"insurer"* does not include an entity that sells disability income or long-term care insurance.

2. For purposes of subsection 3, paragraphs *"k"*, *"l"*, and *"m"*, *"personal lines property and casualty insurance"* means insurance sold to individuals and families primarily for noncommercial purposes as provided in chapter 522B.

3. The following are hereby defined as unfair methods of competition and unfair or deceptive acts or practices in the business of insurance:

~~1.~~ *a. Misrepresentations and false advertising of insurance policies.* Making, issuing, circulating, or causing to be made, issued or circulated, any estimate, illustration, circular, statement, sales presentation, omission, or comparison which does any of the following:

~~a.~~ (1) Misrepresents the benefits, advantages, conditions, or terms of any insurance policy.

~~b.~~ (2) Misrepresents the dividends or share of the surplus to be received on any insurance policy.

~~c.~~ (3) Makes any false or misleading statements as to the dividends or share of surplus previously paid on any insurance policy.

~~d.~~ (4) Is misleading or is a misrepresentation as to the financial condition of any person, or as to the legal reserve system upon which any life insurer operates.

~~e.~~ (5) Uses any name or title of any insurance policy or class of insurance policies misrepresenting the true nature thereof.

~~f.~~ (6) Is a misrepresentation for the purpose of inducing or tending to induce the lapse, forfeiture, exchange, conversion, or surrender of any insurance policy.

~~g.~~ (7) Is a misrepresentation for the purpose of effecting a pledge or assignment of or effecting a loan against any insurance policy.

~~h.~~ (8) Misrepresents any insurance policy as being shares of stock.

~~i.~~ (9) Misrepresents any insurance policy to consumers by using the terms "burial insurance", "funeral insurance", "burial plan", or "funeral plan" in its names or titles, unless the policy is made with a funeral provider as beneficiary who specifies and fixes a price under contract with an insurance company. This ~~paragraph~~ subparagraph does not prevent insurers from stating or advertising that insurance benefits may provide cash for funeral or burial expenses.

~~j.~~ (10) Is a misrepresentation, including any intentional misquote of premium rate, for the purpose of inducing or tending to induce the purchase of an insurance policy.

~~2.~~ *b. False information and advertising.*

~~a.~~ (1) *Generally.* Making, publishing, disseminating, circulating, or placing before the public, or causing, directly or indirectly, to be made, published, disseminated, circulated, or placed before the public in a newspaper, magazine, or other publication, or in the form of a notice, circular, pamphlet, letter, or poster, or over any radio or television station, or in any other way, an advertisement, announcement, or statement containing any assertion, representation, or statement with respect to the business of insurance or with respect to any person in the conduct of the person's insurance business, which is untrue, deceptive, or misleading.

~~b.~~ (2) *False statement of assets.* In the case of a company transacting the business of fire insurance within the state, stating or representing by advertisement in any newspaper, magazine, or periodical, or by any sign, circular, card, policy of insurance, or renewal certificate thereof or otherwise, that any funds or assets are in its possession and held available for the protection of holders of its policies unless so held, except the policy of insurance or certificate of renewal thereof may state, as a single item, the amount of capital set forth in the charter, or articles of incorporation, or association, or deed of settlement under which it is authorized to transact business.

~~c.~~ (3) *Statement of capital and surplus.* In the case of a foreign company transacting the business of casualty insurance in the state, or an officer, producer, or representative of such a company, issuing or publishing an advertisement, public announcement, sign, circular, or card that purports to disclose the company's financial standing and fails to exhibit: the capital actually paid in cash, and the amount of net surplus of assets over all the company's liabilities actually held and available for the payment of losses by fire and for the protection of holders of fire policies; and the amount of net surplus of assets over all liabilities in the United States actually available for the payment of losses by fire and held in the United States for the protection of holders of fire policies in the United States, including in such liabilities the fund reserved for reinsurance of outstanding risks. The amounts stated for capital and net surplus

shall correspond with the latest verified statement made by the company or association to the commissioner of insurance.

~~3.~~ c. *Defamation.* Making, publishing, disseminating, or circulating, directly or indirectly, or aiding, abetting or encouraging the making, publishing, disseminating, or circulating of any oral or written statement or any pamphlet, circular, article or literature which is false, or maliciously critical of or derogatory to the financial condition of any person, and which is calculated to injure such person.

~~4.~~ d. *Boycott, coercion and intimidation.* Entering into any agreement to commit, or by any concerted action committing, any act of boycott, coercion or intimidation resulting in or tending to result in unreasonable restraint of, or monopoly in, the business of insurance.

~~5.~~ e. *False statements and entries.*

~~a.~~ (1) Knowingly filing with any supervisory or other public official, or knowingly making, publishing, disseminating, circulating or delivering to any person, or placing before the public, or knowingly causing directly or indirectly, to be made, published, disseminated, circulated, delivered to any person, or placed before the public, any false material statement of fact as to the financial condition of a person.

~~b.~~ (2) Knowingly making any false entry of a material fact in any book, report or statement of any person or knowingly omitting to make a true entry of any material fact pertaining to the business of such person in any book, report or statement of such person.

~~6.~~ f. *Stock operations and advisory board contracts.* Issuing or delivering or permitting agents, officers or employees to issue or deliver, agency company stock or other capital stock, or benefit certificates or shares in any common law corporation, or securities or any special or advisory board contracts or other contracts of any kind promising returns and profits as an inducement to insurance.

~~7.~~ g. *Unfair discrimination.*

~~a.~~ (1) Making or permitting any unfair discrimination between individuals of the same class and equal expectation of life in the rates charged for any contract of life insurance or of life annuity or in the dividends or other benefits payable thereon, or in any other of the terms and conditions of such contract.

~~b.~~ (2) Making or permitting any unfair discrimination between insureds of the same class for essentially the same hazard in the amount of premium, policy fees, or rates charged for any policy or contract of insurance other than life or in the benefits payable thereunder, or in any of the terms or conditions of such contract, or in any other manner whatever.

~~c.~~ (3) Making or permitting any discrimination in the sale of insurance solely on the basis of domestic abuse as defined in section 236.2.

~~8.~~ h. *Release or use of genetic information.* Failure of a person to comply with section 729.6, subsection 4.

~~9.~~ i. *Rebates.*

~~a.~~ (1) Except as otherwise expressly provided by law, knowingly permitting or offering to make or making any contract of life insurance, life annuity or accident and health insurance, or agreement as to such contract other than as plainly expressed in the contract issued thereon, or paying or allowing, or giving or offering to pay, allow, or give, directly or indirectly, as inducement to such insurance, or annuity, any rebate of premiums payable on the contract, or any special favor or advantage in the dividends or other benefits thereon, or any valuable consideration or inducement whatever not specified in the contract; or giving, or selling, or purchasing or offering to give, sell, or purchase as inducement to such insurance or annuity or in connection therewith, any stocks, bonds, or other securities of any insurance company or other corporation, association, or partnership, or any dividends or profits accrued thereon, or any thing of value whatsoever not specified in the contract.

~~b.~~ (2) Nothing in ~~subsection 7~~ paragraph "*g*" or ~~paragraph "a"~~ subparagraph (1) of this ~~subsection~~ paragraph "*i*" shall be construed as including within the definition of discrimination or rebates any of the following practices:

~~(1)~~ (a) In the case of any contract of life insurance or life annuity, paying bonuses to policyholders or otherwise rebating their premiums in whole or in part out of surplus accumulated from nonparticipating insurance, provided that any such bonuses or rebatement of premiums shall be fair and equitable to policyholders and for the best interests of the company and its policyholders.

~~(2)~~ (b) In the case of life insurance policies issued on the industrial debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount which fairly represents the saving in collection expenses.

~~(3)~~ (c) Readjustment of the rate of premium for a group insurance policy based on the loss or expense experienced thereunder, at the end of the first or any subsequent policy year of insurance thereunder, which may be made retroactive only for such policy year.

~~*c.*~~ (3) (a) Paying, allowing, or giving, or offering to pay, allow, or give, directly or indirectly, as an inducement to purchase or acquire insurance other than life insurance, life annuity, or accident and health insurance, or after insurance has been effected, any rebate, discount, abatement, credit, or reduction of the premium named in a policy of insurance, or any special favor or advantage in the dividends or other benefits to accrue on the policy, or any valuable consideration or inducement, not specified in the policy, except to the extent provided for in an applicable filing. An insured named in a policy, or an employee of the insured, shall not knowingly receive or accept, directly or indirectly, any rebate, discount, abatement, credit, or reduction of premium, or any such special favor or advantage or valuable consideration or inducement.

(b) This ~~paragraph "c"~~ subparagraph (3) shall not be construed to prohibit the payment of commissions or other compensation to duly licensed producers, or to prohibit any insurer from allowing or returning to its participating policyholders, members, or subscribers, dividends, savings, or unabsorbed premium deposits. As used in this ~~paragraph "c"~~ subparagraph (3), "*insurance*" includes suretyship and "*policy*" includes bond.

~~10.~~ *j. Unfair claim settlement practices.* Committing or performing with such frequency as to indicate a general business practice any of the following:

~~*a.*~~ (1) Misrepresenting pertinent facts or insurance policy provisions relating to coverages of issue.

~~*b.*~~ (2) Failing to acknowledge and act reasonably promptly upon communications with respect to claims arising under insurance policies.

~~*c.*~~ (3) Failing to adopt and implement reasonable standards for the prompt investigation of claims arising under insurance policies.

~~*d.*~~ (4) Refusing to pay claims without conducting a reasonable investigation based upon all available information.

~~*e.*~~ (5) Failing to affirm or deny coverage of claims within a reasonable time after proof of loss statements have been completed.

~~*f.*~~ (6) Not attempting in good faith to effectuate prompt, fair, and equitable settlements of claims in which liability has become reasonably clear, or failing to include interest on the payment of claims when required under ~~subsection 16~~ paragraph "*p*" or section 511.38.

~~*g.*~~ (7) Compelling insureds to institute litigation to recover amounts due under an insurance policy by offering substantially less than the amounts ultimately recovered in actions brought by such insureds.

~~*h.*~~ (8) Attempting to settle a claim for less than the amount to which a reasonable person would have believed the person was entitled by reference to written or printed advertising material accompanying or made part of an application.

~~*i.*~~ (9) Attempting to settle claims on the basis of an application which was altered without notice to, or knowledge or consent of the insured.

~~*j.*~~ (10) Making claims payments to insureds or beneficiaries not accompanied by a statement setting forth the coverage under which payments are being made.

~~*k.*~~ (11) Making known to insureds or claimants a policy of appealing from arbitration awards in favor of insureds or claimants for the purpose of compelling them to accept settlements or compromises less than the amount awarded in arbitration.

~~*l.*~~ (12) Delaying the investigation or payment of claims by requiring an insured, claimant, or the physician of either to submit a preliminary claim report and then requiring the subsequent submission of formal proof of loss forms, both of which submissions contain substantially the same information.

~~*m.*~~ (13) Failing to promptly settle claims, where liability has become reasonably clear, under one portion of the insurance policy coverage in order to influence settlements under other portions of the insurance policy coverage.

~~*n.*~~ (14) Failing to promptly provide a reasonable explanation of the basis in the insurance policy in relation to the facts or applicable law for denial of a claim or for the offer of a compromise settlement.

~~*o.*~~ (15) Failing to comply with the procedures for auditing claims submitted by health care providers as set forth by rule of the commissioner. However, this ~~paragraph~~ subparagraph shall have no applicability to liability insurance, workers' compensation or similar insurance, automobile or homeowners' medical payment insurance, disability income, or long-term care insurance.

~~11.~~ *k. Use of inquiries.* Considering either of the following events for purposes of surcharging, declining, nonrenewing, or canceling personal lines property and casualty insurance coverage or a binder for personal lines property and casualty insurance coverage:

~~*a.*~~ (1) An applicant's or insured's inquiry into the type or level of coverage of a policy, or an inquiry into whether a policy will cover a loss.

~~*b.*~~ (2) An insured's inquiry regarding coverage of a policy for a loss if the insured does not file a claim.

~~12.~~ *l. History of a property.* Declining to insure a property not previously owned by an applicant for personal lines property and casualty insurance, based solely on the loss history of a previous owner of the property, unless the insurer can provide evidence that the previous owner did not repair damage to the property.

~~13.~~ *m. Disclosure of use of claims history.* Failing to inform an applicant at the time that an application for personal lines property and casualty insurance is made, in writing or in the same medium as the application is made, that the insurer will consider the applicant's or insured's claims history in determining whether to decline, cancel, nonrenew, or surcharge such a policy, and that a claim made by an insured will be reported to an insurance support organization.

~~14.~~ *n. Misrepresentation in insurance applications.* Making false or fraudulent statements or representations on or relative to an application for an insurance policy, for the purpose of obtaining a fee, commission, money, or other benefit from any insurer, agent, broker, or individual.

~~15.~~ *o. Omission from insurance application.* Failing to designate on an insurance policy application the licensee who has solicited and written the policy.

~~16.~~ *p. Payment of interest.* Failure of an insurer to pay interest at the rate of ten percent per annum on all health insurance claims that the insurer fails to timely accept and pay pursuant to section 507B.4A, subsection 2, paragraph "*d*". Interest shall accrue commencing on the thirty-first day after receipt of all properly completed proof of loss forms.

~~For purposes of this subsection, "*insurer*" means an entity providing a plan of health insurance, health care benefits, or health care services, or an entity subject to the jurisdiction of the commissioner performing utilization review, including an insurance company offering sickness and accident plans, a health maintenance organization, an organized delivery system authorized under 1993 Iowa Acts, ch. 158, and licensed by the department of public health, a nonprofit health service corporation, a plan established pursuant to chapter 509A for public employees, or any other entity providing a plan of health insurance, health care benefits, or health care services. However, "*insurer*" does not include an entity that sells disability income or long-term care insurance.~~

~~17.~~ *q. Rating organizations.* Any violation of section 515F.16.

~~18.~~ *r. Minor traffic violations.* Failure of a person to comply with section 516B.3.

~~19.~~ *s. Information.* Failing or refusing to furnish any policyholder or applicant, upon reasonable request, information to which that individual is entitled.

~~For purposes of subsections 11, 12, and 13, "*personal lines property and casualty insurance*" means insurance sold to individuals and families primarily for noncommercial purposes as provided in chapter 522B.~~

Sec. 102. Section 507C.2, subsection 15, Code 2011, is amended to read as follows:

15. *a. "Insolvency"* or *"insolvent"* means any of the following:

~~*a.*~~ (1) For an insurer issuing only assessable fire insurance policies, either of the following:

~~(1)~~ (a) The inability to pay any obligation within thirty days after it becomes payable.

~~(2)~~ (b) If an assessment is made, the inability to pay the assessment within thirty days following the date specified in the first assessment notice issued after the date of loss.

~~*b.*~~ (2) For any other insurer that it is unable to pay its obligations when they are due, or when its admitted assets do not exceed its liabilities plus the greater of:

~~(1)~~ (a) Any capital and surplus required by law for its organization.

~~(2)~~ (b) The total par or stated value of its authorized and issued capital stock.

~~*c.*~~ (3) As to an insurer licensed to do business in this state as of July 1, 1984, which does not meet the standard established under ~~paragraph "*b*"~~ subparagraph (2), the term "*insolvency*" or "*insolvent*" shall mean, for a period not to exceed three years from July 1, 1984, that it is unable to pay its obligations when they are due or that its admitted assets do not exceed its liabilities plus any required capital contribution ordered by the commissioner under provisions of the insurance law.

b. For purposes of this subsection "*liabilities*" includes but is not limited to reserves required by statute or by the division's rules or specific requirements imposed by the commissioner upon a company at the time of or subsequent to admission.

Sec. 103. Section 508.8, Code 2011, is amended to read as follows:

508.8 Insurance company officers — conflicts of interest — exceptions.

1. As used in this section, "*employee*" includes but is not limited to the officers of a life insurance company.

2. A director or officer of a life insurance company shall not receive, in addition to fixed salary or compensation, money or other valuable thing, either directly or indirectly, or through a substantial interest in another corporation or business unit, for negotiating, procuring, recommending or aiding in the purchase or sale of property, or loan, made by the insurer or an affiliate or subsidiary of the insurer; nor shall a director or officer be pecuniarily interested, either as principal, coprincipal, agent or beneficiary, either directly or indirectly, or through a substantial interest in another corporation or business unit, in the purchase, sale or loan. However, a life insurance company, in connection with the relocation of the place of employment of an employee including relocation upon the initial employment of the employee, may do either of the following:

~~1.~~ *a.* Make a mortgage loan on real property owned by the employee which is to serve as the employee's dwelling.

~~2.~~ *b.* Acquire at not more than fair market value the dwelling which the employee vacates upon relocation.

~~As used in this section, "*employee*" includes but is not limited to the officers of a life insurance company.~~

Sec. 104. Section 508.36, subsection 3, paragraphs e and f, Code 2011, are amended to read as follows:

e. (1) For total and permanent disability benefits in or supplementary to ordinary policies or contracts, the following:

~~(1)~~ (a) For policies or contracts issued on or after January 1, 1966, the tables of period 2 disablement rates and the 1930 to 1950 termination rates of the 1952 disability study of the society of actuaries, with due regard to the type of benefit, or any tables of disablement rates and termination rates adopted after 1980 by the national association of insurance commissioners and approved by rule adopted by the commissioner for use in determining the minimum standard of valuation for such policies.

~~(2)~~ (b) For policies or contracts issued on or after January 1, 1961, and prior to January 1, 1966, either of the tables identified under subparagraph ~~(1)~~ division (a), or at the option of the company, the class (3) disability table (1926).

~~(3)~~ (c) For policies issued prior to January 1, 1961, the class (3) disability table (1926).

(2) A table used under this paragraph "*e*" shall, for active lives, be combined with a mortality table permitted for calculating the reserves for life insurance policies.

f. (1) For accidental death benefits in or supplementary to policies, the following:

~~(1)~~ (a) For policies issued on or after January 1, 1966, the 1959 accidental death benefits table, or any accidental death benefits table adopted after 1980 by the national association

of insurance commissioners and approved by rule adopted by the commissioner for use in determining the minimum standard of valuation for such policies.

~~(2)~~ (b) For policies issued on or after January 1, 1961, and prior to January 1, 1966, either of the tables identified under subparagraph ~~(1)~~ division (a), or at the option of the company, the intercompany double indemnity mortality table.

~~(3)~~ (c) For policies issued prior to January 1, 1961, the intercompany double indemnity mortality table.

(2) A table used under this paragraph *"f"* shall be combined with a mortality table for calculating the reserves for life insurance policies.

Sec. 105. Section 508.37, subsection 5, paragraphs a and c, Code 2011, are amended to read as follows:

a. (1) This subsection does not apply to policies issued on or after the operative date of subsection 6 as defined in paragraph *"k"* of that subsection. Except as provided in paragraph *"c"*, the adjusted premiums for any policy shall be calculated on an annual basis and shall be such uniform percentage of the respective premiums specified in the policy for each policy year, excluding any extra premiums charged because of impairments or special hazards, that the present value, at the date of issue of the policy, of all such adjusted premiums is equal to the sum of the following:

~~(1)~~ (a) The then present value of the future guaranteed benefits provided for by the policy.

~~(2)~~ (b) Two percent of the amount of the insurance, if the insurance is uniform in amount, or of the equivalent uniform amount, as defined in paragraph *"b"*, if the amount of insurance varies with duration of the policy.

~~(3)~~ (c) Forty percent of the adjusted premium for the first policy year.

~~(4)~~ (d) Twenty-five percent of either the adjusted premium for the first policy year or the adjusted premium for a whole life policy of the same uniform or equivalent uniform amount with uniform premiums for the whole of life issued at the same age for the same amount of insurance, whichever is less.

(2) However, in applying the percentages specified in ~~subparagraphs (3) and (4)~~ subparagraph divisions (c) and (d), no adjusted premium shall be deemed to exceed four percent of the amount of insurance or an equivalent uniform amount. The date of issue of a policy for the purpose of this subsection is the date as of which the rated age of the insured is determined.

c. The adjusted premiums for a policy providing term insurance benefits by rider or supplemental policy provision shall be equal to (1) the adjusted premiums for an otherwise similar policy issued at the same age without such term insurance benefits, increased during the period for which premiums for such term insurance benefits are payable, by (2) the adjusted premiums for such term insurance, the foregoing items (1) and (2) being calculated separately and as specified in paragraphs *"a"* and *"b"* of this subsection except that, for the purposes of ~~subparagraphs (2), (3), and (4)~~ of[2] paragraph *"a"*, subparagraph (1), subparagraph divisions (b), (c), and (d), the amount of insurance or equivalent uniform amount of insurance used in the calculation of the adjusted premiums referred to in item (2) in this paragraph shall be equal to the excess of the corresponding amount determined for the entire policy over the amount used in the calculation of the adjusted premiums in item (1) in this paragraph.

Sec. 106. Section 508.38, subsection 3, paragraphs a and b, Code 2011, are amended to read as follows:

a. (1) The minimum nonforfeiture amount at any time at or prior to the commencement of any annuity payments shall be equal to an accumulation up to such time at rates of interest as indicated in paragraph *"b"* of the net considerations (as hereinafter defined) paid prior to such time, decreased by the sum of all of the following:

~~(1)~~ (a) Any prior withdrawals from or partial surrenders of the contract accumulated at rates of interest as indicated in paragraph *"b"*.

[2] See chapter 1138, §72 herein

~~(2)~~ (b) An annual contract charge of fifty dollars, accumulated at rates of interest as indicated in paragraph "*b*".

~~(3)~~ (c) The amount of any indebtedness to the company on the contract, including interest due and accrued.

(2) The net considerations for a given contract year used to define the minimum nonforfeiture amount shall be an amount equal to eighty-seven and one-half percent of the gross considerations credited to the contract during the contract year.

b. (1) The interest rate used in determining minimum nonforfeiture amounts shall be an annual rate of interest determined as the lesser of three percent per annum and all of the following, which shall be specified in the contract if the interest rate will be reset:

~~(1)~~ (a) The five-year constant maturity treasury rate reported by the federal reserve as of a date, or average over a period, rounded to the nearest one-twentieth of one percent, specified in the contract no longer than fifteen months prior to the contract issue date or redetermination date under subparagraph ~~(4)~~ division (d).

~~(2)~~ (b) The result of subparagraph ~~(1)~~ division (a) shall be reduced by one hundred twenty-five basis points.

~~(3)~~ (c) The resulting interest guarantee shall not be less than one percent.

~~(4)~~ (d) The interest rate shall apply for an initial period and may be redetermined for additional periods. The redetermination date, basis, and period, if any, shall be stated in the contract. The basis is the date or average over a specified period that produces the value of the five-year constant maturity treasury rate to be used at each redetermination date.

(2) During the period or term that a contract provides substantive participation in an equity indexed benefit, it may increase the reduction described in subparagraph ~~(2)~~ (1), subparagraph division (b), by up to an additional one hundred basis points to reflect the value of the equity index benefit. The present value at the contract issue date and at each redetermination date thereafter of the additional reduction shall not exceed the market value of the benefit. The commissioner may require a demonstration that the present value of the reduction does not exceed the market value of the benefit. Lacking such a demonstration that is acceptable to the commissioner, the commissioner may disallow or limit the additional reduction.

(3) The commissioner may adopt rules to implement the provisions of subparagraph ~~(4)~~ (1), subparagraph division (d), and to provide for further adjustments to the calculation of minimum nonforfeiture amounts for contracts that provide substantive participation in an equity index benefit and for other contracts that the commissioner determines adjustments are justified.

Sec. 107. Section 508C.12, subsection 1, paragraph a, Code Supplement 2011, is amended to read as follows:

a. (1) Notify the commissioners or insurance departments of other states or territories of the United States and the District of Columbia when any of the following actions against a member insurer is taken:

~~(1)~~ (a) A license is revoked.

~~(2)~~ (b) A license is suspended.

~~(3)~~ (c) A formal order is made that a company restrict its premium writing, obtain additional contributions to surplus, withdraw from the state, reinsure all or any part of its business, or increase capital, surplus, or any other account for the security of policyholders or creditors.

(2) Notice shall be mailed to the commissioners or departments within thirty days following the earlier of when the action was taken or the date on which the action occurs. This subparagraph does not supersede section 507C.9, subsection 5.

Sec. 108. Section 509.1, subsection 2, Code 2011, is amended to read as follows:

2. *a.* A policy issued to any one of the following to be considered the policyholder:

~~a.~~ (1) An advisory, supervisory, or governing body or bodies of a regularly organized religious denomination to insure its clergy, priests, or ministers of the gospel.

~~b.~~ (2) A teachers' association, to insure its members.

~~c.~~ (3) A lawyers' association, to insure its members.

~~d.~~ (4) A volunteer fire company, to insure all of its members.

~~e.~~ (5) A fraternal society or association, or any subordinate lodge or branch thereof, to insure its members.

~~f.~~ (6) A common principal of any group of persons similarly engaged between whom there exists a contractual relationship, to insure the members of such group.

~~g.~~ (7) An association, the members of which are students, teachers, administrators or officials of any elementary or secondary school or of any college, to insure the members thereof. For the purpose of this ~~paragraph~~ subparagraph, the students, teachers, administrators or officials of or for any such school or college shall constitute an association.

b. ~~Provided that the~~ The provisions and requirements of subsection 1 ~~of this section~~ shall apply to ~~such~~ the policy and the policyholder and insured in ~~like~~ the same manner as ~~said~~ subsection 1 ~~of this section~~ applies to employers and employees, except that if a policy is issued to a volunteer fire company or an association, the members of which are students, teachers, administrators or officials of any elementary or secondary school or of any college, the requirement for twenty-five members shall not apply, and, if issued to a teachers' association or lawyers' association, not less than sixty-five percent of the members thereof may be insured.

Sec. 109. Section 509A.15, subsections 1 and 4, Code 2011, are amended to read as follows:

1. *a.* Within ninety days following the end of a fiscal year, the governing body of a self-insurance plan of a political subdivision or a school corporation shall file with the commissioner of insurance a certificate of compliance, actuarial opinion, and an annual financial report. The filing shall be accompanied by a fee of one hundred dollars. A penalty of fifteen dollars per day shall be assessed for failure to comply with the ninety-day filing requirement, except that the commissioner may waive the penalty upon a showing that special circumstances exist which justify the waiver. The certificate shall be signed and dated by the appropriate public official representing the governing body, and shall certify the following:

~~a.~~ (1) That the plan meets the requirements of this chapter and the applicable provisions of the Iowa administrative code.

~~b.~~ (2) That an actuarial opinion has been attached to the certificate which attests to the adequacy of reserves, rates, and financial condition of the plan. ~~The actuarial opinion must include, but is not limited to, a brief commentary about the adequacy of the reserves, rates, and the financial condition of the plan, a test of the prior year claim reserve, a brief description of how the reserves were calculated, and whether or not the plan is able to cover all reasonably anticipated expenses. The actuarial opinion shall be prepared, signed, and dated by a person who is a member of the American academy of actuaries. If necessary, the actuary should assist the public body in preparing the annual financial report. The annual financial report shall be in a format as prescribed by the commissioner.~~

~~c.~~ (3) That a written complaint procedure has been implemented. The certificate shall also list the number of complaints filed by participants under the written complaint procedure, and the percentage of participants filing written complaints, in the prior fiscal year.

~~d.~~ (4) That the governing body has contracted or otherwise arranged with a third-party administrator who holds a current certificate of registration issued by the commissioner pursuant to section 510.21, or with a person not required to obtain the certificate as a third-party administrator as defined in section 510.11, subsection 2.

b. The actuarial opinion must include but is not limited to a brief commentary about the adequacy of the reserves, rates, and the financial condition of the plan, a test of the prior year claim reserve, a brief description of how the reserves were calculated, and whether or not the plan is able to cover all reasonably anticipated expenses. The actuarial opinion shall be prepared, signed, and dated by a person who is a member of the American academy of actuaries.

c. If necessary, the actuary should assist the public body in preparing the annual financial report. The annual financial report shall be in a format as prescribed by the commissioner.

4. *a.* One or more political subdivisions of the state or one or more school corporations maintaining self-insured plans with yearly claims that do not exceed two percent of each

entity's general fund budget shall be exempt from the requirements of this section where the plan insures employees for all or part of a deductible, coinsurance payments, drug costs, short-term disability benefits, vision benefits, or dental benefits.

b. The yearly claim amount shall be determined annually on the policy renewal date, or an alternative date established by rule, by a plan administrator or political subdivision or school corporation employee to be designated by the plan administrator. The exemption shall not apply for the year following a year in which yearly claims are determined to exceed two percent of the political subdivision's or school corporation's general fund budget.

Sec. 110. Section 511.8, unnumbered paragraphs 1 and 2, Code Supplement 2011, are amended to read as follows:

A company organized under chapter 508 shall, at all times, have invested in the securities provided in this section, funds equivalent to its legal reserve. Legal reserve is the net present value of all outstanding policies and contracts involving life contingencies. This section does not prohibit a company or association from holding a portion of its legal reserve in cash. The investment programs developed by companies shall take into account the safety of the company's principal, investment yield and return, stability in the value of the investment, and liquidity necessary to meet the company's expected business needs and investment diversification.

~~The investment programs developed by companies shall take into account the safety of the company's principal, investment yield and return, stability in the value of the investment, and liquidity necessary to meet the company's expected business needs and investment diversification.~~

Sec. 111. Section 511.8, subsections 6, 8, 13, 15, 17, 19, and 20, Code Supplement 2011, are amended to read as follows:

6. *Preferred and guaranteed stocks.*

a. Subject to the restrictions contained in subsection 8 hereof, preferred stocks of, or stocks guaranteed by, a corporation incorporated under the laws of the United States of America, or of any state, district, insular or territorial possession thereof; or of the Dominion of Canada, or any province thereof; and which meet the following qualifications:

~~*a.*~~ (1) Preferred stocks.

~~(1)~~ (a) All of the obligations and preferred stocks of the issuing corporation, if any, prior to the preferred stock acquired must be eligible as investments under this section as of the date of acquisition; and

~~(2)~~ (b) The net earnings available for fixed charges and preferred dividends of the issuing corporation shall have been, for each of the five fiscal years immediately preceding the date of acquisition, not less than one and one-half times the sum of the annual fixed charges and contingent interest, if any, and the annual preferred dividend requirements as of the date of acquisition; or at the date of acquisition the preferred stock has investment qualities and characteristics wherein speculative elements are not predominant.

(i) The term *"preferred dividend requirements"* shall mean cumulative or noncumulative dividends whether paid or not.

(ii) The term *"fixed charges"* shall be construed in accordance with subsection 5 ~~above~~.

(iii) The term *"net earnings available for fixed charges and preferred dividends"* as used herein shall mean the net income after deducting all operating and maintenance expenses, taxes, including any income taxes, depreciation and depletion, but nonrecurring items may be excluded.

~~*b.*~~ (2) Guaranteed stocks.

~~(1)~~ (a) All of the fixed interest-bearing obligations of the guaranteeing corporation, if any, must be eligible under this section as of the date of acquisition; and

~~(2)~~ (b) The net earnings available for fixed charges of the guaranteeing corporation shall meet the requirements outlined in paragraph *"a"* of subsection 5 ~~above~~, except that all guaranteed dividends shall be included in *"fixed charges"*.

b. Any investments in preferred stocks or guaranteed stocks made under the provisions of this subsection shall be considered as moneys and credits for purposes of taxation and their assessment shall be subject to deductions for indebtedness as provided by law in the

case of assessment of moneys and credits in general. This provision shall be effective as to assessments made during the year 1947 and thereafter.

8. *Further restrictions.* Securities included under subsections 5, 6, and 7 shall not be eligible:

a. If the corporation is in default on fixed obligations as of the date of acquisition. Securities provided in ~~paragraph "a" of~~ subsection 6, paragraph "a", subparagraph (1), shall not be eligible if the issuing corporation is in arrears with respect to the payment of any preferred dividends as of the date of acquisition.

b. The investments of any company or association in such securities shall not be eligible in excess of the following percentages of the legal reserve of such company or association:

(1) With the exception of public securities, two percent of the legal reserve in the securities of any one corporation. Five percent of the legal reserve in the securities of any one public utility corporation.

(2) Seventy-five percent of the legal reserve in the securities described in subsection 5 issued by other than public utility corporations. Fifty percent of the legal reserve in the securities described in subsection 5 issued by public utility corporations.

(3) Ten percent of the legal reserve in the securities described in subsection 6.

(4) Ten percent of the legal reserve in the securities described in subsection 7.

c. Statements adjusted to show the actual condition at the time of acquisition or the effect of new financing, known commercially as pro forma statements, may be used in determining whether investments under subsections 5 and 6 are in compliance with requirements. Statements so adjusted or consolidated statements may be used in order to include the earnings of all predecessor, merged, consolidated, or purchased companies.

d. In addition to the restrictions contained in paragraphs "a" and "b", the investments of any company or association in securities included under subsection 5, paragraph "c", are not eligible in excess of two percent of the legal reserve, but not more than one-eighth of one percent of the legal reserve shall be invested in the securities of any one corporation.

13. *Collateral loans.* Loans secured by collateral consisting of any securities qualified in this section, provided the amount of the loan is not in excess of ninety percent of the value of the securities. Provided further that subsection 8 shall apply to the collateral securities pledged to the payment of loans authorized in this subsection.

~~Provided further that subsection 8 of this section shall apply to the collateral securities pledged to the payment of loans authorized in this subsection.~~

15. *Railroad obligations.*

a. Bonds or other evidences of indebtedness which carry a fixed rate of interest and are issued, assumed or guaranteed by any railroad company incorporated under the laws of the United States of America, or of any state, district, insular or territorial possessions thereof, not in reorganization or receivership at the time of such investment, provided that the railroad company:

~~*a.*~~ (1) Shall have had for the three-year period immediately preceding investment, for which the necessary data for the railroad company shall have been published, a balance of income available for fixed charges which shall have averaged per year not less than one and one-quarter times the fixed charges for the latest year of the period; and

~~*b.*~~ (2) Shall have had for the three-year period immediately preceding investment, for which the necessary data for both the railroad company and all class I railroads shall have been published:

~~(1)~~ (a) A balance of income available for the payment of fixed charges at least as many times greater than the fixed charges for the latest year of the period as the balance of income available for the payment of fixed charges of all class I railroads for the same three-year period is times greater than the amount of all fixed charges for such class I railroads for the latest year of the period; and

~~(2)~~ (b) An amount of railway operating revenues remaining after deduction of three times the fixed charges for the latest year of the period from the balance of income available for the payment of fixed charges for the three-year period, which amount is as great a proportion of its railway operating revenues for the same three-year period as is the proportion of railway operating revenues remaining for all class I railroads, determined in the same manner and for the same period as for the railroad.

b. The terms *"class I railroads"*, *"balance of income available for the payment of fixed charges"*, *"fixed charges"* and *"railway operating revenues"* when used in this subsection, are to be given the same meaning as in the accounting reports filed by a railroad company in accordance with the regulations for common carriers by rail of the Interstate Commerce Act, 24 Stat. 379, codified at 49 U.S.C. § 1 – 40, 1001 – 1100, provided that the *"balance of income available for the payment of fixed charges"* and *"railway operating revenues remaining"*, as the terms are used in this subsection, shall be computed before deduction of federal income or excess profits taxes; and that in computing *"fixed charges"* there shall be excluded interest and amortization charges applicable to debt called for redemption or which will otherwise mature within six months from the time of investment and for the payment of which funds have been or currently are being specifically set aside.

c. The eligibility of railroad obligations described in ~~the first sentence of this subsection~~ paragraph *"a"*, unnumbered paragraph 1, shall be determined exclusively as provided herein, without regard to the provisions for qualification contained in subsections 5 and 8 ~~of this section~~. Provisions for qualification contained in this section shall not be construed as applying to equipment trust obligations, guaranteed stocks, or contingent interest bonds of railroad companies. Investments made in accordance with the provisions of this subsection shall not be eligible in excess of ten percent of the legal reserve.

17. *Rules of valuation.*

a. (1) All bonds or other evidences of debt having a fixed term and rate of interest, if amply secured and not in default as to principal or interest, may be valued as follows:

~~(1)~~ (a) If purchased at par, at the par value.

~~(2)~~ (b) If purchased above or below par, on the basis of the purchase price adjusted so as to bring the value to par at maturity and so as to yield in the meantime the effective rate of interest at which the purchase was made.

(2) In applying the ~~above~~ rule contained in subparagraph (1), the purchase price shall in no case be taken at a higher figure than the actual market value at the time of purchase.

b. Certificates of sale obtained by foreclosure of liens on real estate shall be valued in an amount not greater than the unpaid principal of the defaulted indebtedness plus any amounts actually expended for taxes and acquisition costs.

c. (1) All investments, except those for which a specific rule is provided in this subsection, shall be valued at their market value, or at their appraised value, or at prices determined by the commissioner of insurance as representing their fair market value, or at a value as determined under rules adopted by the national association of insurance commissioners.

(2) The commissioner of insurance shall have full discretion in determining the method of calculating values according to the foregoing rules, but no company or association shall be prevented from valuing any asset at an amount less than that provided by this subsection.

19. *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. Such governmental obligations must be valid, legally authorized and issued, and on the date of acquisition have predominantly investment qualities and characteristics as provided by rule. Such corporate obligations must meet the qualifications established in subsection 5 for bonds and other evidences of indebtedness issued, assumed, or guaranteed by a corporation incorporated under the laws of the United States or Canada. Foreign investments authorized by this subsection are not eligible in excess of twenty percent of the legal reserve of the life insurance company or association. Investments in obligations of a foreign government, other than Canada and the United Kingdom, are not eligible in excess of two percent of the legal reserve in the securities of foreign governments of any one foreign nation. Investments in obligations of the United Kingdom are not eligible in excess of four percent of the legal reserve. Investments in a corporation incorporated under the laws of a foreign government other than Canada are not eligible in excess of two percent of the legal reserve in the securities of any one foreign corporation.

a. Eligible investments in foreign obligations under this subsection are limited to the types of obligations specifically referred to in this subsection. This subsection in no way limits or

restricts investments in Canadian obligations and securities specifically authorized in other subsections of this section.

b. This subsection shall not authorize investment in evidences of indebtedness issued, assumed, or guaranteed by a foreign government which engages in a consistent pattern of gross violations of human rights.

20. *Venture capital funds.*

a. Shares or equity interests in venture capital funds which agree to invest an amount equal to at least fifty percent of the funds in small businesses having their principal offices within this state and having either more than one half of their assets within this state or more than one half of their employees employed within this state. A company shall not invest more than five percent of its legal reserve under this subsection.

b. For purposes of this subsection, *"venture capital fund"* means a corporation, partnership, proprietorship, or other entity formed under the laws of the United States, or a state, district, or territory of the United States, whose principal business is or will be the making of investments in, and the provision of significant managerial assistance to, small businesses which meet the small business administration definition of small business. *"Equity interests"* means limited partnership interests and other equity interests in which liability is limited to the amount of the investment, but does not mean general partnership interests or other interests involving general liability. *"Venture capital fund"* includes an equity interest in the Iowa fund of funds as defined in section 15E.62.

~~*"Venture capital fund"* includes an equity interest in the Iowa fund of funds as defined in section 15E.62.~~

Sec. 112. Section 512B.6, subsection 1, Code 2011, is amended to read as follows:

1. a. A society shall operate for the benefit of members and their beneficiaries by fulfilling both of the following purposes:

~~a.~~ (1) Providing benefits as specified in section 512B.16.

~~b.~~ (2) Operating for one or more social, intellectual, educational, charitable, benevolent, moral, fraternal, patriotic, or religious purposes for the benefit of its members, which may also be extended to others.

b. The purposes listed in this subsection may be carried out directly by the society, or indirectly through subsidiary corporations or affiliated organizations.

Sec. 113. Section 512B.19, subsection 4, Code 2011, is amended to read as follows:

4. a. A society shall provide in its laws that if its reserves as to all or any class of certificates become impaired, its supreme governing body or board of directors may require that there be paid by the owners to the society the amount of the owners' equitable proportion of the deficiency as ascertained by its governing body or board, and that if the payment is not made either of the following will apply:

~~a.~~ (1) The required payment or assessment shall stand as an indebtedness against the certificate and draw interest not to exceed the rate specified for certificate loans under the certificates.

~~b.~~ (2) In lieu of or in combination with ~~paragraph "a"~~ subparagraph (1), the owner may accept a proportionate reduction in benefits under the certificate.

b. The society may specify the manner of the election and which alternative is to be presumed if no election is made.

Sec. 114. Section 512B.23, subsection 2, Code 2011, is amended to read as follows:

2. a. The minimum standards of valuation for certificates issued on or after January 1, 1991, shall be based on the following tables:

~~a.~~ (1) For certificates of life insurance, the commissioner's 1980 standard ordinary mortality table or any more recent table made applicable to life insurers.

~~b.~~ (2) For annuity and pure endowment certificates, for total and permanent disability benefits, for accidental death benefits and for noncancelable accident and health benefits, the tables authorized for use by life insurers in this state.

b. ~~Paragraphs "*a*" and "*b*"~~ Paragraph "*a*", subparagraphs (1) and (2) are under valuation methods and standards, including interest assumptions, in accordance with the laws of this state applicable to life insurers issuing policies containing like benefits.

Sec. 115. Section 514A.1, Code 2011, is amended to read as follows:

514A.1 Definition of accident and sickness insurance policy.

1. ~~"*Policy of accident and sickness insurance*" as used in this chapter~~ As used in this chapter, "*policy of accident and sickness insurance*" includes a policy or contract covering insurance against loss resulting from sickness, or from bodily injury or death by accident, or both. For the purposes of this chapter the words "*policy of accident and sickness insurance*" are interchangeable without deviation of meaning with the words "*policy of accident and health insurance*" or the words ~~"*policy of accident or health insurance.*"~~ "*policy of accident or health insurance*".

2. This chapter applies to all individual policies of such accident and sickness insurance written by Iowa or non-Iowa companies or associations duly licensed under chapter 508, 515, or 520 and, societies, orders, or associations licensed under chapter 512B writing sickness and accident policies providing benefits for loss of time.

3. Orders, societies or associations which admit to membership only persons engaged in one or more crafts or hazardous occupations in the same or similar lines of business and the societies or auxiliaries to such orders shall not be subject to the provisions of this chapter nor shall any religious order be subject to the provisions of this chapter.

Sec. 116. Section 514B.3, Code 2011, is amended to read as follows:

514B.3 Application for a certificate of authority.

1. An application for a certificate of authority shall be verified by an officer or authorized representative of the health maintenance organization, shall be in a form prescribed by the commissioner, and shall set forth or be accompanied by the following:

~~1.~~ *a.* A copy of the basic organizational document, if any, of the applicant such as the articles of incorporation, articles of association, partnership agreement, trust agreement, or other applicable documents, and all of its amendments.

~~2.~~ *b.* A copy of the bylaws, rules or similar document, if any, regulating the conduct of the internal affairs of the applicant.

~~3.~~ *c.* A list of the names, addresses and official positions of the persons who are to be responsible for the conduct of the affairs of the applicant, including all members of the board of directors, board of trustees, executive committee, or other governing board or committee, the principal officers if a corporation and the partners or members if a partnership or association.

~~4.~~ *d.* A copy of any contract made or to be made between any providers or persons listed in ~~subsection 3~~ paragraph "c" and the applicant.

~~5.~~ *e.* A statement generally describing the health maintenance organization including, but not limited to, a description of its facilities and personnel.

~~6.~~ *f.* A copy of the form of evidence of coverage.

~~7.~~ *g.* A copy of the form of the group contract, if any, which is to be issued to employers, unions, trustees or other organizations.

~~8.~~ *h.* Financial statements showing the applicant's assets, liabilities and sources of financial support. If the applicant's financial affairs are audited by an independent certified public accountant, a copy of the applicant's most recent regular certified financial statement shall satisfy this requirement unless the commissioner directs that additional financial information is required for the proper administration of this chapter.

~~9.~~ *i.* A description of the proposed method of marketing the plan, a financial plan which includes a three-year projection of operating results anticipated, and a statement as to the sources of funding.

~~10.~~ *j.* A power of attorney executed by any applicant appointing the commissioner, the commissioner's successors in office, and deputies to receive process in any legal action or proceeding against the health maintenance organization on a cause of action arising in this state.

~~11.~~ *k.* A statement reasonably describing the geographic area to be served.

~~12.~~ *l.* A description of the complaint procedures to be utilized as required under section 514B.14.

~~13.~~ *m.* A description of the procedures and programs to be implemented to meet the requirements for quality of health care as determined by the director of public health under section 514B.4.

~~14.~~ *n.* A description of the mechanism by which enrollees shall be allowed to participate in matters of policy and operation as required by section 514B.7.

~~15.~~ *o.* Other information the commissioner finds reasonably necessary to make the determinations required in section 514B.5.

2. A health maintenance organization shall, unless otherwise provided for in this chapter, file notice with the commissioner and receive approval from the commissioner before modifying the operations described in the information required by this section.

3. Upon receipt of an application for a certificate of authority, the commissioner shall immediately transmit copies of the application and accompanying documents to the director of public health and the affected regional health planning council, as authorized by Pub. L. No. 89-749, 42 U.S.C. § 246(b)2b, for their nonbinding consultation and advice.

Sec. 117. Section 514B.5, Code 2011, is amended to read as follows:

514B.5 Issuance and denial of a certificate of authority.

1. The commissioner shall issue or deny a certificate of authority to any person filing an application pursuant to section 514B.3 within a reasonable period of time. Issuance of a certificate of authority shall be granted upon payment of the application fee prescribed in section 514B.22 if the commissioner is satisfied that the following conditions are met:

~~1.~~ *a.* The persons responsible for the conduct of the affairs of the applicant are competent and trustworthy.

~~2.~~ *b.* The commissioner finds that the health maintenance organization's proposed plan of operation meets the requirements of section 514B.4.

~~3.~~ *c.* The health maintenance organization provides or arranges for the provision of basic health care services on a prepaid basis, except that the health maintenance organization may impose deductible and coinsurance charges subject to approval by the commissioner. The commissioner has the authority to promulgate rules pursuant to chapter 17A establishing reasonable maximum deductible and coinsurance charges which may be imposed by health maintenance organizations.

~~4.~~ *d.* The health maintenance organization is fiscally sound and may reasonably be expected to meet its obligations to enrollees. In making this determination, the commissioner may consider:

~~*a.*~~ (1) The financial soundness of the health maintenance organization's arrangements for health care services in relation to its schedule of charges.

~~*b.*~~ (2) The adequacy of the health maintenance organization's working capital.

~~*c.*~~ (3) Any agreement made by the health maintenance organization with an insurer, a corporation authorized under chapter 514 or any other organization for insuring the payment of the cost of health care services or for providing immediate alternative coverage in the event of discontinuance of the health maintenance organization.

~~*d.*~~ (4) Any agreement made with providers for the provision of health care services.

~~*e.*~~ (5) Any surety bond or deposit of cash or securities submitted in accordance with section 514B.16.

~~5.~~ *e.* The enrollees may participate in matters of policy and operation pursuant to section 514B.7.

~~6.~~ *f.* Nothing in the proposed method of operation as shown by the information submitted pursuant to section 514B.3 or by independent investigation is contrary to the public interest.

2. A certificate of authority shall be denied only after compliance with the requirements of section 514B.26.

Sec. 118. Section 514B.6, Code 2011, is amended to read as follows:

514B.6 Powers of health maintenance organizations.

1. The powers of a health maintenance organization include, but are not limited to, the following:

~~1.~~ *a.* The purchase, lease, construction, renovation, operation or maintenance of hospitals, medical facilities, or both, and their ancillary equipment, and such property as may reasonably be required for transacting the business of the organization.

~~2.~~ *b.* The making of loans to a medical group under contract with it or to a corporation under its control for the purpose of acquiring or constructing medical facilities and hospitals or in furtherance of a program providing health care services to enrollees.

~~3.~~ *c.* The furnishing of health care services to the public through providers which are under contract with or employed by the health maintenance organization.

~~4.~~ *d.* The contracting with any person for the performance on its behalf of certain functions such as marketing, enrollment and administration.

~~5.~~ *e.* The contracting with an insurance company authorized to insure groups or individuals in this state for the cost of health care or with a corporation authorized under chapter 514 for the provision of insurance, indemnity, or reimbursement against the cost of health care services provided by the health maintenance organization.

~~6.~~ *f.* The offering, in addition to basic health care services, of health care services and indemnity benefits to enrollees or groups of enrollees.

~~7.~~ *g.* The acceptance from any person of payments covering all or part of the charges made to enrollees of the health maintenance organization.

2. A health maintenance organization shall file notice with the commissioner before the exercise of any power granted in ~~subsections 1 and 2~~ subsection 1, paragraphs "*a*" and "*b*". The commissioner shall disapprove the exercise of power if in the commissioner's opinion it would substantially and adversely affect the financial soundness of the health maintenance organization and endanger its ability to meet its obligations. The commissioner may adopt rules exempting from the filing requirement of this section those activities having a minimum effect.

Sec. 119. Section 514B.9, Code 2011, is amended to read as follows:

514B.9 Evidence of coverage.

1. Every enrollee shall receive an evidence of coverage and any amendments. If the enrollee obtains coverage through an insurance policy or a contract issued by a corporation authorized under chapter 514, the insurer or the corporation shall issue the evidence of coverage. No evidence of coverage or amendment shall be issued or delivered to any person in this state until a copy of the form of the evidence of coverage or amendment has been filed with and approved by the commissioner.

2. An evidence of coverage shall contain a clear and complete statement of:

~~1.~~ *a.* The health care services and the insurance or other benefits, if any, to which the enrollee is entitled in the total context of the organizational structure of the health maintenance organization.

~~2.~~ *b.* Any limitations on the services or benefits to be provided, including any deductible or coinsurance charges permitted under section 514B.5, subsection ~~3~~ 1, paragraph "*c*".

~~3.~~ *c.* The manner in which information is available on the method of obtaining health care services.

~~4.~~ *d.* The total amount of payment for health care services and indemnity or service benefits, if any, which the enrollee is obligated to pay with respect to individual contracts, or an indication whether the plan offered through the health maintenance organization is contributory or noncontributory with respect to group contracts.

~~5.~~ *e.* The health maintenance organization's method for resolving enrollee complaints.

~~6.~~ *f.* The mechanism by which enrollees shall be allowed to participate in matters of policy and operation.

3. A copy of the form of the evidence of coverage to be used in this state and any amendment shall be subject to the filing and approval requirements of this section unless it is subject to the jurisdiction of the commissioner under the laws governing health insurance or corporations authorized under chapter 514 in which event the filing and approval provisions of such laws apply. To the extent, however, that those provisions are less strict than those provided under this section, then the requirements of this section shall apply.

4. Enrollees shall be entitled to receive the most recent annual statement of the financial condition of the health maintenance organization in which they are enrolled, which statement shall include a balance sheet and summary of receipts and disbursements.

Sec. 120. Section 515.35, subsection 4, paragraphs a and e, Code 2011, are amended to read as follows:

a. United States government obligations. Obligations issued or guaranteed by the United States or an agency or instrumentality of the United States. Bonds or other evidences of indebtedness issued, assumed, or guaranteed by the United States of America, or by any agency or instrumentality of the United States of America include investments in an open-end management investment company registered with the federal securities and exchange commission under the federal Investment Company Act of 1940, 15 U.S.C. § 80a, and operated in accordance with 17 C.F.R. § 270.2a-7, the portfolio of which is limited to the United States government obligations described in this paragraph "*a*", and which are included in the national association of insurance commissioners' securities valuation office's United States direct obligation – full faith and credit list.

~~Bonds or other evidences of indebtedness issued, assumed, or guaranteed by the United States of America, or by any agency or instrumentality of the United States of America include investments in an open-end management investment company registered with the federal securities and exchange commission under the federal Investment Company Act of 1940, 15 U.S.C. § 80a, and operated in accordance with 17 C.F.R. § 270.2a-7, the portfolio of which is limited to the United States government obligations described in this paragraph "*a*", and which are included in the national association of insurance commissioners' securities valuation office's United States direct obligation – full faith and credit list.~~

e. Corporate and business trust obligations. Obligations issued, assumed, or guaranteed by a corporation or business trust organized under the laws of the United States or a state of the United States, or the laws of Canada or a province of Canada, provided that a company shall not invest more than five percent of its admitted assets in the obligations of any one corporation or business trust. Aggregate investments in below investment grade bonds shall not exceed five percent of assets.

~~Aggregate investments in below investment grade bonds shall not exceed five percent of assets.~~

Sec. 121. Section 515.35, subsection 4, paragraph h, subparagraph (1), Code 2011, is amended to read as follows:

(1) (a) Except as provided in subparagraphs (2), (3), and (4) of this paragraph, a company may acquire, hold, and convey real estate only as follows:

~~(a)~~ (i) Real estate mortgaged to it in good faith as security for loans previously contracted, or for moneys due.

~~(b)~~ (ii) Real estate conveyed to it in satisfaction of debts previously contracted in the course of its dealings.

~~(c)~~ (iii) Real estate purchased at sales on judgments, decrees, or mortgages obtained or made for debts previously contracted in the course of its dealings.

~~(d)~~ (iv) Real estate subject to a contract for deed under which the company holds the vendor's interest to secure the payments the vendee is required to make under the contract.

(b) All real estate specified in subparagraph ~~divisions (a), (b), and (c)~~ division (a), subparagraph subdivisions (i), (ii), and (iii) shall be sold and disposed of within three years after the company acquires title to it, or within three years after the real estate ceases to be necessary for the accommodation of the company's business, and the company shall not hold any of those properties for a longer period unless the company elects to hold the property under another paragraph of this section, or unless the company procures a certificate from the commissioner of insurance that its interest will suffer materially by the forced sale of those properties and that the time for the sale is extended to the time the commissioner directs in the certificate.

Sec. 122. Section 515.35, subsection 4, paragraph m, Code 2011, is amended to read as follows:

m. Venture capital funds. Shares or equity interests in venture capital funds which agree to invest an amount equal to at least fifty percent of the investments by a company in small businesses having their principal offices within this state and having either more than one-half of their assets within this state or more than one-half of their employees employed within this state. A company shall not invest more than five percent of its capital and surplus under this paragraph. For purposes of this paragraph, *"venture capital fund"* means a corporation, partnership, proprietorship, or other entity formed under the laws of the United States, or a state, district, or territory of the United States, whose principal business is or will be the making of investments in, and the provision of significant managerial assistance to, small businesses which meet the small business administration definition of small business. *"Equity interests"* means limited partnership interests and other equity interests in which liability is limited to the amount of the investment, but does not mean general partnership interests or other interests involving general liability. *"Venture capital fund"* includes an equity interest in the Iowa fund of funds as defined in section 15E.62.

~~*"Venture capital fund"* includes an equity interest in the Iowa fund of funds as defined in section 15E.62.~~

Sec. 123. Section 515B.9, subsection 1, Code 2011, is amended to read as follows:

1. *a.* Any person having a claim under an insurance policy, and the claim under such other policy alleges the same damages or arises from the same facts, injury, or loss that gives rise to a covered claim against the association, shall be required to first exhaust all coverage provided by that policy, whether such coverage is on a primary, excess, or pro rata basis and any obligation of the association shall not be considered other insurance.

(1) Any amount payable on a covered claim shall be reduced by the full applicable limits of such other insurance policy and the association shall receive full credit for such limits or where there are no applicable limits, the claim shall be reduced by the total recovery.

~~*a.*~~ (2) A policy providing liability coverage to a person who may be jointly and severally liable with, or a joint tortfeasor with, the person covered under the policy of the insolvent insurer shall be first exhausted before any claim is made against the association and the association shall receive credit for the same as provided above.

b. For purposes of this section, an insurance policy means a policy issued by an insurance company, whether or not a member insurer, which policy insures any of the types of risks insured by an insurance company authorized to write insurance under chapter 515, 516A, or 520, or comparable statutes of another state, except those types of risks set forth in chapters 508 and 514.

Sec. 124. Section 515E.2, subsections 2, 6, and 7, Code 2011, are amended to read as follows:

2. *a.* *"Completed operations liability"* means liability arising out of the installation, maintenance, or repair of any product at a site which is not owned or controlled by either of the following:

~~*a.*~~ (1) A person who performs that work.

~~*b.*~~ (2) A person who hires an independent contractor to perform that work.

b. However, liability for activities which are completed or abandoned before the date of the occurrence giving rise to the liability is included.

6. *a.* *"Liability"* means legal liability for damages, including costs of defense, legal costs and fees, and other claims expenses, because of injuries to other persons, damage to their property, or other damage or loss to other persons resulting from or arising out of either of the following:

~~*a.*~~ (1) A business, whether profit or nonprofit, trade, product, services, including professional services, premises, or operations.

~~*b.*~~ (2) An activity of a state or local government, or an agency or political subdivision of state or local government.

b. *"Liability"* does not include personal risk liability and an employer's liability with respect to its employees other than an employer's legal liability under the federal Employers' Liability Act, 45 U.S.C. § 51 et seq.

7. *"Personal risk liability"* means liability for damages because of injury to a person, damage to property, or other loss or damage resulting from personal, familial, or household responsibilities or activities, rather than from responsibilities or activities referred to in subsection 6, ~~paragraphs *"a"* and *"b"*~~ paragraph *"a"*, subparagraphs (1) and (2).

Sec. 125. Section 515E.4, unnumbered paragraphs 1 and 2, Code Supplement 2011, are amended to read as follows:

Risk retention groups chartered in other states and seeking to do business as a risk retention group in this state must observe and abide by the laws of this state as provided in this section. However, a risk retention group failing to qualify under the definitional requirement of the federal Act, will not benefit from this exemption from state law. The commissioner, therefore, may apply any of the laws that otherwise may be preempted by the federal Act because the nonexempt group will not qualify for the preemption.

~~However, a risk retention group failing to qualify under the definitional requirement of the federal Act, will not benefit from this exemption from state law. The commissioner, therefore, may apply any of the laws that otherwise may be preempted by the federal Act because the nonexempt group will not qualify for the preemption.~~

Sec. 126. Section 515F.6, subsection 3, unnumbered paragraph 2, Code 2011, is amended to read as follows:

4. If, after hearing, the commissioner finds that the filing does not meet the requirements of this chapter, the commissioner shall issue an order specifying in what respects the filing fails to meet the requirements of this chapter, and stating when, within a reasonable period after the order is issued, the filing shall no longer be in effect. Copies of the order shall be sent to the applicant and to every insurer and advisory organization which made that filing. The order shall not affect a contract or policy made or issued prior to the expiration of the period set forth in the order.

Sec. 127. Section 516D.4, Code 2011, is amended to read as follows:

516D.4 Collision damage and loss.

1. a. A rental company shall not hold, or attempt to hold, an authorized driver liable for physical damage to a rental vehicle, loss due to theft of a rental vehicle, or damages resulting from the loss of use of a rental vehicle, unless the rental company offers the customer a collision damage waiver under the terms and conditions described in subsection 2 ~~of this section~~, or unless one or more of the following applies:

~~*a.*~~ (1) The damage or loss is caused intentionally by an authorized driver or is a result of the authorized driver's willful, abusive, reckless, or wanton misconduct.

~~*b.*~~ (2) The damage or loss arises out of the authorized driver's operation of the rental vehicle while intoxicated or under the influence of a drug.

~~*c.*~~ (3) The damage or loss is caused while the authorized driver is engaged in a race, training activity, contest, or use of the rental vehicle for an illegal purpose.

~~*d.*~~ (4) The rental agreement is based on false or misleading information supplied by the customer or an authorized driver.

~~*e.*~~ (5) The damage or loss is caused by operating the rental vehicle other than on regularly maintained hard surface roadways, including private driveways and parking lots.

~~*f.*~~ (6) The damage or loss arises out of the use of the rental vehicle to transport persons or property for hire or to push or tow anything.

~~*g.*~~ (7) The damage or loss occurs while the rental vehicle is operated by a driver other than an authorized driver.

~~*h.*~~ (8) The damage or loss arises out of the use of the rental vehicle outside the continental United States unless such use is specifically authorized by the rental agreement.

~~*i.*~~ (9) The damage or loss is attributable to theft which occurs with the prior knowledge or knowing participation of an authorized driver, or which is attributable to the authorized driver leaving the rental vehicle unattended with the keys in the rental vehicle.

b. This section does not alter the liability of a customer or authorized driver for bodily injury or the death of another and for property damage other than to the rental vehicle in accordance with the rental agreement. This section does not prohibit a rental company from accepting or negotiating master contracts with companies or government entities in advance of need whereby the companies or government entities specifically agree to assume liability in exchange for rate concessions. This section does not prohibit a rental company from entering into agreements with insurance companies to provide replacement vehicles to insurance company customers whereby the insurance company agrees to assume the risk of loss.

c. If the rental vehicle is not repaired, damages shall not exceed the fair market value of the vehicle, as determined in the customary market for that vehicle, less salvage or actual sale value, plus additional license and tax fees incurred because of the sale, plus administrative fees. A claim shall not be made for loss of use if the rental vehicle is not repaired.

2. *a.* A rental company may offer a collision damage waiver under the following terms and conditions:

~~*a.*~~ (1) All restrictions, conditions, and exclusions must be printed in the rental agreement, or on a separate sheet or document, in ten point type, or larger; or written in pen and ink or typewritten in or on the face of the rental agreement in a blank space provided for such restrictions, conditions, and exclusions. The rental agreement may provide that the collision damage waiver may be voided under the conditions set forth in subsection 1, ~~paragraphs "*a*" through "*i*"~~ paragraph "*a*", subparagraphs (1) through (9).

~~*b.*~~ (2) The rental agreement, separate sheet, or document must clearly and conspicuously state both the daily and estimated total charge for the collision damage waiver.

~~*c.*~~ (3) (a) The rental agreement, separate sheet, or document given to the customer prior to entering into the rental agreement must display in ten point type, or larger, the following notice:

NOTICE: THIS CONTRACT OFFERS, FOR AN ADDITIONAL CHARGE, A COLLISION DAMAGE WAIVER TO COVER ALL OR PART OF YOUR RESPONSIBILITY FOR DAMAGE TO THE RENTAL VEHICLE.

BEFORE DECIDING WHETHER TO PURCHASE THE COLLISION DAMAGE WAIVER, YOU MAY WISH TO DETERMINE WHETHER YOUR OWN AUTOMOBILE INSURANCE AFFORDS YOU COVERAGE FOR DAMAGE TO THE RENTAL VEHICLE AND THE AMOUNT OF THE DEDUCTIBLE UNDER YOUR OWN INSURANCE COVERAGE. THE PURCHASE OF THIS COLLISION DAMAGE WAIVER IS NOT MANDATORY AND MAY BE DECLINED.

(b) The customer must separately acknowledge that the customer received the above notice, that the customer desires to purchase the collision damage waiver, and the terms of the collision damage waiver to which the customer agrees.

~~*d.*~~ (4) The car rental company shall not pay commissions to a rental counter agent or representative for selling collision damage waivers and is prohibited from considering volume of sales of collision damage waivers in an employee evaluation or determination of promotion.

b. However, notwithstanding whether a rental company offers a collision damage waiver under the provisions of this subsection, the rental company shall not hold an authorized driver liable for damage or loss due to theft except where subsection 1, paragraph ~~"*i*"~~ "*a*", subparagraph (9) applies.

Sec. 128. Section 518C.3, subsection 4, paragraph b, Code Supplement 2011, is amended to read as follows:

b. (1) *"Covered claim"* does not include any of the following:

~~(1)~~ (a) An amount due a reinsurer, insurer, insurance pool, underwriting association, or other group assuming insurance risks, as subrogation, contribution, indemnity recoveries, or otherwise.

~~(2)~~ (b) An amount that constitutes the portion of a claim that is within an insured's deductible or self-insured retention.

~~(3)~~ (c) A fee or other amount relating to goods or services sought by or on behalf of an attorney, adjuster, witness, or other provider of goods or services retained by the insolvent insurer or by an insured prior to the date the insurer was declared insolvent.

~~(4)~~ (d) An amount that constitutes a fine, penalty, interest, or punitive or exemplary damages.

~~(5)~~ (e) A fee or other amount sought by or on behalf of an attorney, adjuster, witness, or other provider of goods or services retained by the insured or claimant in connection with the assertion of any claim, covered or otherwise, against the association.

~~(6)~~ (f) A claim filed with the association or with a liquidator for protection afforded under the insured's policy or contract for incurred but not reported losses or expenses.

~~(7)~~ (g) An amount that is an obligation owed to or on behalf of an affiliate of, as defined in section 521A.1, an insolvent insurer.

(2) Notwithstanding ~~subparagraphs (1) through (7)~~ subparagraph (1), subparagraph divisions (a) through (g), a person is not prevented from presenting a noncovered claim to the insolvent insurer or its liquidator. However, the noncovered claim shall not be asserted against any other person, including the person to whom benefits were paid or the insured of the insolvent insurer, except to the extent that the claim is outside the coverage of the policy issued by the insolvent insurer.

Sec. 129. Section 521A.3, subsections 1 and 2, Code 2011, are amended to read as follows:

1. *Filing requirements.*

a. No person other than the issuer shall make a tender offer for or a request or invitation for tenders of, or enter into any agreement to exchange securities for, seek to acquire, or acquire, in the open market or otherwise, any voting security of a domestic insurer if, after the consummation thereof, such person would, directly or indirectly, or by conversion or by exercise of any right to acquire, be in control of such insurer, and no person shall enter into an agreement to merge with or otherwise to acquire control of a domestic insurer unless, at the time any such offer, request, or invitation is made or any such agreement is entered into, or prior to the acquisition of such securities if no offer or agreement is involved, such person has filed with the commissioner and has sent to such insurer, and such insurer has sent to its shareholders, a statement containing the information required by this section and such offer, request, invitation, agreement or acquisition has been approved by the commissioner in the manner hereinafter prescribed.

b. For purposes of this section a domestic insurer shall include any other person controlling a domestic insurer unless the other person is either directly or through its affiliates primarily engaged in business other than the business of insurance. However, for purposes of this section "*person*" does not include a securities broker holding, in the usual and customary broker's function, less than twenty percent of the voting securities of an insurance company or of a person which controls an insurance company.

2. *Content of statement.*

a. The statement to be filed with the commissioner hereunder shall be made under oath or affirmation and shall contain the following information:

~~*a.*~~ (1) The name and address of each person by whom or on whose behalf the merger or other acquisition of control referred to in subsection 1 ~~of this section~~ is to be effected, hereinafter called "*acquiring party*".

~~(1)~~ (a) If such person is an individual, the individual's principal occupation and all offices and positions held during the past five years, and any conviction of crimes other than minor traffic violations during the past ten years.

~~(2)~~ (b) If such person is not an individual, a report of the nature of its business operations during the past five years or for such lesser period as such person and any predecessors thereof shall have been in existence; an informative description of the business intended to be done by such person and such person's subsidiaries; and a list of all individuals who are or who have been selected to become directors or executive officers of such person, or who perform or will perform functions appropriate to such positions. Such list shall include for each such individual the information required by subparagraph ~~(1) of this paragraph~~ division (a).

~~*b.*~~ (2) The source, nature and amount of the consideration used or to be used in effecting the merger or other acquisition of control, a description of any transaction in which funds were or are to be obtained for any such purpose including a pledge of the insurer's stock, or the stock of any of its subsidiaries or controlling affiliates, and the identity of persons furnishing the consideration. However, if a source of the consideration is a loan made in the lender's ordinary course of business, the identity of the lender shall remain confidential, if the person filing the statement so requests.

~~*c.*~~ (3) Fully audited financial information as to the earnings and financial condition of each acquiring party for the preceding five fiscal years of each such acquiring party, or for such lesser period as such acquiring party and any predecessors thereof shall have been in existence, and similar unaudited information as of a date not earlier than ninety days prior to the filing of the statement.

~~*d.*~~ (4) Any plans or proposals which each acquiring party may have to liquidate such insurer, to sell its assets or merge or consolidate it with any person, or to make any other material change in its business or corporate structure or management.

~~*e.*~~ (5) The number of shares of any security referred to in subsection 1 ~~of this section~~ which each acquiring party proposes to acquire, and the terms of the offer, request, invitation, agreement, or acquisition referred to in subsection 1 ~~of this section~~, and a statement as to the method by which the fairness of the proposal was arrived at.

~~*f.*~~ (6) The amount of each class of any security referred to in subsection 1 ~~of this section~~ which is beneficially owned or concerning which there is a right to acquire beneficial ownership by each acquiring party.

~~*g.*~~ (7) A full description of any contracts, arrangements or understandings with respect to any security referred to in subsection 1 ~~of this section~~ in which any acquiring party is involved, including but not limited to transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies. Such description shall identify the persons with whom such contracts, arrangements or understandings have been entered into.

~~*h.*~~ (8) A description of the purchase of any security referred to in subsection 1 ~~of this section~~ during the twelve calendar months preceding the filing of the statement, by any acquiring party, including the dates of purchase, names of the purchasers, and consideration paid or agreed to be paid therefor.

~~*i.*~~ (9) A description of any recommendations to purchase any security referred to in subsection 1 ~~of this section~~ made during the twelve calendar months preceding the filing of the statement, by any acquiring party, or by anyone based upon interview or at the suggestion of such acquiring party.

~~*j.*~~ (10) Copies of all tender offers for, requests or invitations for tenders of, exchange offers for, and agreements to acquire or exchange any securities referred to in subsection 1 ~~of this section~~, and, if distributed, of additional soliciting material relating thereto.

~~*k.*~~ (11) The terms of any agreement, contract or understanding made with any broker-dealer as to solicitation of securities referred to in subsection 1 ~~of this section~~ for tender, and the amount of any fees, commissions or other compensation to be paid to broker-dealers with regard thereto.

~~*l.*~~ (12) Additional information as the commissioner may by rule prescribe as necessary or appropriate for the protection of policyholders of the insurer or in the public interest.

b. If the person required to file the statement referred to in subsection 1 ~~of this section~~ is a partnership, limited partnership, syndicate or other group, the commissioner may require that the information called for by ~~paragraphs "*a*" through "*l*" of this subsection~~ paragraph "*a*", subparagraphs (1) through (12) shall be given with respect to each partner of such partnership or limited partnership, each member of such syndicate or group, and each person who controls such partner or member. If any such partner, member or person is a corporation or the person required to file the statement referred to in subsection 1 ~~of this section~~ is a corporation, the commissioner may require that the information called for by ~~paragraphs "*a*" through "*l*" of this subsection~~ paragraph "*a*", subparagraphs (1) through (12) shall be given with respect to such corporation, each officer and director of such corporation, and each person who is directly or indirectly the beneficial owner of more than ten percent

of the outstanding voting securities of such corporation. If any material change occurs in the facts set forth in the statement filed with the commissioner and sent to such insurer pursuant to this section, an amendment setting forth such change, together with copies of all documents and other material relevant to such change, shall be filed with the commissioner and sent to such insurer within two business days after the person learns of such change. Such insurer shall send such amendment to its shareholders.

Sec. 130. Section 521B.2, unnumbered paragraph 1, Code 2011, is amended to read as follows:

Credit for reinsurance is allowed a domestic ceding insurer as either an asset or a deduction from liability on account of reinsurance ceded only if the reinsurer meets the requirements of subsection 1, 2, 3, 4, or 5. If the reinsurer meets the requirements of subsection 3 or 4, the requirements of subsection 6 must also be met. This section does not apply to reinsurance ceded and assumed pursuant to pooling arrangements among insurers in the same holding company system.

Sec. 131. Section 521B.2, subsection 2, Code 2011, is amended to read as follows:

2. *a.* Credit is allowed if the reinsurance is ceded to an assuming insurer which is accredited as a reinsurer in this state. An accredited reinsurer is one which satisfies all of the following conditions:

~~*a.*~~ (1) Files with the commissioner evidence of submission to the jurisdiction of this state.

~~*b.*~~ (2) Submits to the authority of this state to examine its books and records.

~~*c.*~~ (3) Is licensed to transact reinsurance in at least one state, or in the case of a United States branch of an alien assuming insurer, is entered through and licensed to transact the business of reinsurance in at least one state.

~~*d.*~~ (4) Files annually with the commissioner a copy of its annual statement filed with the insurance department of its state of domicile and a copy of its most recent audited financial statement and does either of the following:

~~(1)~~ (a) Maintains a surplus with respect to policyholders in an amount which is not less than twenty million dollars and whose accreditation has not been denied by the commissioner within ninety days of its submission to the jurisdiction of this state.

~~(2)~~ (b) Maintains a surplus with respect to policyholders in an amount less than twenty million dollars and whose accreditation has been approved by the commissioner. Credit shall not be allowed a domestic ceding insurer, if the accreditation of the assuming insurer is revoked by the commissioner after notice and hearing.

b. To qualify as an accredited reinsurer, an assuming insurer must meet all of the requirements and the standards set forth in this subsection. If the commissioner determines that the assuming insurer has failed to continue to meet any of these requirements or standards, the commissioner may upon written notice and hearing revoke accreditation of the assuming insurer.

~~This section does not apply to reinsurance ceded and assumed pursuant to pooling arrangements among insurers in the same holding company system.~~

Sec. 132. Section 521C.3, subsection 5, Code 2011, is amended to read as follows:

5. *a.* The commissioner may refuse to issue a reinsurance intermediary license if, in the commissioner's judgment, any of the following conditions are present:

~~*a.*~~ (1) The applicant, anyone named in the application, or any member, principal, officer, or director of the applicant, is not trustworthy.

~~*b.*~~ (2) A controlling person of such applicant is not trustworthy to act as a reinsurance intermediary.

~~*c.*~~ (3) Conditions present in ~~paragraph "*a*" or "*b*"~~ subparagraph (1) or (2) have given cause for revocation or suspension of a license, or a person referred to in ~~paragraph "*a*" or "*b*"~~ subparagraph (1) or (2) has failed to comply with any prerequisite for the issuance of a license.

b. Upon written request, the commissioner shall furnish a written summary of the basis for refusal to issue a license, which document is privileged and not subject to disclosure under chapter 22.

Sec. 133. Section 521D.4, subsection 3, Code 2011, is amended to read as follows:

3. a. A report required to be filed pursuant to this chapter is to be filed regardless of who has initiated the nonrenewal, cancellation, or revision of the ceded reinsurance agreement whenever one or more of the following conditions exist:

~~a.~~ (1) The entire cession has been canceled, nonrenewed, or revised and ceded indemnity and loss adjustment expense reserves, after any nonrenewal, cancellation, or revision, represent less than fifty percent of the comparable reserves that would have been ceded had the nonrenewal, cancellation, or revision not occurred.

~~b.~~ (2) An authorized or accredited reinsurer has been replaced on an existing cession by an unauthorized reinsurer.

~~c.~~ (3) Collateral requirements previously established for unauthorized reinsurers have been reduced.

b. Subject to the materiality criteria, for purposes of ~~paragraphs "b" and "c"~~ paragraph "a", subparagraphs (2) and (3), a report shall be filed if the result of the revision affects more than ten percent of the cession.

Sec. 134. Section 524.605, Code 2011, is amended to read as follows:

524.605 Liability of directors in certain cases.

1. In addition to any other liabilities imposed by law upon directors of a state bank:

~~1.~~ a. Directors of a state bank who vote for or assent to the declaration of any dividend or other distribution of the assets of a state bank to its shareholders in willful or negligent violation of the provisions of this chapter or of any restrictions contained in the articles of incorporation, shall be jointly and severally liable to the state bank for the amount of such dividend which is paid or the value of such assets which are distributed in excess of the amount of such dividend or distribution which could have been paid or distributed without a violation of the provisions of this chapter or of the restrictions in the articles of incorporation.

~~2.~~ b. The directors of a state bank who vote for or assent to any distribution of assets of a state bank to its shareholders during the dissolution of the state bank without the payment and discharge of, or making adequate provision for, all known debts, obligations, and liabilities of the state bank shall be jointly and severally liable to the state bank for the value of such assets which are distributed, to the extent that such debts, obligations and liabilities of the state bank are not thereafter paid and discharged.

~~3.~~ c. The directors of a state bank who, willfully or negligently, vote for or assent to loans or extensions of credit in violation of the provisions of this chapter, shall be jointly and severally liable to the state bank for the total amount of any loss sustained.

~~4.~~ d. The directors of a state bank who, willfully or negligently, vote for or assent to any investment of funds of the state bank in violation of the provisions of this chapter shall be jointly and severally liable to the state bank for the amount of any loss sustained on such investment.

2. A director of a state bank who is present at a meeting of its board of directors at which action on any matter is taken shall be presumed to have assented to the action taken unless the director's dissent shall be entered in the minutes of the meeting or unless the director shall file the director's written dissent to such action with the individual acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered or certified mail to the cashier of the state bank promptly after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

3. A director shall not be liable under subsection 1, ~~2, 3, or 4 of this section~~ paragraph "a", "b", "c", or "d" if the director relied and acted in good faith upon information represented to the director to be correct by an officer or officers of such state bank or stated in a written report by a certified public accountant or firm of such accountants. No director shall be deemed to be negligent within the meaning of this section if the director in good faith exercised that diligence, care and skill which an ordinarily prudent person would exercise as a director under similar circumstances.

4. Any director against whom a claim shall be asserted under or pursuant to this section for the payment of a dividend or other distribution of assets of a state bank and who shall be held liable thereon, shall be entitled to contribution from the shareholders who accepted or received any such dividend or assets, knowing such dividend or distribution to have been

made in violation of the provisions of this chapter, in proportion to the amounts received by them respectively. Further, any director against whom a claim shall be asserted pursuant to this section for the payment of any liability imposed by this section shall be entitled to contribution from any director found to be similarly liable.

5. Whenever the superintendent deems it necessary the superintendent may require, after affording an opportunity for a hearing upon adequate notice, that a director or directors whom the superintendent reasonably believes to be liable to a state bank pursuant to subsection 1, ~~2, 3, or 4 of this section~~ paragraph *"a"*, *"b"*, *"c"*, or *"d"*, to place in an escrow account in an insured bank located in this state, as directed by the superintendent, an amount sufficient to discharge any liability which may accrue pursuant to subsection 1, ~~2, 3, or 4 of this section~~ paragraph *"a"*, *"b"*, *"c"*, or *"d"*. The amount so deposited shall be paid over to the state bank by the superintendent upon final determination of the amount of such liability. Any portion of the escrow account which is not necessary to meet such liability shall be repaid on a pro rata basis to the directors who contributed to the fund.

6. Any action seeking to impose liability under this section, other than liability for contribution, shall be commenced only within five years of the action complained of and not thereafter.

Sec. 135. Section 524.901, subsection 7, Code 2011, is amended to read as follows:

7. *a.* A state bank, upon the approval of the superintendent, may invest up to five percent of its aggregate capital in the shares or equity interests of any of the following:

~~*a.*~~ (1) Economic development corporations organized under chapter 496B to the extent authorized by and subject to the limitations of that chapter.

~~*b.*~~ (2) Community development corporations or community development projects to the same extent a national bank may invest in such corporations or projects pursuant to 12 U.S.C. § 24.

~~*c.*~~ (3) Small business investment companies as defined by the laws of the United States.

~~*d.*~~ (4) Venture capital funds which invest an amount equal to at least fifty percent of a state bank's investment in small businesses having their principal offices within this state and having either more than one-half of their assets within this state or more than one-half of their employees employed within this state.

~~*e.*~~ (5) Small businesses having a principal office within this state and having either more than one-half of their assets within this state or more than one-half of their employees employed within this state. An investment by a state bank in a small business under this ~~paragraph~~ subparagraph shall be included with the obligations of the small business to the state bank that are incurred as a result of the exercise by the state bank of the powers conferred in section 524.902 for the purpose of determining the total obligations of the small business pursuant to section 524.904. A state bank's equity interest investment in a small business, pursuant to this ~~paragraph~~ subparagraph, shall not exceed a twenty percent ownership interest in the small business.

~~*f.*~~ (6) Other entities, acceptable to the superintendent, whose sole purpose is to promote economic or civic developments within a community or this state.

b. A state bank's total investment in any combination of the shares or equity interests of the entities identified in ~~paragraphs *"a"* through *"f"*~~ paragraph *"a"*, subparagraphs (1) through (6) shall be limited to fifteen percent of its aggregate capital.

c. For purposes of this subsection:

(1) The term *"equity interests"* means limited partnership interests and other equity interests in which liability is limited to the amount of the investment, but does not mean general partnership interests or other interests involving general liability.

(2) The term *"small business"* means a corporation, partnership, proprietorship, or other entity which meets the appropriate United States small business administration definition of small business and which is principally engaged in the development or exploitation of inventions, technological improvements, new processes, or other products not previously generally available in this state, or other investments which provide an economic benefit to the state.

(3) ~~For purposes of this subsection, the~~ The term *"venture capital fund"* means a corporation, partnership, proprietorship, or other entity whose principal business is or will be

the making of investments in, and the providing of significant managerial assistance to, small businesses. ~~The term *"small business"* means a corporation, partnership, proprietorship, or other entity which meets the appropriate United States small business administration definition of small business and which is principally engaged in the development or exploitation of inventions, technological improvements, new processes, or other products not previously generally available in this state, or other investments which provide an economic benefit to the state. The term *"equity interests"* means limited partnership interests and other equity interests in which liability is limited to the amount of the investment, but does not mean general partnership interests or other interests involving general liability.~~

Sec. 136. Section 527.7, Code 2011, is amended to read as follows:

527.7 Records maintained.

1. All transactions engaged in through a satellite terminal shall be recorded in a form from which it will be possible to produce a humanly readable record of any transaction, and these recordings shall be retained by the utilizing financial institutions for the periods required by law.

2. The machine receipt provided to a satellite account transaction card user by a satellite terminal shall be admissible as evidence in any legal action or proceeding and shall constitute prima facie proof of the transaction evidence by that receipt.

3. A financial institution shall provide each of its satellite account holders with a periodic account statement that shall contain a brief description of all satellite terminal transactions sufficient to enable the account holder to identify any transaction and to relate it to machine receipts provided by satellite terminals.

4. When a periodic account statement includes both satellite terminal transactions and other nonsatellite terminal transactions, all satellite terminal transactions shall be indicated as such, and shall be accompanied by the description required by ~~this~~ subsection 3.

5. The administrator may provide by rule for the recording and maintenance, by any financial institution utilizing a satellite terminal, of amounts involved in a transaction engaged in through the satellite terminal which are of a known tax consequence to the customer initiating the transaction. For the purpose of this ~~paragraph~~ subsection, *"known tax consequences"* means and includes but shall not be limited to the following:

~~1.~~ *a.* An amount directly or indirectly received from a customer and applied to a loan account of the customer which represents interest paid by the customer to the financial institution.

~~2.~~ *b.* In any transaction where the total amount involved is deducted from funds in a customer's account and is simultaneously paid either directly or indirectly by the financial institution to the account of a third party, any portion of the transaction amount which represents a sales or other tax imposed upon or included within the transaction and collected by that third party from the customer, or any portion of the transaction amount which represents interest paid to the third party by the customer.

~~3.~~ *c.* Any other transaction which the administrator determines to have direct tax consequences to the customer. The administrator also may provide for the periodic distribution to customers of summaries of transactions having known tax consequences.

Sec. 137. Section 527.9, subsection 2, Code 2011, is amended to read as follows:

2. *a.* A person desiring to operate a central routing unit shall submit to the administrator an application which shall contain all of the following information:

~~*a.*~~ (1) The name and business address of the owner of the proposed unit.

~~*b.*~~ (2) The name and business address of each data processing center and other central routing unit with which the proposed central routing unit will have direct electronic communication.

~~*c.*~~ (3) The location of the proposed central routing unit.

~~*d.*~~ (4) A schedule of the charges which will be required to be paid to that applicant by each financial institution which utilizes the proposed central routing unit.

~~The application shall be accompanied by all agreements between the proposed central routing unit and all data processing centers and other central routing units respecting the transmission of transaction data; and a copy of any agreement between the proposed~~

~~central routing unit and any financial institution establishing a satellite terminal unless that agreement theretofore has been filed with the administrator pursuant to section 527.5.~~

~~*e.*~~ (5) An agreement by the applicant that the proposed central routing unit will be capable of accepting and routing, and will be operated to accept and route, transmissions of data originating at any satellite terminal located in this state, except limited-function terminals, whether receiving from that terminal or from a data processing center or other central routing unit.

~~*f.*~~ (6) A representation and undertaking that the proposed central routing unit is directly connected to every data processing center that is directly connected to a satellite terminal located in this state, and that the proposed central routing unit will provide for direct connection in the future with any data processing center that becomes directly connected to a satellite terminal located in this state. This representation and undertaking is not required of a central routing unit with respect to limited-function terminals.

b. The application shall be accompanied by all agreements between the proposed central routing unit and all data processing centers and other central routing units respecting the transmission of transaction data; and a copy of any agreement between the proposed central routing unit and any financial institution establishing a satellite terminal unless that agreement theretofore has been filed with the administrator pursuant to section 527.5.

Sec. 138. Section 533.102, subsection 3, Code 2011, is amended to read as follows:

3. *a. "Credit union"* means a cooperative, nonprofit association, organized or incorporated in accordance with the provisions of this chapter or under the laws of another state or the Federal Credit Union Act, 12 U.S.C. § 1751 et seq., for the purposes of creating a source of credit at a fair and reasonable rate of interest, of encouraging habits of thrift among its members, and of providing an opportunity for its members to use and control their own money on a democratic basis in order to improve their economic and social condition.

b. A ~~credit union~~ *"credit union"* is also a supervised financial organization as that term is defined and used in chapter 537, the Iowa consumer credit code.

Sec. 139. Section 536A.10, Code 2011, is amended to read as follows:

536A.10 Issuance of license.

1. If the superintendent shall find:

~~1.~~ *a.* That the financial responsibility, experience, character and general fitness of the applicant and of the officers thereof are such as to command the confidence of the community, and to warrant the belief that the business will be operated honestly, fairly and efficiently within the purpose of this chapter;

~~2.~~ *b.* That a reasonable necessity exists for a new industrial loan company in the community to be served;

~~3.~~ *c.* That the applicant has available for the operation of the business at the specified location paid-in capital and surplus as required by section 536A.8; and

~~4.~~ *d.* That the applicant is a corporation organized for pecuniary profit under the laws of the state of Iowa.

2. The superintendent shall approve the application and issue to the applicant a license to engage in the industrial loan business in accordance with the provisions of this chapter. The superintendent shall approve or deny an application for a license within one hundred twenty days from the date of the filing of such application. [3]

Sec. 140. Section 542B.2, Code 2011, is amended to read as follows:

542B.2 Terms defined.

As used in the chapter, unless the context otherwise requires:

1. ~~The *"board"*~~ *"Board"* means the engineering and land surveying examining board provided by this chapter.

2. *"Design coordination"* includes the review and coordination of technical submissions prepared by others, including as appropriate and without limitation, consulting engineers,

[3] See chapter 1138, §74 herein

architects, landscape architects, land surveyors, and other professionals working under the direction of the engineer.

~~2. The term *"engineering documents"* as used in this chapter includes all plans, specifications, drawings, and reports, if the preparation of such documents constitutes or requires the practice of engineering.~~

3. ~~The term *"engineer intern"* as used in this chapter~~ *"Engineer intern"* means a person who passes an examination in the fundamental engineering subjects, but does not entitle the person to claim to be a professional engineer.

4. *"Engineering documents"* includes all plans, specifications, drawings, and reports, if the preparation of such documents constitutes or requires the practice of engineering.

5. *"Engineering surveys"* includes all survey activities required to support the sound conception, planning, design, construction, maintenance, and operation of engineered projects, but excludes the surveying of real property for the establishment of land boundaries, rights-of-way, easements, and the dependent or independent surveys or resurveys of the public land survey system.

~~4.~~ 6. ~~The term *"in responsible charge"* as used in this chapter~~ *"In responsible charge"* means having direct control of and personal supervision over any land surveying work or work involving the practice of engineering. One or more persons, jointly or severally, may be in responsible charge.

~~5. *a.* The practice of *"land surveying"* includes providing professional services such as consultation, investigation, testimony, evaluation, planning, mapping, assembling, and interpreting reliable scientific measurements and information relative to the location of property lines or boundaries, and the utilization, development, and interpretation of these facts into an orderly survey, plat, or map. The practice of land surveying includes, but is not limited to, the following:~~

~~(1) Locating, relocating, establishing, reestablishing, setting, or resetting of permanent monumentation for any property line or boundary of any tract or parcel of land. Setting permanent monuments constitutes an improvement to real property.~~

~~(2) Making any survey for the division or subdivision of any tract or parcel of land.~~

~~(3) Determination, by the use of the principles of land surveying, of the position for any permanent survey monument or reference point, or setting, resetting, or replacing any survey monument or reference point excluding the responsibility of engineers pursuant to section 314.8.~~

~~(4) Creating and writing metes and bounds descriptions as defined in section 354.2.~~

~~(5) Geodetic surveying for determination of the size and shape of the earth both horizontally and vertically for the precise positioning of permanent land survey monuments on the earth utilizing angular and linear measurements through spatially oriented spherical geometry.~~

~~(6) Creation, preparation, or modification of electronic or computerized data, including land information systems and geographical information systems, relative to the performance of the activities identified in subparagraphs (1) through (5).~~

~~*b.* This subsection does not prohibit a professional engineer from practicing any aspect of the practice of engineering. A land surveyor is not prohibited from performing engineering surveys as defined in the practice of engineering.~~

~~*c.* A person is construed to be engaged in or offering to be engaged in the practice of land surveying if the person does any of the following:~~

~~(1) Engages in land surveying.~~

~~(2) Makes a representation by verbal claim, sign, advertisement, letterhead, card, or other manner that the person is a land surveyor.~~

~~(3) Uses any title which implies that the person is a land surveyor or that the person is licensed under this chapter.~~

~~(4) Holds the person's self out as able to perform, or who does perform, any service or work included in the practice of land surveying.~~

~~6.~~ 7. ~~The term *"land surveying documents"* as used in this chapter~~ *"Land surveying documents"* includes all plats, maps, surveys, and reports, if the preparation thereof constitutes or requires the practice of land surveying.

~~7.~~ 8. ~~The term "*land surveyor*" as used in this chapter shall mean~~ *"Land surveyor"* means a person who engages in the practice of land surveying ~~as defined in this section~~.

~~8.~~ 9. *a. "Practice of engineering"* ~~as used in this chapter~~ means any service or creative work, the adequate performance of which requires engineering education, training, and experience in the application of special knowledge of the mathematical, physical, and engineering sciences, such as consultation, investigation, evaluation, planning, design and design coordination of engineering works and systems, planning the use of land and water, performing engineering surveys and studies, and the review of construction for the purpose of monitoring compliance with drawings and specifications, any of which embraces such services or creative work, either public or private, in connection with any utilities, structures, buildings, machines, equipment, processes, work systems, projects, and industrial or consumer products or equipment of a mechanical, electrical, hydraulic, pneumatic, or thermal nature, insofar as they involve safeguarding life, health, or property, and including such other professional services as may be necessary to the planning, progress, and completion of the services identified in this ~~paragraph~~ subsection. ~~*"Design coordination"* includes the review and coordination of technical submissions prepared by others, including as appropriate and without limitation, consulting engineers, architects, landscape architects, land surveyors, and other professionals working under the direction of the engineer. *"Engineering surveys"* includes all survey activities required to support the sound conception, planning, design, construction, maintenance, and operation of engineered projects, but excludes the surveying of real property for the establishment of land boundaries, rights-of-way, easements, and the dependent or independent surveys or resurveys of the public land survey system.~~

b. A person is construed to be engaged in the practice of engineering if the person does any of the following:

~~*a.*~~ (1) Practices any branch of the profession of engineering.

~~*b.*~~ (2) Makes a representation by verbal claim, sign, advertisement, letterhead, card, or other manner that the person is a professional engineer.

~~*c.*~~ (3) Uses any title which implies that the person is a professional engineer or that the person is certified under this chapter.

~~*d.*~~ (4) The person holds the person's self out as able to perform, or who does perform, any service or work included in the practice of engineering.

10. *a. "Practice of land surveying"* includes providing professional services such as consultation, investigation, testimony, evaluation, planning, mapping, assembling, and interpreting reliable scientific measurements and information relative to the location of property lines or boundaries, and the utilization, development, and interpretation of these facts into an orderly survey, plat, or map. The practice of land surveying includes but is not limited to the following:

(1) Locating, relocating, establishing, reestablishing, setting, or resetting of permanent monumentation for any property line or boundary of any tract or parcel of land. Setting permanent monuments constitutes an improvement to real property.

(2) Making any survey for the division or subdivision of any tract or parcel of land.

(3) Determination, by the use of the principles of land surveying, of the position for any permanent survey monument or reference point, or setting, resetting, or replacing any survey monument or reference point excluding the responsibility of engineers pursuant to section 314.8.

(4) Creating and writing metes and bounds descriptions as defined in section 354.2.

(5) Geodetic surveying for determination of the size and shape of the earth both horizontally and vertically for the precise positioning of permanent land survey monuments on the earth utilizing angular and linear measurements through spatially oriented spherical geometry.

(6) Creation, preparation, or modification of electronic or computerized data, including land information systems and geographical information systems, relative to the performance of the activities identified in subparagraphs (1) through (5).

b. This subsection does not prohibit a professional engineer from practicing any aspect of the practice of engineering. A land surveyor is not prohibited from performing engineering surveys as defined in the practice of engineering.

c. A person is construed to be engaged in or offering to be engaged in the practice of land surveying if the person does any of the following:

(1) Engages in land surveying.

(2) Makes a representation by verbal claim, sign, advertisement, letterhead, card, or other manner that the person is a land surveyor.

(3) Uses any title which implies that the person is a land surveyor or that the person is licensed under this chapter.

(4) Holds the person's self out as able to perform, or who does perform, any service or work included in the practice of land surveying.

~~9.~~ 11. ~~The term "*professional engineer*" as used in this chapter~~ *"Professional engineer"* means a person, who, by reason of the person's knowledge of mathematics, the physical sciences, and the principles of engineering, acquired by professional education or practical experience, is qualified to engage in the practice of engineering.

Sec. 141. Section 542B.14, Code 2011, is amended to read as follows:

542B.14 General requirements for licensure — temporary permit to practice engineering.

1. Each applicant for licensure as a professional engineer or land surveyor shall have all of the following requirements, respectively, to wit:

~~1.~~ *a.* As a professional engineer:

~~*a.*~~ (1) (a) Graduation from a course in engineering of four years or more in a school or college which, in the opinion of the board, will properly prepare the applicant for the examination in fundamental engineering subjects.

~~(2)~~ (b) However, prior to July 1, 1988, in lieu of compliance with subparagraph ~~(1)~~ division (a), the board may accept eight years' practical experience which, in the opinion of the board, is of satisfactory character to properly prepare the applicant for the examination in fundamental engineering subjects.

~~(3)~~ (c) Between July 1, 1988, and June 30, 1991, in lieu of compliance with subparagraph ~~(1)~~ division (a), the board shall require satisfactory completion of a minimum of two years of postsecondary study in mathematics, physical sciences, engineering technology, or engineering at an institution approved by the board, and may accept six years' practical experience which, in the opinion of the board, is of satisfactory character to properly prepare the applicant for the examination in fundamental engineering subjects.

~~(4)~~ (d) For applicants who obtained an associate of science degree or a more advanced degree between July 1, 1983, and June 30, 1988, in lieu of compliance with subparagraph ~~(1)~~ division (a), the board shall only require compliance with the provisions of subparagraph ~~(3)~~ division (c) with regard to areas of study and practical experience. Applicants qualifying under this subparagraph division must meet the requirements of ~~paragraph "*b*"~~ subparagraph (2), by June 30, 2001.

~~*b.*~~ (2) Successfully passing a written, oral, or written and oral examination in fundamental engineering subjects which is designed to show the knowledge of general engineering principles. A person passing the examination in fundamental engineering subjects is entitled to a certificate as an engineer intern.

~~*c.*~~ (3) In addition to any other requirement, a specific record of four years or more of practical experience in engineering work which is of a character satisfactory to the board.

~~*d.*~~ (4) Successfully passing a written, oral, or written and oral examination designed to determine the proficiency and qualifications to engage in the practice of engineering. No applicant shall be entitled to take this examination until the applicant shows the necessary practical experience in engineering work.

~~2.~~ *b.* As a land surveyor:

~~*a.*~~ (1) (a) Graduation from a course of two years or more in mathematics, physical sciences, mapping and surveying, or engineering in a school or college and six years of practical experience, all of which, in the opinion of the board, will properly prepare the applicant for the examination in fundamental land surveying subjects.

~~(2)~~ (b) However, prior to July 1, 1988, in lieu of compliance with subparagraph ~~(1)~~ division (a), the board may accept eight years' practical experience which, in the opinion of

the board, is of satisfactory character to properly prepare the applicant for the examination in fundamental land surveying subjects.

~~*b.*~~ (2) Successfully passing a written, oral, or written and oral examination in fundamental land surveying subjects which is designed to show the knowledge of general land surveying principles.

~~*c.*~~ (3) In addition to any other requirement, a specific record of four years or more of practical experience in land surveying work which is of a character satisfactory to the board.

~~*d.*~~ (4) Successfully passing a written, oral, or written and oral examination designed to determine the proficiency and qualifications to engage in the practice of land surveying. No applicant shall be entitled to take this examination until the applicant shows the necessary practical experience in land surveying work.

2. The board may establish by rule a temporary permit and a fee to permit an engineer to practice for a period of time without applying for licensure.

Sec. 142. Section 548.112, Code 2011, is amended to read as follows:

548.112 Infringement.

1. Subject to section 548.116, a person shall not do any of the following:

~~1.~~ *a.* Use, without the consent of the registrant, any reproduction, counterfeit, copy, or colorable imitation of a mark registered under this chapter in connection with the sale, distribution, offering for sale, or advertising of any goods or services on or in connection with which such use is likely to cause confusion or mistake, or to deceive as to the source of origin of such goods or services.

~~2.~~ *b.* Reproduce, counterfeit, copy, or colorably imitate any such mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles, or advertisements intended to be used upon or in connection with the sale or other distribution in this state of such goods or services.

2. The person shall be liable in a civil action by the registrant for any or all of the remedies provided in section 548.114, except that under subsection ~~2~~ 1, paragraph *"b"*, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with the intent to cause confusion or mistake or to deceive.

Sec. 143. Section 551A.1, subsection 4, Code 2011, is amended to read as follows:

4. *a. "Franchise"* means a contract between a seller and a purchaser where the parties agree to all of the following:

~~*a.*~~ (1) A franchisee is granted the right to engage in the business of offering, selling, or distributing goods or services under a marketing plan prescribed in substantial part by a franchisor.

~~*b.*~~ (2) The operation of the franchisee's business pursuant to such a plan is substantially associated with the franchisor's business and trademark, service mark, trade name, logotype, advertising, or other commercial symbol designating the franchisor or its affiliate.

b. For the purposes of this subsection~~, *"franchisee"*~~:

(1) *"Franchisee"* means a person to whom a franchise is granted ~~and *"franchisor"*~~.

(2) *"Franchisor"* means a person who grants a franchise.

Sec. 144. Section 554.2103, subsection 3, Code 2011, is amended to read as follows:

3. ~~"Control" as provided in section 554.7106 and the~~ The following definitions in other Articles apply to this Article:

a. "Check" .....Section 554.3104
b. "Consignee" .....Section 554.7102
c. "Consignor".....Section 554.7102
d. "Consumer goods" .....Section 554.9102
e. "Control" ..... Section 554.7106
f. "Dishonor" .....Section 554.3502
g. "Draft" .....Section 554.3104

Sec. 145. Section 554.4104, subsection 3, Code 2011, is amended to read as follows:

3. ~~"Control" as provided in section 554.7106 and the~~ The following definitions in other Articles apply to this Article:

a. "Acceptance" ..... Section 554.3409
b. "Alteration" ..... Section 554.3407
c. "Cashier's check" ..... Section 554.3104
d. "Certificate of deposit" ..... Section 554.3104
e. "Certified check" ..... Section 554.3409
f. "Check" ..... Section 554.3104
g. "Control" ..... Section 554.7106
h. "Holder in due course" ..... Section 554.3302
i. "Instrument" ..... Section 554.3104
j. "Notice of dishonor" ..... Section 554.3503
k. "Order" ..... Section 554.3103
l. "Ordinary care" ..... Section 554.3103
m. "Person entitled to enforce" ..... Section 554.3301
n. "Presentment" ..... Section 554.3501
o. "Promise" ..... Section 554.3103
p. "Prove" ..... Section 554.3103
q. "Teller's check" ..... Section 554.3104
r. "Unauthorized signature" ..... Section 554.3403

Sec. 146. Section 554.5104, Code 2011, is amended to read as follows:

554.5104 Formal requirements.

A letter of credit, confirmation, advice, transfer, amendment, or cancellation may be issued in any form that is a record and is authenticated ~~(i)~~ by a signature or ~~(ii)~~ in accordance with the agreement of the parties or the standard practice referred to in section 554.5108, subsection 5.

Sec. 147. Section 554.9102, subsection 2, Code 2011, is amended to read as follows:

2. *Definitions in other Articles.* ~~"Control" as provided in section 554.7106 and the~~ The following definitions in other Articles apply to this Article:

a. "Applicant" ..... Section 554.5102
b. "Beneficiary" ..... Section 554.5102
c. "Broker" ..... Section 554.8102
d. "Certificated security" ..... Section 554.8102
e. "Check" ..... Section 554.3104
f. "Clearing corporation" ..... Section 554.8102
g. "Contract for sale" ..... Section 554.2106
h. "Control" ..... Section 554.7106
i. "Customer" ..... Section 554.4104
j. "Entitlement holder" ..... Section 554.8102
k. "Financial asset" ..... Section 554.8102
l. "Holder in due course" ..... Section 554.3302
m. "Issuer" (with respect to a letter of credit or letter-of-credit right) ..... Section 554.5102
n. "Issuer" (with respect to a security) ..... Section 554.8201
o. "Issuer" (with respect to documents of title) ..... Section 554.7102
p. "Lease" ..... Section 554.13103
q. "Lease agreement" ..... Section 554.13103
r. "Lease contract" ..... Section 554.13103
s. "Leasehold interest" ..... Section 554.13103
t. "Lessee" ..... Section 554.13103
u. "Lessee in ordinary course of business" ..... Section 554.13103
v. "Lessor" ..... Section 554.13103
w. "Lessor's residual interest" ..... Section 554.13103
x. "Letter of credit" ..... Section 554.5102

y. "Merchant" .....Section 554.2104
z. "Negotiable instrument" .....Section 554.3104
aa. "Nominated person".....Section 554.5102
ab. "Note".....Section 554.3104
ac. "Proceeds of a letter of credit" .....Section 554.5114
ad. "Prove" .....Section 554.3103
ae. "Sale".....Section 554.2106
af. "Securities account" .....Section 554.8501
ag. "Securities intermediary" .....Section 554.8102
ah. "Security".....Section 554.8102
ai. "Security certificate" .....Section 554.8102
aj. "Security entitlement".....Section 554.8102
ak. "Uncertificated security" .....Section 554.8102

DIVISION III
INTERNAL REFERENCE CHANGES

Sec. 148. Section 225C.28B, subsection 2, Code 2011, is amended to read as follows:

2. *Insurance protection.* Pursuant to section 507B.4, subsection ~~7~~ 3, paragraph "*g*", a person or designated group of persons shall not be denied insurance coverage by reason of mental retardation, a developmental disability, brain injury, or chronic mental illness.

Sec. 149. Section 225C.29, Code 2011, is amended to read as follows:

225C.29 Compliance.

Except for a violation of section 225C.28B, subsection 2, the sole remedy for violation of a rule adopted by the commission to implement sections 225C.25 through 225C.28B shall be by a proceeding for compliance initiated by request to the division pursuant to chapter 17A. Any decision of the division shall be in accordance with due process of law and is subject to appeal to the Iowa district court pursuant to sections 17A.19 and 17A.20 by any aggrieved party. Either the division or a party in interest may apply to the Iowa district court for an order to enforce the decision of the division. Any rules adopted by the commission to implement sections 225C.25 through 225C.28B do not create any right, entitlement, property or liberty right or interest, or private cause of action for damages against the state or a political subdivision of the state or for which the state or a political subdivision of the state would be responsible. Any violation of section 225C.28B, subsection 2, shall solely be subject to the enforcement by the commissioner of insurance and penalties granted by chapter 507B for a violation of section 507B.4, subsection ~~7~~ 3, paragraph "*g*".

Sec. 150. Section 455B.473, subsection 4, Code Supplement 2011, is amended to read as follows:

4. An owner or operator of a storage tank described in section 455B.471, subsection 11, paragraph ~~"*a*"~~ "*b*", subparagraph (1), subparagraph division (a), which brings the tank into use after July 1, 1987, shall notify the department of the existence of the tank within thirty days. The registration of the tank shall be accompanied by a fee of ten dollars to be deposited in the storage tank management account. A tank which is existing before July 1, 1987, shall be reported to the department by July 1, 1989. Tanks under this section installed on or following July 1, 1987, shall comply with underground storage tank regulations adopted by rule by the department.

Sec. 151. Section 491.5, subsection 8, Code 2011, is amended to read as follows:

8. Any provision eliminating or limiting the personal liability of a director to the corporation or its shareholders or members for money damages as provided in section 490.202, subsection 2, paragraph "*d*", except that section 490.202, subsection 2, paragraph "*d*", subparagraph (1), subparagraph ~~(3)~~ division (c), shall have no application.

Sec. 152. Section 507B.7, subsection 1, paragraph c, Code Supplement 2011, is amended to read as follows:

c. Payment of interest at the rate of ten percent per annum if the commissioner finds that the insurer failed to pay interest as required under section 507B.4, subsection ~~16~~ 3, paragraph *"p"*.

Sec. 153. Section 512B.13, Code 2011, is amended to read as follows:

512B.13 Institutions.

A society may create, maintain, and operate, or may establish organizations to operate, not-for-profit institutions to further the purposes permitted by section 512B.6, subsection 1, paragraph ~~*"b"*~~ *"a"*, subparagraph (2). The institutions may furnish services free or at a reasonable charge. Any real or personal property owned, held, or leased by the society for this purpose shall be reported in every annual statement. A not-for-profit institution so established is a charitable institution with all the rights, benefits, and privileges given to charitable institutions under the Constitution and laws of the State of Iowa. The commissioner may adopt appropriate rules and reporting requirements.

Sec. 154. Section 515E.4, subsection 4, Code Supplement 2011, is amended to read as follows:

4. *Compliance with unfair claim settlement practices law.* A risk retention group, its agents, and representatives, shall comply with the unfair claim settlement practices law in section 507B.4, subsection ~~10~~ 3, paragraph *"j"*.

Sec. 155. Section 524.302, subsection 2, paragraph c, Code 2011, is amended to read as follows:

c. A provision eliminating or limiting the personal liability of a director to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director, provided that the provision does not eliminate or limit the liability of a director for any breach of the director's duty of loyalty to the corporation or its shareholders, for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, for any transaction from which the director derives an improper personal benefit, or under section 524.605, subsection 1, paragraph *"a"* or ~~2~~ *"b"*. A provision shall not eliminate or limit the liability of a director for any act or omission occurring prior to the date when the provision in the articles of incorporation becomes effective.

Sec. 156. Section 536A.30, subsection 2, Code 2011, is amended to read as follows:

2. Section 536A.10, ~~subsections 2, 3, and 4~~ subsection 1, paragraphs *"b"*, *"c"*, and *"d"*.

DIVISION IV
DIRECTIVES

Sec. 157. CODE EDITOR DIRECTIVES.

1. Sections 175.6, subsection 12; and 331.652, subsection 4, Code 2011, are amended by striking the word "co-operation" and inserting in lieu thereof the word "cooperation".

2. Sections 28D.1, 321.6, and 341A.17, Code 2011, are amended by striking the word "co-operation" and inserting in lieu thereof the word "cooperation".

3. Sections 13A.9, subsection 2; 29C.1, subsection 3; 169.19, subsection 5; 175.6, subsection 5; 273.9, subsection 2; and 403.12, subsection 1, Code 2011, are amended by striking the word "co-operate" and inserting in lieu thereof the word "cooperate".

4. Sections 177A.4, 199.14, and 249.12, Code 2011, are amended by striking the word "co-operate" and inserting in lieu thereof the word "cooperate".

5. Section 179.1, subsection 5, Code 2011, is amended by striking the word "co-operatives" and inserting in lieu thereof the word "cooperatives".

6. Sections 185.1, subsection 5; 185C.1, subsection 7; 215A.1, subsection 4; and 419.1, subsection 4, Code 2011, are amended by striking the word "co-operative" and inserting in lieu thereof the word "cooperative".

7. Sections 263B.3, 456A.29, and 456B.10, Code 2011, are amended by striking the word "co-operative" and inserting in lieu thereof the word "cooperative".

8. Section 275.56, Code 2011, is amended by striking the word "re-employing" and inserting in lieu thereof the word "reemploying".

9. Section 275.56, Code 2011, is amended by striking the word "re-employed" and inserting in lieu thereof the word "reemployed".

10. Sections 341A.6, subsection 6; and 411.21, subsection 3, Code 2011, are amended by striking the word "re-employed" and inserting in lieu thereof the word "reemployed".

11. The Code editor is directed to number, renumber, designate, or redesignate to eliminate unnumbered paragraphs within sections 491.5, 491.111, 496C.21, 499.47C, 499.67, 499A.2A, 501.617, 507A.3, 507C.12, 510.2, 511.10, 514B.4, 514B.14, 514B.20, 515.70, 515F.3, 515G.3, 518.11, 524.224, 524.604, 524.801, 524.825, 524.1102, 524.1508, 538.5, 544A.11, 544A.21, 544A.25, 544B.9, 544B.14, 544C.3, 548.103, 548.113, 552.5, and 552.12, Code 2011, in accordance with established Code section hierarchy and correct internal references in the Code and in any enacted Iowa Acts, as necessary.

12. The Code editor is directed to number, renumber, designate, or redesignate to eliminate unnumbered paragraphs within section subunits in sections 490.120, subsection 7; 490.121, subsection 1; 490.744, subsection 4; 490.824, subsection 4; 490.1301, subsection 4; 490.1701, subsection 2; 490.1701, subsection 3, paragraph "b"; 496B.9, subsection 3, paragraph "b"; 499.30, subsection 2, paragraph "a"; 499.66, subsection 2; 500.3, subsection 2; 501A.206, subsection 1; 501A.502, subsection 3; 501A.715, subsection 3; 501A.904, subsection 7; 501A.906, subsection 2; 501A.1003, subsection 4, paragraph "b"; 502.321B, subsection 5; 502.509, subsection 13B; 502A.1, subsection 4; 504.202, subsection 2, paragraph "d"; 504.503, subsection 1; 504.635, subsection 4; 504.1509, subsection 1; 507.10, subsection 4, paragraph "b", subparagraph (1); 508.36, subsection 2, paragraph "d"; 508.36, subsection 5, paragraph "c", subparagraph (1), subparagraph division (c), subparagraph subdivision (v); 508.36, subsections 7 and 9; 508.37, subsection 6, paragraph "a"; 508.38, subsection 2; 509B.3, subsection 4; 513B.4, subsection 2; 513C.3, subsection 15; 513C.7, subsection 1; 513C.10, subsection 2; 514C.4, subsection 1; 514D.5, subsection 2; 515.12, subsection 5; 515.48, subsections 1 and 8; 515.109, subsection 2; 515A.18, subsection 3; 515B.5, subsection 1, paragraph "c"; 515B.6, subsection 1; 515D.2, subsection 2; 515F.5, subsection 1; 515F.13, subsection 2, paragraph "d"; 516A.2, subsection 1; 516E.3, subsection 1, paragraph "c"; 516E.3, subsection 2, paragraph "b"; 518C.6, subsection 1, paragraph "c"; 518C.7, subsection 1; 519A.3, subsection 3; 519A.4, subsection 1; 519A.9, subsection 2; 521A.5, subsection 3, paragraphs "a" and "b"; 521A.14, subsection 7; 521B.3, subsection 3; 521C.11, subsection 1; 521D.2, subsection 3; 521E.10, subsection 1; 522B.14, subsections 6, 7, and 8; 523C.5, subsection 1; 523D.3, subsection 1, paragraph "n"; 523D.5, subsection 3; 523G.6, subsection 3; 523I.316, subsection 3, paragraph "d"; 523I.508, subsections 2 and 3; 523I.812, subsection 2; 524.103, subsection 17; 524.606, subsection 2; 524.1403, subsection 2; 527.5, subsection 3; 536A.20, subsection 3; 536A.25, subsection 2; 537.1301, subsection 45; 537.2501, subsection 1, paragraph "f"; 537.2510, subsection 2, paragraph "a"; 537.3612, subsection 4; 537.5110, subsection 2; 537.5201, subsection 1; 537A.10, subsections 9 and 11; 537B.3, subsection 2; 543C.4, subsection 5; 546.10, subsection 3; 548.102, subsection 5; 551A.3, subsection 2; 551A.4, subsection 1, paragraph "b"; 552A.2, subsection 6; 554.2103, subsection 2; 554.4104, subsection 2; 554.5102, subsection 2; 554.8102, subsection 1, paragraph "i"; 554.8102, subsection 2; 554.8503, subsection 4; 554.12105, subsections 2 and 3; and 554.13103, subsections 2 and 3, Code and Code Supplement 2011, in accordance with established Code section hierarchy and correct internal references in the Code and in any enacted Iowa Acts, as necessary.

DIVISION V
EFFECTIVE DATE PROVISIONS

Sec. 158. EFFECTIVE DATE. The section of this Act amending section 602.4201, subsection 3, paragraph "h", Code 2011, as amended by 2011 Iowa Acts, ch. 121, section 60, takes effect July 1, 2012.

Approved March 29, 2012