

c. A person who willfully undertakes to establish a business dealing contrary to this section commits a serious misdemeanor, and shall be permanently disqualified from acting as an officer, director, or employee of a state-chartered credit union and permanently disqualified from acting as superintendent, deputy, or employee of the credit union division.

d. The superintendent, deputy, or employee of the credit union division who is convicted of theft, burglary, robbery, larceny, or embezzlement as a result of a violation of the laws of any state or of the United States while holding such position shall be immediately disqualified from employment and shall be forever disqualified from holding any position in the credit union division.

Approved March 25, 1996

CHAPTER 1013

INVESTMENTS BY LIFE INSURANCE COMPANIES

H.F. 2211

AN ACT relating to the percentage of the legal reserve of a life insurance company which may be invested in certain corporate obligations.

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

Section 1. Section 511.8, subsection 8, paragraph b, subparagraph (2), Code 1995, is amended to read as follows:

(2) ~~Fifty~~ 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.

Approved March 25, 1996

CHAPTER 1014

MUTUAL INSURANCE HOLDING COMPANIES

H.F. 2363

AN ACT authorizing a foreign mutual insurance company or a foreign health service corporation to reorganize by forming an insurance holding company, and providing that a mutual insurance holding company shall at all times own a majority of the voting shares of the capital stock of a reorganized domestic or foreign insurance company.

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

Section 1. Section 521A.14, subsection 2, Code Supplement 1995, is amended by adding the following new paragraph:

NEW PARAGRAPH. c. A foreign mutual insurance company, or a foreign health service corporation, which if a domestic corporation would be organized under chapter 514, may reorganize upon the approval of the commissioner and in compliance with the requirements of any law or regulation which is applicable to the foreign mutual insurance

company or foreign health service corporation by merging its policyholders' or subscribers' membership interests into a mutual insurance holding company formed pursuant to subsection 1 and continuing the corporate existence of the reorganizing foreign mutual insurance company or reorganizing foreign health service corporation as a foreign stock insurance company subsidiary of the mutual insurance holding company. The commissioner, after a public hearing as provided in section 521A.3, subsection 4, paragraph "b", may approve the proposed merger. The commissioner may retain consultants as provided in section 521A.3, subsection 4, paragraph "c". A merger pursuant to this paragraph is subject to section 521A.3, subsections 1, 2, and 3. The reorganizing foreign mutual insurance company or reorganizing foreign health service corporation may remain a foreign company or foreign corporation after the merger, and may be admitted to do business in this state. A foreign mutual insurance company or foreign mutual health service corporation which is a party to the merger may at the same time redomesticate in this state by complying with the applicable requirements of this state and its state of domicile. The provisions of paragraph "b" shall apply to a merger authorized under this paragraph, except that a reference to policyholders in that paragraph is also deemed to include subscribers in the case of a health service corporation.

Sec. 2. Section 521A.14, Code Supplement 1995, is amended by adding the following new subsection:

NEW SUBSECTION. 7. The majority of the voting shares of the capital stock of the reorganized insurance company, which is required by this section to be at all times owned by a mutual insurance holding company, shall not be conveyed, transferred, assigned, pledged, subjected to a security interest or lien, encumbered, or otherwise hypothecated or alienated by the mutual insurance holding company or intermediate holding company. Any conveyance, transfer, assignment, pledge, security interest, lien, encumbrance, or hypothecation or alienation of, in or on the majority of the voting shares of the reorganized insurance company which is required by this section to be at all times owned by a mutual insurance holding company, is in violation of this section and shall be void in inverse chronological order of the date of such conveyance, transfer, assignment, pledge, security interest, lien, encumbrance, or hypothecation or alienation, as to the shares necessary to constitute a majority of such voting shares. The majority of the voting shares of the capital stock of the reorganized insurance company which is required by this section to be at all times owned by a mutual insurance holding company shall not be subject to execution and levy as provided in chapter 626. The shares of the capital stock of the surviving or new company resulting from a merger or consolidation of two or more reorganized insurance companies or two or more intermediate holding companies which were subsidiaries of the same mutual insurance holding company are subject to the same requirements, restrictions, and limitations as provided in this section to which the shares of the merging or consolidating reorganized insurance companies or intermediate holding companies were subject by this section prior to the merger or consolidation.

As used in this section, "majority of the voting shares of the capital stock of the reorganized insurance company" means shares of the capital stock of the reorganized insurance company which carry the right to cast a majority of the votes entitled to be cast by all of the outstanding shares of the capital stock of the reorganized insurance company for the election of directors and on all other matters submitted to a vote of the shareholders of the reorganized insurance company. The ownership of a majority of the voting shares of the capital stock of the reorganized insurance company which are required by this section to be at all times owned by a parent mutual insurance holding company includes indirect ownership through one or more intermediate holding companies in a corporate structure approved by the commissioner. However, indirect ownership through one or more intermediate holding companies shall not result in the mutual insurance holding company owning less than the equivalent of a majority of the voting shares of the capital stock of the reorganized insurance company. The commissioner shall have jurisdiction over an intermediate

holding company as if it were a mutual insurance holding company. As used in this section, "intermediate holding company" means a holding company which is a subsidiary of a mutual insurance holding company, and which either directly or through a subsidiary intermediate holding company has one or more subsidiary reorganized insurance companies of which a majority of the voting shares of the capital stock would otherwise have been required by this section to be at all times owned by the mutual insurance holding company.

Approved March 25, 1996

CHAPTER 1015

FILING OF INSTRUMENTS BY COUNTY RECORDERS

H.F. 2299

AN ACT relating to filing of instruments by county recorders.

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

Section 1. Section 331.606, subsection 1, Code 1995, is amended to read as follows:

1. In addition to other requirements specified by law, the recorder shall note in the fee book the date of filing of each instrument, the number and character of the instrument, and the name of each grantor and grantee named in the instrument. In numbering the instruments, the recorder ~~shall~~ may start with the number one immediately following the date of annual settlement with the board and continue to number them consecutively until the next annual settlement with the board or the recorder may start with number one on the first working day of the calendar year and continue to number the instruments consecutively until the last working day of the calendar year.

Approved March 25, 1996

CHAPTER 1016

HAZARDOUS MATERIALS TRANSPORTATION

H.F. 2303

AN ACT relating to hazardous materials transportation.

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

Section 1. 1991 Iowa Acts, chapter 127, section 2, as amended by 1994 Iowa Acts, chapter 1087, section 14, is repealed.

Approved March 25, 1996