

May 10, 1965.
Sifting Committee.

House File 672
By COMMERCE COMMITTEE.

Passed House, Date 5/28

Passed Senate, Date 6/2

Vote: Ayes 57 Nays 0

Vote: Ayes 49 Nays 0

Approved _____

Estimated cost of bill _____
Estimated revenue _____
Estimated net cost _____
Estimated net revenue _____
Estimated net cost and revenue _____

Commerce - pass 5/29

A BILL FOR

An Act to amend House File 211, Acts of the Sixty-first General Assembly to establish guidelines for the admission of foreign insurance companies.

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

- 1 Section 1. House File two hundred eleven (211), Acts of the
- 2 Sixty-first General Assembly is hereby amended by striking
- 3 therefrom all of section seven (7) and substituting therefor the
- 4 following:
- 5 Sec. 7. Section five hundred fifteen point seventy-seven
- 6 (515.77), Code 1962, is hereby amended by adding thereto the
- 7 following sentence:
- 8 "Provided, however, the commissioner shall not grant or
- 9 continue authority to transact insurance in this state as to any
- 10 insurer the management of which is found by him, after a hearing
- 11 held thereon, to be untrustworthy, or so lacking in insurance
- 12 experience as to make the proposed operation hazardous to the
- 13 insurance-buying public; or which, after a hearing held thereon,
- 14 he has good reason to believe is affiliated directly or
- 15 indirectly through ownership, control, reinsurance transactions
- 16 or other insurance or business relations, with any person or
- 17 persons whose business operations are or have been marked, to the
- 18 detriment of policyholders or stockholders or investors or
- 19 creditors or of the public, by manipulation or dissipation of

20 assets, or manipulation of accounts, or of reinsurance, or by
21 similar injurious actions."

EXPLANATION OF HOUSE FILE 672

Section 7 of House File 211 appears to give the insurance commissioner unlimited discretion to refuse to license an insurance company. This is possibly unconstitutional. This bill would establish guidelines within which the commissioner may exercise his discretion, and eliminate the possibility that House File 211 is unconstitutional.

As it is provided by the General Assembly of the State of Iowa
in Section 11 of the Code of Iowa, Chapter 100, Section 11, that
the commissioner of insurance shall have the power to license
any person who is qualified to transact the business of
insurance in this state, and to refuse to license any person
who is not qualified to transact the business of insurance
in this state, and to suspend or revoke the license of any
person who is licensed to transact the business of insurance
in this state, and to take any other action which he may
deem necessary to carry out the purposes of this chapter.

HOUSE FILE 672

- 1 Amend House File 672 by inserting in line eleven (11),
- 2 section one (1) after the word "thereon" the following:
- 3 "in which he shall establish and consider any prior criminal
- 4 records or any other matters".

Filed
May 29, 1965. *adopted 5/29*

RADL of Linn.