

March 6, 1967
Commerce *Passed as amended 4-13*
4-21, Pass 4-26

House File 345
By KLUEVER, BAILEY and MILLEN

Passed House, Date 4-21-67 Passed Senate, Date 5-11-67
Vote: Ayes 102 Nays 0 Vote: Ayes 48 Nays 1
Approved May 25, 1967

A BILL FOR

An Act relating to the investment of funds of life insurance companies.

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

1 Section 1. Section five hundred eleven point eight (511.8),
2 Code 1966, is hereby amended as follows:

3 1. By striking the word "Nothing" from line sixteen (16)
4 and by striking lines seventeen (17) through twenty-two (22).

5 2. By striking from subsection nine (9), paragraph f, line
6 forty-eight (48), the word "ten" and inserting in lieu thereof
7 the word "fifteen (15)".

8 3. By adding thereto the following new subsection:

9 "Common stocks or shares. Common stock or shares issued by
10 solvent corporations or institutions shall be eligible if the
11 total investment in shares of such corporations or institutions
12 does not exceed ten (10) percent of legal reserves provided not
13 more than one-half (1/2) percent of the legal reserve is in-
14 vested in the shares of any one (1) corporation, and if the
15 stock is listed or admitted to trading on a securities ex-
16 change located in the United States of America or is publicly
17 held and has been traded in the 'over the counter market' and
18 market quotations are readily available, and if such investment
19 does not create for any officer or director of the company a
20 conflict of interest between the insurance company and the cor-
21 poration whose stock is purchased."

1 Sec. 2. Section five hundred eight point thirty-three
2 (508.33), Code 1966, is hereby amended by striking from line

3 eight (8) the word "chapter" and inserting in lieu thereof
4 the word "title".

EXPLANATION

The bill also increases from 10% to 15% the amount of assets in common stocks. The provision incorporates a standard which the stocks must meet which is not in the present law. This is the same standard adopted by the insurance department relating to variable annuity investments.

The bill also increases from 10 to 15 percent the amount of assets which may be invested in obligations secured by first mortgage liens on property.

1 Amend House File 345 as follows:

2 Section 1, by striking lines three (3) and four (4) and in-
serting

3 in lieu thereof the following:

4 "By striking from line nineteen (19) the words ', and no com-
pany

5 organized'; also by striking lines twenty (20) to twenty-two (22)
6 inclusive and inserting in lieu thereof a period."

7 Further amend House File 345 by striking the explanation and
8 inserting the following:

9 Amend the explanation to House File 345 by striking the ex-
plana-

10 tion and inserting in lieu thereof the following:

April 13, 1967 - *Adopted 4-21* COMMITTEE ON COMMERCE

11 SUBSTITUTE EXPLANATION TO HOUSE FILE 345

12 Amend the explanation to House File 345 by striking the explana-
13 tion and inserting in lieu thereof the following:

14 "Under the present statutory provisions, a life insurance
15 company is authorized to invest an amount equal to five (5) per
16 cent of its funds in common stocks. This Bill increases the

authority

17 to ten (10) per cent of legal reserves.

18 Also, the Bill increases the authority to invest in first lien
19 mortgages on real and personal property under paragraph f of Sub-
20 section nine (9) of Section five hundred eleven point eight (511.8)
21 of the Code from ten (10) per cent of legal reserves to fifteen (15)
22 per cent."

Filed - *Adopted 4-21-67*
April 13, 1967

COMMITTEE ON COMMERCE.