

January 31, 1967
Commerce, *Pass 2-14*

By McNAMARA, KLUEVER,
LEE, HICKLIN, FREEMAN,
HULLINGER and O'MALLEY.

Passed House, Date 1-27-67 Passed Senate, Date 3-27-67
Vote: Ayes 117 Nays 0 Vote: Ayes 54 Nays 1
Approved April 28, 1967

*Passed 4-21-67
106-0*

*Substituted
for S. J. 211 3/27
Motion to Reconsider adopted 4-18
Passed 4/18 - 55-0*

A BILL FOR

An act relating to the accreditation of certain reinsurance
purchased by Iowa companies from foreign or alien insurance
companies.

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

1 Section 1. Section five hundred fifteen point forty-seven
2 (515.47), Code 1966, is hereby amended by striking from
3 subsection one (1) all after the word "reinsurance" in line
4 six (6) and all of line seven (7) and inserting in lieu thereof
5 the following: "as provided for in section five hundred fifteen
6 point forty-nine (515.49) of the Code."

1 Sec. 2. Section five hundred fifteen point forty-nine (515.49)
2 Code 1966, is hereby amended by striking the period at the end
3 of line twenty-one (21) of subsection seven (7) and adding the
4 following: ", or unless the excess shall be reinsured by a
5 group of individual unincorporated insurers who are authorized
6 to transact an insurance business in at least one state of the
7 United States and who possess assets which are held in trust
8 for the benefit of the American policyholders in the sum of not
9 less than fifty million dollars."

1 Sec. 3. Section five hundred fifteen point fifty (515.50),
2 Code 1966, is hereby repealed and the following is enacted in
3 lieu thereof:

4 "Such company may lend money on bottomry or respondentia
5 and cause itself to be reinsured in companies authorized to do
6 business in the state, as set forth in section five hundred
7 fifteen point forty-nine (515.49) of the Code."

1 Sec. 4. Section five hundred twenty-one point thirteen
2 (521.13), Code 1966, is hereby repealed and the following is
3 enacted in lieu thereof:

4 "No company or companies as described in section five
5 hundred twenty-one point one (521.1) of the Code shall consolidate
6 or reinsure except insofar as provided by section five hundred
7 fifteen point forty-nine (515.49) of the Code with any other
8 company or companies not authorized to transact business in
9 this state."

EXPLANATION

This act will permit the Iowa domiciled insurance companies to make use of Lloyd's Reinsurance Market and to give the Iowa domiciled companies a better opportunity to negotiate more favorable reinsurance. Under the criteria for recognizing sister state auditing concepts, the Iowa insurance department recognizes the validity of Lloyd's Reinsurance as an asset to companies licensed in Iowa and domiciled in other states. Thus nondomiciled Iowa companies have in effect an additional competitive advantage in Iowa over Iowa-domiciled insurers.

1 Amend House File 71 by striking all of Section one (1) and
2 inserting in lieu thereof the following:
3 Section 1. Section five hundred fifteen point forty-seven
4 (515.47), Code 1966, is hereby amended as follows:
5 1. Subsection one (1), line six (6), is hereby amended by
6 striking all after the word "reinsurance" and inserting in lieu
thereof
7 the following: "as provided for in section five hundred fifteen
8 point forty-nine (515.49) of the Code."
9 2. Subsection two (2), lines seven (7) and eight (8), is hereby
10 amended by striking all after the word "reinsurance" and inserting
in
11 lieu thereof the following: "as provided for in section five hun-
dred
12 fifteen point forty-nine (515.49) of the Code."
13 3. Subsection three (3), lines eight (8) and nine (9), is here-
by
14 amended by striking the words "in authorized companies or
associations"
15 and inserting in lieu thereof the following: "as provided for in
16 section five hundred fifteen point forty-nine (515.49) of the
Code."
17 4. Subsection four (4), lines seven (7) and eight (8), is here-
by
18 amended by striking the words "in authorized companies or associa-
tions"
19 and inserting in lieu thereof the following: "as provided in
section
20 five hundred fifteen point forty-nine (515.49) of the Code."
21 5. Subsection six (6), lines seven (7) and eight (8), is hereby
22 amended by striking the words "in authorized companies or associa-
tions"
23 and inserting in lieu thereof the following: "as provided for in
24 section five hundred point forty-nine (515.49) of the Code."

Filed - *Adopted 2-27*
February 21, 1967

McINTYRE of Linn.

House

1 Amend House File 71 by striking all of Section 2 and
2 inserting in lieu thereof the following:
3 Sec. 2. Section five hundred fifteen point forty-nine
4 (515.49) of subsection 7, Code 1966, is hereby amended by strik-
ing lines
5 twelve (12) through twenty-one (21) of said subsection and
6 inserting in lieu thereof the following:
7 "No company shall expose itself to loss on any one risk
8 or hazard to an amount exceeding ten percent of its surplus
9 to policyholders: (1) unless the excess shall be reinsured
10 in some other good and reliable company licensed to do an
11 insurance business in this state, but in no case shall such
12 excess reinsurance exceed ten percent of the capital of the
13 reinsuring company, and a certificate of such reinsurance
14 shall be furnished to the insured; or (2) unless the excess
15 shall be reinsured by a group of individual unincorporated
16 insurers who are authorized to transact an insurance business
17 in at least one state of the United States and who possess
18 assets which are held in trust for the benefit of the American
19 policyholders in the sum of not less than fifty million dollars,
20 and a certificate of such reinsurance shall be furnished to
21 the insured."

Filed and adopted
February 27, 1967

McNAMARA of Linn.

House

1 Amend House File 71 by striking all of Section 3 and
2 inserting in lieu thereof the following:
3 Sec. 3 Section five hundred fifteen point fifty (515.50),
4 Code 1966, is hereby amended by striking from lines three (3)
5 and four (4) the words "in companies only authorized to do business
6 in this state" and inserting in lieu thereof the following:
7 "in companies or groups authorized to do business in this state,
8 as set forth in section five hundred fifteen point forty-nine
9 (515.49) of the Code."

Filed and adopted
February 27, 1967

McNAMARA of Linn. *House*

1 House File 71 is hereby amended as follows:
2 Amend section one (1) as follows:
3 1. By striking from line one (1) of subsection one (1) the
4 words and figure ", line six (6),".
5 2. By striking from line two (2) of subsection one (1) the
6 words "after the word 'reinsurance'" and inserting in lieu
7 thereof the words "of such subsection after the word 'rein-
8 insurance'
9 in line six (6)".
10 3. By striking from line one (1) of subsection two (2) the
11 words and figures ", lines seven (7) and eight (8),".
12 4. By striking from line two (2) of subsection two (2) the
13 words "after the word 'reinsurance'" and inserting in lieu
14 thereof the words "of such subsection after the word 'rein-
15 insurance'
16 in lines seven (7) and eight (8)".
17 5. By striking from line five (5) of subsection three (3)
18 the word "Code.'" and inserting in lieu thereof the word
19 "Code'."
20 6. By striking from line five (5) of subsection four (4)
21 the word "Code.'" and inserting in lieu thereof the word
22 "Code'."
23 7. By striking from line five (5) of subsection five (5)
24 the word "Code.'" and inserting in lieu thereof the word
25 "Code'."
26 Amend section three (3) by striking from line eight (8)
the word "Code.'" and inserting in lieu thereof the word
"Code'."

Filed-Adopted 4-18
April 7, 1967

House
concurrent 4-21

By GAUDINEER

Senate