

March 26, 1969
Place on Calendar

HOUSE FILE 680

By COMMITTEE ON COMMERCE

Passed House, Date 4-2-69 Passed Senate, Date 5-21-69

Vote: Ayes 107 Nays 2 Vote: Ayes 48 Nays 5

Approved

*Pass as amended by
Senate 5-22;
108-2.*

A BILL FOR

1 An Act relating to the state's share of the funding of the
2 department of housing and urban development riot reinsurance
3 program.

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

5 Section 1. Definitions. As used in this Act, unless the
6 context otherwise requires:

7 1. "Secretary" means the secretary of the federal depart-
8 ment of housing and urban development.

9 2. "The act" means section twelve hundred twenty-three (1223)
10 of the Housing and Urban Development Act of 1968, Public Law
11 ninety dash four hundred forty-eight (90-448), Ninetieth
12 Congress, passed August 1, 1968.

13 3. "Fund" means the federal riot reinsurance reimbursement
14 fund referred to in the act.

15 4. "Commissioner" means the commissioner of insurance.

16 5. "Year" means calendar year.

17 Sec. 2. Creation of fund. There is hereby created a fund
18 which shall be operated under the joint control of the
19 director of revenue and the commissioner. The fund shall con-
20 sist of all payments made to the fund by insurers in accordance
21 with the provisions of this Act. The director of revenue shall
22 have the same power to enforce the collection of the assessments
23 provided herein as any other obligation due the state.

24 Sec. 3. Reimbursement. The fund shall reimburse the secre-
25 tary in an amount up to five percent of the aggregate property

1 insurance premiums earned in this state during the year
2 immediately preceding the year with respect to which the
3 secretary paid losses on lines of insurance reinsured by
4 him in this state during that year and for which he claims
5 reimbursement from the fund in accordance with the act.

6 Sec. 4. Post-assessment funding. Whenever the secretary
7 shall, in accordance with the act, present to the state a
8 request for reimbursement under the act, the fund shall
9 immediately assess all insurers which, during the year
10 with respect to which reimbursement is requested by the
11 secretary, were licensed to write and engaged in this state
12 in writing property insurance business, including the property in-
13 components of multi-peril policies on a direct basis. The
14 amount of each such insurer's assessment shall be calculated
15 by multiplying the amount of the reimbursement requested by
16 the secretary by a fraction, the numeration of which is the
17 insurer's premium actually written in this state in that year
18 on habitational and commercial property risks, and the
19 denominator of which is the aggregate premiums written by all
20 licensed insurers on such property risks. In no event shall
21 any insurer's assessment be less than one hundred dollars.

22 Sec. 5. Authorization of payment. The secretary shall
23 be reimbursed from the fund, up to the amount requested,
24 upon drafts or vouchers duly authorized by the comptroller
25 upon approval by the commissioner. If the assessment pro-
26 duces funds greater than that amount requested by the
27 secretary, the excess shall be placed in a special account
28 under the control of the commissioner, and shall be applied
29 to any subsequent requests by the secretary for reimburse-
30 ment of losses paid on lines of insurance reinsured by him
31 in this state in accordance with the act.

32 In the event that the provisions of this Act and the
33 assessments made thereunder are no longer needed in order
34 to effectuate the program for which they were intended,
35 the amounts remaining in the special account of the fund

- 1 shall inure to the general fund of the state.
- 2 Sec. 6. Insolvency. In the event any insurer fails,
- 3 by reason of insolvency, to pay any assessment, the reimburse-
- 4 ment ratios computed under section four (4) of this Act shall
- 5 be immediately recalculated, excluding therefrom the insolvent
- 6 insurer, so that the assessment is in effect assumed and re-
- 7 distributed among the remaining insurers.

EXPLANATION OF HOUSE FILE 680

This bill authorizes the state of Iowa to aid in the funding of the Federal Riot Reinsurance Program. Such state funding is a prerequisite in the federal law if domestic insurance companies are to be eligible for any federal reinsurance in cases of riot loss.

1 Amend House File 680 by striking all after the enacting
2 clause and inserting in lieu thereof the following:

3 Section 1. As used in this Act, unless the context re-
4 quires otherwise:

5 1. "The secretary" means the secretary of the United
6 States department of housing and urban development.

7 2. "This act" means Section 1223 of the Housing and Urban
8 Development Act of 1968, Public Law 90-448, 90th Congress
9 approved August 1, 1968.

10 3. "The fund" or "fund" means the federal riot reinsur-
11 ance reimbursement fund referred to in this Act.

12 4. "Commissioner" means the commissioner of insurance.

13 Sec. 2. There is hereby created the federal riot rein-
14 surance reimbursement fund in the office of the treasurer
15 of state which shall be operated under the joint control of
16 the director of revenue and the commissioner. The fund
17 shall consist of all payments made by insurers in accord-
18 ance with the provisions of this Act. The director of
19 revenue shall have the same power to enforce the collection
20 of the assessments provided hereunder as any other obligation
21 due the state.

22 Sec. 3. The commissioner shall reimburse the secretary
23 in an amount up to five percent of the aggregate property.
24 insurance premiums earned in this state during the calendar
25 year immediately preceding the calendar year with respect
26 to which the secretary paid losses on lines of insurance
27 reinsured by him in this state during that year and for which
28 he claims reimbursement from the fund in accordance with the
29 act.

30 Sec. 4. Whenever the secretary shall, in accordance with
31 the act, present to the state a request for reimbursement
32 under the act, the commissioner shall immediately assess all
33 insurers which, during the calendar year with respect to which
34 reimbursement is requested by the secretary, were licensed to
35 write and engaged in writing property insurance business, in-
36 cluding the property insurance components of multi-peril poli-
37 cies on a direct basis, in this state. The amount of each such
38 insurer's assessment shall be calculated by multiplying the
39 amount of the reimbursement requested by the secretary by a
40 fraction the numerator of which is the insurer's premium actu-
41 ally written in this state in that calendar year on habitational
42 and commercial property risks and the denominator of which is
43 the aggregate premiums written by all licensed insurers on
44 such property risks. In no event shall any insurer's assess-
45 ment be less than one hundred dollars.

46 Sec. 5. The secretary shall be reimbursed up to the amount
47 requested by warrants issued against the fund by the state
48 comptroller upon vouchers approved by the director of revenue
49 and the commissioner. If the assessment produces a fund greater
50 than the amount requested by the secretary, the overage shall

51 be placed in a special fund in the office of the treasurer of
52 state under the control of the commissioner and the director
53 of revenue and shall be applied to any subsequent requests
54 by the secretary for reimbursement of losses paid on lines
55 of insurance reinsured by him in this state in accordance with
56 the act.

57 In the event that the provisions of this Act and the assess-
58 ments made thereunder are no longer needed in order to effec-
59 tuate the program for which they were intended, the amounts
60 remaining in the special fund shall inure to the general fund
61 of the state.

62 Sec. 6. In the event any insurer fails, by reason of in-
63 solvency, to pay any assessment, the commissioner shall cause
64 the reimbursement ratios computed under section four (4) to be
65 immediately recalculated excluding therefrom the insolvent
66 insurer, so that its assessment is in effect assumed and re-
67 distributed among the remaining insurers.

68 Sec. 7. Insurers shall include in filings submitted pursuant
69 to chapter five hundred fifteen A (515A), Code of 1966, a factor,
70 applicable to the line or lines of insurance on which the
71 assessment is levied, sufficient to recover within not more
72 than three (3) years after the date of assessment any amounts
73 so assessed under Sec. 4 of this Act during the preceding cal-
74 endar year together with the amount of costs and expenses reason-
75 ably attributable to such assessment and recovery thereof.

Filed - *Adopted 5-21*
April 14, 1969

By RIGLER

1 Amend the Rigler amendment, filed April 14, 1969, to
2 House File 680 as follow:

- 3 1. By inserting after line 6 the following and
- 4 renumbering the following subsections:
5 "Farm property" means the residence, personal effects,
6 other farm buildings and other personal property used
7 in conjunction with a farming operation.
- 8 2. By inserting in line 23 after the word "property"
9 the words ", except farm property".
- 10 3. By inserting in line 42 after the word "property"
11 the words ", except farm property,".

Filed - *adopted 5-20, Motion to reconsider filed 5-20, Lost 5-21*

April 23, 1969

By STEPHENS, LODWICK and O'MALLEY

1 Amend House File 680 as follows:

- 2 1. By inserting on page 1, line 14, the following new sub-
- 3 section:
4 "Farm property" means the residence, personal effects,
5 other farm buildings, and other personal property used in
6 conjunction with a farm operation.
- 7 2. By inserting on page 1, line 25, after the word
8 "property" the words ", except farm property".
- 9 3. By inserting on page 2, line 19, after the word
10 "property" the words ", except farm property".

Filed - *Withdrawn 5-21*

May 16, 1969

By STEPHENS, O'MALLEY and LODWICK

1 Amend House File 680 as follows:

- 2 1. Page 1 by inserting after line 14 the
- 3 following new subsection:
4 "Farm property" means the residence, personal
5 effects, other farm buildings, and other personal
6 property used in conjunction with a farm operation.
- 7 2. By inserting on page 1, line 25, after the
8 word "property" the words ", except farm property".
- 9 3. By inserting on page 2, line 18, after the
10 word "property" the words ", except farm property".

Filed - *Withdrawn 5-21*

May 19, 1969

By STEPHENS, O'MALLEY and LUDWICK

SENATE AMENDMENT TO HOUSE FILE 680

1 Amend House File 680 by striking all after the enacting
2 clause and inserting in lieu thereof the following:

3 Section 1. As used in this Act, unless the context re-
4 quires otherwise:

5 1. "The secretatry" means the secretary of the United
6 States department of housing and urban development.

7 2. "Farm property" means the residence, personal
8 effects, other farm buildings and other personal property
9 used in conjunction with a farming operation.

10 3. "This Act" means Section 1223 of the Housing and
11 Urban Development Act of 1968, Public Law 90-448, 90th
12 Congress approved August 1, 1968.

13 4. "The fund" or "fund" means the federal riot rein-
14 surance reimbursement fund referred to in this Act.

15 5. "Commissioner" means the commissioner of insurance.

16 Sec. 2. There is hereby created the federal riot rein-
17 surance reimbursement fund in the office of the treasurer
18 of state which shall be operated under the joint control
19 of the director of revenue and the commissioner. The fund
20 shall consist of all payments made by insurers in accor-
21 dance with the provisions of this Act. The director of
22 revenue shall have the same power to enforce the collection
23 of the assessments provided hereunder as any other obliga-
24 tion due the state.

25 Sec. 3. The commissioner shall reimburse the secretary
26 in an amount up to five percent of the aggregate property,
27 except farm property insurance premiums earned in this
28 state during the calendar year immediately preceding the
29 calendar year with respect to which the secretary paid
30 losses on lines of insurance reinsured by him in this
31 state during that year and for which he claims reimburse-
32 ment from the fund in accordance with the Act.

33 Sec. 4. Whenever the secretary shall, in accordance
34 with the Act, present to the state a request for reimburse-
35 ment under the Act, the commissioner shall immediately assess
36 all insurers which, during the calendar year with respect
37 to which reimbursement is requested by the secretary, were
38 licensed to write and engaged in writing property insurance
39 business, including the property insurance components of
40 multi-peril policies on a direct basis, in this state.

41 The amount of each such insurer's assessment shall be cal-
42 culated by multiplying the amount of the reimbursement re-
43 quested by the secretary by a fraction the numerator of
44 which is the insurer's premium actually written in this
45 state in that calendar year on habitational and commercial
46 property, except farm property, risks and the denominator
47 of which is the aggregate premiums written by all licensed
48 insurers on such property risks. In no event shall any
49 insurer's assessment be less than one hundred dollars.

50 Sec. 5. The secretary shall be reimbursed up to the

*House
referred
to 5-22
motion to
reconsider
filed 5-22
provided 5-22
House
concurrent
5-22*

51 amount requested by warrants issued against the fund by
52 the state comptroller upon vouchers approved by the director
53 of revenue and the commissioner. If the assessment produces
54 a fund greater than the amount requested by the secretary,
55 the overage shall be placed in a special fund in the office
56 of the treasurer of state under the control of the com-
57 missioner and the director of revenue and shall be applied
58 to any subsequent requests by the secretary for reimburse-
59 ment of losses paid on lines of insurance reinsured by him
60 in this state in accordance with this Act.

61 In the event that the provisions of this Act and the
62 assessments made thereunder are no longer needed in order
63 to effectuate the program for which they were intended,
64 the amounts remaining in the special fund shall inure to
65 the general fund of the state.

66 Sec. 6. In the event any insurer fails, by reason of
67 insolvency, to pay any assessment, the commissioner shall
68 cause the reimbursement ratios computed under section four
69 (4) to be immediately recalculated excluding therefrom
70 the insolvent insurer, so that its assessment is in effect
71 assumed and redistributed among the remaining insurers.

72 Sec. 7. Insurers shall include in filings submitted
73 pursuant to Chapter five hundred fifteen A (515A),
74 Code of 1966, a factor, applicable to the line or lines
75 of insurance on which the assessment is levied, sufficient
76 to recover within not more than three (3) years after the
77 date of assessment any amounts so assessed under Sec. 4
78 of this Act during the preceding calendar year together
79 with the amount of costs and expenses reasonably attributable
80 to such assessment and recovery thereof.

Received
May 21, 1969

1 Amend House File 680 by adding thereto the following new
2 section:
3 "Insurers may add to the premiums applicable to the lines on
4 which the assessment is levied, an amount to be approved by the
5 commissioner, sufficient to recover within not more than three
6 (3) years any amounts assessed under section four (4) of this
7 Act during the preceding calendar year together with the amount
8 of costs and expenses reasonably attributable to such assessments
9 and recovery thereof."

Filed - *adopted 4-3*
April 1, 1969

FISCHER of Grundy