

Commerce: Smith, Chair; Hoffmann and Woods.

Do Pass 3/5 (p. 675)

FEB 25 1981

Commerce

HOUSE FILE 547

BY SCHROEDER AND CHIODO

Passed House, Date 3-12-81 (p. 733) Passed Senate, Date 4-21-81 (p. 1328)

Vote: Ayes 66 Nays 26 Vote: Ayes 42 Nays 3

Approved May 1, 1981

A BILL FOR

1 An Act relating to permissible loans and real property
2 purchases by a life insurance company.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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547

1 Section 1. Section 508.7, Code 1981, is amended to read
2 as follows:

3 508.7 LOANS TO OFFICERS. ~~No part of~~ Except as permitted
4 in section 508.8, the capital or other funds shall not be
5 loaned directly or indirectly to any an officer, director,
6 stockholder, or employee of the company or directly or
7 indirectly to any a relative of any an officer or director
8 of ~~such~~ the company.

9 Sec. 2. Section 508.8, Code 1981, is amended to read as
10 follows:

11 508.8 INSURANCE COMPANY OFFICERS--CONFLICTS OF INTEREST
12 PROHIBITED. ~~No~~ A director or officer of any a life insurance
13 company shall not receive, in addition to ~~his~~ fixed salary
14 or compensation, any money or other valuable thing, either
15 directly or indirectly, or through any a substantial interest
16 in ~~any other~~ another corporation or business unit, for
17 negotiating, procuring, recommending or aiding in any the
18 purchase or sale of property, or loan, made by ~~such the~~ insurer
19 or any an affiliate or subsidiary ~~thereof~~ of the insurer;
20 nor shall ~~he~~ a director or officer be pecuniarily interested,
21 either as principal, coprincipal, agent or beneficiary, either
22 directly or indirectly, or through any a substantial interest
23 in ~~any other~~ another corporation or business unit, in any
24 ~~such the~~ purchase, sale or loan. However, a life insurance
25 company, in connection with the relocation of the place of
26 employment of an employee including relocation upon the initial
27 employment of the employee, may do either of the following:

28 1. Make a mortgage loan on real property owned by the
29 employee which is to serve as the employee's dwelling.

30 2. Acquire at not more than fair market value the dwelling
31 which the employee vacates upon relocation.

32 As used in this section, "employee" includes but is not
33 limited to the officers of a life insurance company.

34 EXPLANATION

35 This bill allows life insurance companies to make mortgage

1 loans which are secured by an employee's dwelling to an
2 employee when the employee relocates as a condition of
3 employment. It also allows the companies to purchase, at
4 fair market value, a dwelling vacated by the employee upon
5 relocation. This bill takes effect July 1 following its
6 enactment.

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HOUSE FILE 547

AN ACT
RELATING TO PERMISSIBLE LOANS AND REAL PROPERTY PURCHASES
BY A LIFE INSURANCE COMPANY.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 508.7, Code 1981, is amended to read as follows:

508.7 LOANS TO OFFICERS. ~~No part of~~ Except as permitted in section 508.8, the capital or other funds shall not be loaned directly or indirectly to any an officer, director, stockholder, or employee of the company or directly or indirectly to any a relative of any an officer or director of ~~such~~ the company.

Sec. 2. Section 508.8, Code 1981, is amended to read as follows:

508.8 INSURANCE COMPANY OFFICERS--CONFLICTS OF INTEREST PROHIBITED. No A director or officer of any a life insurance company shall not receive, in addition to ~~his~~ fixed salary or compensation, any money or other valuable thing, either directly or indirectly, or through any a substantial interest in ~~any other~~ another corporation or business unit, for negotiating, procuring, recommending or aiding in any the purchase or sale of property, or loan, made by such the insurer or any an affiliate or subsidiary thereof of the insurer; nor shall ~~he~~ a director or officer be pecuniarily interested, either as principal, coprincipal, agent or beneficiary, either directly or indirectly, or through any a substantial interest in ~~any other~~ another corporation or business unit, in any such the purchase, sale or loan. However, a life insurance company, in connection with the relocation of the place of employment of an employee including relocation upon the initial employment of the employee, may do either of the following:

1. Make a mortgage loan on real property owned by the employee which is to serve as the employee's dwelling.
 2. Acquire at not more than fair market value the dwelling which the employee vacates upon relocation.
- As used in this section, "employee" includes but is not limited to the officers of a life insurance company.

DELWYN STROMER
Speaker of the House

TERRY E. BRANSTAD
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 547, Sixty-ninth General Assembly.

PAT H. HARPER
Chief Clerk of the House

Approved May 1, 1981

ROBERT D. RAY
Governor