

Reprint 2/26/84

Small Business and Commerce: Gronstal, Chair; McIntee and Skow.

HOUSE FILE 189

FEB 9 1983

BY RENAUD

SMALL BUSINESS AND COMMERCE

Passed House, Date 2-21-84 (p. 501) Passed Senate, Date _____

Vote: Ayes 95 Nays 0 Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act requiring state banks and state savings and loan
2 associations to acquire and maintain account insurance
3 on their deposits.

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

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HF 189

1 Section 1. NEW SECTION. 524.816 ACCOUNT INSURANCE.

2 1. Every bank organized under this chapter, as a condition
3 of maintaining its privilege of organization after the
4 effective date of this Act shall become an insured bank and
5 shall acquire and maintain insurance to protect each depositor
6 against loss of funds held on account by the bank. The
7 insurance shall be obtained from the federal deposit insurance
8 corporation or another insurance plan approved by the
9 superintendent.

10 2. The superintendent may furnish to an official of an
11 insurance plan by which the accounts of the bank are insured,
12 any information relating to examinations and reports of the
13 status of that bank for the purpose of availability of
14 insurance to that bank.

15 Sec. 2. NEW SECTION. 533.24 ACCOUNT INSURANCE.

16 1. Every association organized under this chapter as a
17 condition of maintaining its privilege of organization after
18 the effective date of this Act shall acquire and maintain
19 insurance to protect each depositor against loss of funds
20 held on account by the association. The insurance shall be
21 obtained from the federal savings and loan insurance
22 corporation or another insurance plan approved by the
23 supervisor.

24 2. The supervisor may furnish to an official of an
25 insurance plan by which the accounts of the association are
26 insured, any information relating to examinations and reports
27 of the status of that association for the purpose of
28 availability of insurance to that association.

29 EXPLANATION

30 This bill requires state banks and savings and loan associa-
31 tions to obtain and maintain account insurance to protect
32 depositors against loss of funds. The language is
33 substantially similar to current requirements for state credit
34 unions.

35 This bill becomes effective July 1 following enactment.

1 Amend House File 189 as follows:

2 1. Page 1, line 2, by striking the word "Every"
3 and inserting in lieu thereof the word "A".

4 2. Page 1, by inserting after line 14 the
5 following:

6 "Sec. ____ . Section 524.1701, Code 1983, is amended
7 to read as follows:

8 524.1701 APPLICATION OF CHAPTER. ~~Nothing in~~
9 Except as provided in this division, this chapter
10 shall not be construed as affecting or in any way
11 interfering with any a private bank or private banker
12 that was engaged in lawful business prior to April
13 19, 1919.

14 Sec. ____ . NEW SECTION. 524.1703 ACCOUNT
15 INSURANCE.

16 1. A private bank shall acquire and maintain
17 insurance to protect each depositor against loss of
18 funds held on account by the private bank. The
19 insurance shall be obtained from the federal deposit
20 insurance corporation or another insurance plan
21 approved by the superintendent. Upon request from
22 the superintendent, a private bank shall provide proof
23 of compliance with this subsection.

24 2. The superintendent may furnish to an official
25 of an insurance plan by which the accounts of the
26 private bank are insured, any information relating
27 to examinations and reports of the status of that
28 private bank for the purpose of availability of
29 insurance to that private bank.

30 3. The failure of a private bank to comply with
31 subsection 1 shall constitute a request by a private
32 bank under section 524.1702 to be subject to
33 examination and supervision by the superintendent."

34 3. Page 1, line 15, by striking the figure "533.24"
35 and inserting in lieu thereof the figure "534.24".

36 4. Page 1, line 16, by striking the word "Every"
37 and inserting in lieu thereof the word "A".

38 5. Page 1, by inserting after line 28 the
39 following:

40 "Sec. ____ . This bill becomes effective July 1,
41 1984. However, the superintendent of banking may
42 grant to a state bank or a private bank and the
43 supervisor of savings and loan associations may grant
44 to a savings and loan association a six-month extension
45 to January 1, 1985 upon a finding that the financial
46 institution has diligently sought to comply with this
47 Act but was unable to do so by July 1, 1984. After
48 expiration of the first extension a second six-month
49 extension may be granted until July 1, 1985 upon a
50 finding that the financial institution has diligently

Page Two

1 sought to comply with this Act but was unable to do
2 so by January 1, 1985. In no event shall an extension
3 be granted beyond July 1, 1985."

4 6. Title page, line 1, by inserting after the
5 word "banks" the following words: ", private banks".

6 7. Renumber as necessary. BY COMMITTEE ON SMALL
H-5046 FILED JANUARY 31, 1984 BUSINESS AND COMMERCE

Adopted as amended by 5160 2/21 (p. 501)

H-5160

1 Amend House amendment H-5046 to House File 189
2 as follows:

3 1. Page 1, line 40, by inserting before the word
4 "This" the figure "1."

5 2. Page 2, by inserting after line 3 the fol-
6 lowing:

7 "2. Notwithstanding subsection 1, the requirements
8 of this Act shall not apply until July 1, 1986 to
9 a bank or savings and loan association which holds
10 a state charter and is uninsured as of January 1,
11 1984 if the state bank or savings and loan association
12 maintains a reserve equal to at least fifteen percent
13 of its deposits. However, if a bank or savings and
14 loan association exempt from compliance until July
15 1, 1986 allows its reserve to drop below fifteen
16 percent of its deposits, then the bank or savings
17 and loan shall comply with this Act. The bank or
18 savings and loan may be granted a six-month extension
19 to comply upon a finding that the financial institution
20 has diligently sought to comply but was unable to
21 do so by the date compliance is required. After
22 expiration of the first extension, a second six-month
23 extension may be granted upon a finding that the
24 financial institution has diligently sought to com-
25 ply but was unable to do so by the date of expiration
26 of the first extension.

27 A bank or savings and loan association exempt from
28 compliance until July 1, 1986 may be granted a six-
29 month extension to comply upon a finding that the
30 financial institution has diligently sought to comply
31 but was unable to do so by July 1, 1986. After
32 expiration of the first extension, a second six-month
33 extension may be granted upon a finding that the
34 financial institution has diligently sought to comply
35 but was unable to do so by January 1, 1987. In no
36 event shall an extension be permitted under this Act
37 beyond July 1, 1987.

38 3. A state bank, private bank, or state savings
39 and loan association that does not have account
40 insurance in effect by July 1, 1984 shall mail a
41 written notice to each of its depositors stating that
42 the deposits in the financial institution are not
43 insured. The notice shall be sent to the last known
44 address of each depositor. A copy of the notice shall
45 be given to each prospective depositor seeking to
46 open a new account prior to accepting any funds for
47 the account."

BY McINTEE of Black Hawk
CHIODO of Polk

H-5160 FILED FEB. 13, 1984

Adopted 2/21 (p. 501)

HOUSE FILE 189

BY RENAUD

(As Amended and Passed by the House)
Substituted for S. J. 2136 2/29 (p. 578)

Re Passed House, Date 4-3-84 (p. 1590) Passed Senate, Date 2-29-84 (p. 578)

Vote: Ayes 98 Nays 0 Vote: Ayes 43 Nays 2

Approved May 4, 1984

A BILL FOR

1 An Act requiring state banks, private banks and state
2 savings and loan associations to acquire and maintain
3 account insurance on their deposits.

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

5

HOUSE FILE 189

S-5173

- 1 Amend House File 189 as amended, passed, and
- 2 reprinted as follows:
- 3 1. Page 1, line 13, by inserting after the words
- 4 "purpose of" the word "determining".
- 5 2. Page 1, line 33, by inserting after the words
- 6 "purpose of" the word "determining".
- 7 3. Page 2, line 5, by striking the word "A" and
- 8 inserting in lieu thereof the word "An".
- 9 4. Page 2, line 16, by inserting after the words
- 10 "purpose of" the word "determining".
- 11 5. Page 3, line 3, by inserting after the word
- 12 "loan" the word "association".
- 13 6. Page 3, line 4, by inserting after the word
- 14 "loan" the word "association".

S-5173 FILED
FEBRUARY 28, 1984
Adopted 2/29 (p. 578)

BY EDGAR H. HOLDEN

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1 Section 1. NEW SECTION. 524.816 ACCOUNT INSURANCE.

2 1. A bank organized under this chapter, as a condition
3 of maintaining its privilege of organization after the
4 effective date of this Act shall become an insured bank and
5 shall acquire and maintain insurance to protect each depositor
6 against loss of funds held on account by the bank. The
7 insurance shall be obtained from the federal deposit insurance
8 corporation or another insurance plan approved by the
9 superintendent.

10 2. The superintendent may furnish to an official of an
11 insurance plan by which the accounts of the bank are insured,
12 any information relating to examinations and reports of the
13 status of that bank for the purpose of availability of
14 insurance to that bank.

15 Sec. 2. Section 524.1701, Code 1983, is amended to read
16 as follows:

17 524.1701 APPLICATION OF CHAPTER. ~~Nothing-in~~ Except as
18 provided in this division, this chapter shall not be construed
19 as affecting or in any way interfering with any a private
20 bank or private banker that was engaged in lawful business
21 prior to April 19, 1919.

22 Sec. 3. NEW SECTION. 524.1703 ACCOUNT INSURANCE.

23 1. A private bank shall acquire and maintain insurance
24 to protect each depositor against loss of funds held on account
25 by the private bank. The insurance shall be obtained from
26 the federal deposit insurance corporation or another insurance
27 plan approved by the superintendent. Upon request from the
28 superintendent, a private bank shall provide proof of
29 compliance with this subsection.

30 2. The superintendent may furnish to an official of an
31 insurance plan by which the accounts of the private bank are
32 insured, any information relating to examinations and reports
33 of the status of that private bank for the purpose of
34 availability of insurance to that private bank.

35 3. The failure of a private bank to comply with subsection

1 I shall constitute a request by a private bank under section
2 524.1702 to be subject to examination and supervision by the
3 superintendent.

4 Sec. 4. NEW SECTION. 534.24 ACCOUNT INSURANCE.

5 1. A association organized under this chapter as a
6 condition of maintaining its privilege of organization after
7 the effective date of this Act shall acquire and maintain
8 insurance to protect each depositor against loss of funds
9 held on account by the association. The insurance shall be
10 obtained from the federal savings and loan insurance
11 corporation or another insurance plan approved by the
12 supervisor.

13 2. The supervisor may furnish to an official of an
14 insurance plan by which the accounts of the association are
15 insured, any information relating to examinations and reports
16 of the status of that association for the purpose of
17 availability of insurance to that association.

18 Sec. 5. 1. This bill becomes effective July 1, 1984.
19 However, the superintendent of banking may grant to a state
20 bank or a private bank and the supervisor of savings and loan
21 associations may grant to a savings and loan association a
22 six-month extension to January 1, 1985 upon a finding that
23 the financial institution has diligently sought to comply
24 with this Act but was unable to do so by July 1, 1984. After
25 expiration of the first extension a second six-month extension
26 may be granted until July 1, 1985 upon a finding that the
27 financial institution has diligently sought to comply with
28 this Act but was unable to do so by January 1, 1985. In no
29 event shall an extension be granted beyond July 1, 1985.

30 2. Notwithstanding subsection 1, the requirements of this
31 Act shall not apply until July 1, 1986 to a bank or savings
32 and loan association which holds a state charter and is
33 uninsured as of January 1, 1984 if the state bank or savings
34 and loan association maintains a reserve equal to at least
35 fifteen percent of its deposits. However, if a bank or savings

1 and loan association exempt from compliance until July 1,
2 1986 allows its reserve to drop below fifteen percent of its
3 deposits, then the bank or savings and loan shall comply with
4 this Act. The bank or savings and loan may be granted a six-
5 month extension to comply upon a finding that the financial
6 institution has diligently sought to comply but was unable
7 to do so by the date compliance is required. After expiration
8 of the first extension, a second six-month extension may be
9 granted upon a finding that the financial institution has
10 diligently sought to comply but was unable to do so by the
11 date of expiration of the first extension.

12 A bank or savings and loan association exempt from
13 compliance until July 1, 1986 may be granted a six-month
14 extension to comply upon a finding that the financial
15 institution has diligently sought to comply but was unable
16 to do so by July 1, 1986. After expiration of the first
17 extension, a second six-month extension may be granted upon
18 a finding that the financial institution has diligently sought
19 to comply but was unable to do so by January 1, 1987. In
20 no event shall an extension be permitted under this Act beyond
21 July 1, 1987.

22 3. A state bank, private bank, or state savings and loan
23 association that does not have account insurance in effect
24 by July 1, 1984 shall mail a written notice to each of its
25 depositors stating that the deposits in the financial
26 institution are not insured. The notice shall be sent to
27 the last known address of each depositor. A copy of the
28 notice shall be given to each prospective depositor seeking
29 to open a new account prior to accepting any funds for the
30 account.

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SENATE AMENDMENT TO HOUSE FILE 189

H-5355

1 Amend House File 189 as amended, passed, and
2 reprinted as follows:

- 3 1. Page 1, line 13, by inserting after the words
4 "purpose of" the word "determining".
- 5 2. Page 1, line 33, by inserting after the words
6 "purpose of" the word "determining".
- 7 3. Page 2, line 5, by striking the word "A" and
8 inserting in lieu thereof the word "An".
- 9 4. Page 2, line 16, by inserting after the words
10 "purpose of" the word "determining".
- 11 5. Page 3, line 3, by inserting after the word
12 "loan" the word "association".
- 13 6. Page 3, line 4, by inserting after the word
14 "loan" the word "association".

H-5355 FILED MARCH 1, 1984

RECEIVED FROM THE SENATE

House concurred 4/3 (p. 1540)

HOUSE FILE 189

AN ACT

REQUIRING STATE BANKS, PRIVATE BANKS AND STATE SAVINGS AND LOAN ASSOCIATIONS TO ACQUIRE AND MAINTAIN ACCOUNT INSURANCE ON THEIR DEPOSITS.

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

Section 1. NEW SECTION. 524.816 ACCOUNT INSURANCE.

1. A bank organized under this chapter, as a condition of maintaining its privilege of organization after the effective date of this Act shall become an insured bank and shall acquire and maintain insurance to protect each depositor against loss of funds held on account by the bank. The insurance shall be obtained from the federal deposit insurance corporation or another insurance plan approved by the superintendent.

2. The superintendent may furnish to an official of an insurance plan by which the accounts of the bank are insured, any information relating to examinations and reports of the status of that bank for the purpose of determining availability of insurance to that bank.

Sec. 2. Section 524.1701, Code 1983, is amended to read as follows:

524.1701 APPLICATION OF CHAPTER. ~~Nothing in~~ Except as provided in this division, this chapter shall not be construed as affecting or in any way interfering with any a private bank or private banker that was engaged in lawful business prior to April 19, 1919.

Sec. 3. NEW SECTION. 524.1703 ACCOUNT INSURANCE.

1. A private bank shall acquire and maintain insurance to protect each depositor against loss of funds held on account by the private bank. The insurance shall be obtained from the federal deposit insurance corporation or another insurance

plan approved by the superintendent. Upon request from the superintendent, a private bank shall provide proof of compliance with this subsection.

2. The superintendent may furnish to an official of an insurance plan by which the accounts of the private bank are insured, any information relating to examinations and reports of the status of that private bank for the purpose of determining availability of insurance to that private bank.

3. The failure of a private bank to comply with subsection 1 shall constitute a request by a private bank under section 524.1702 to be subject to examination and supervision by the superintendent.

Sec. 4. NEW SECTION. 534.24 ACCOUNT INSURANCE.

1. An association organized under this chapter as a condition of maintaining its privilege of organization after the effective date of this Act shall acquire and maintain insurance to protect each depositor against loss of funds held on account by the association. The insurance shall be obtained from the federal savings and loan insurance corporation or another insurance plan approved by the supervisor.

2. The supervisor may furnish to an official of an insurance plan by which the accounts of the association are insured, any information relating to examinations and reports of the status of that association for the purpose of determining availability of insurance to that association.

Sec. 5. 1. This bill becomes effective July 1, 1984. However, the superintendent of banking may grant to a state bank or a private bank and the supervisor of savings and loan associations may grant to a savings and loan association a six-month extension to January 1, 1985 upon a finding that the financial institution has diligently sought to comply with this Act but was unable to do so by July 1, 1984. After expiration of the first extension a second six-month extension may be granted until July 1, 1985 upon a finding that the

financial institution has diligently sought to comply with this Act but was unable to do so by January 1, 1985. In no event shall an extension be granted beyond July 1, 1985.

2. Notwithstanding subsection 1, the requirements of this Act shall not apply until July 1, 1986 to a bank or savings and loan association which holds a state charter and is uninsured as of January 1, 1984 if the state bank or savings and loan association maintains a reserve equal to at least fifteen percent of its deposits. However, if a bank or savings and loan association exempt from compliance until July 1, 1986 allows its reserve to drop below fifteen percent of its deposits, then the bank or savings and loan association shall comply with this Act. The bank or savings and loan association may be granted a six-month extension to comply upon a finding that the financial institution has diligently sought to comply but was unable to do so by the date compliance is required. After expiration of the first extension, a second six-month extension may be granted upon a finding that the financial institution has diligently sought to comply but was unable to do so by the date of expiration of the first extension.

A bank or savings and loan association exempt from compliance until July 1, 1986 may be granted a six-month extension to comply upon a finding that the financial institution has diligently sought to comply but was unable to do so by July 1, 1986. After expiration of the first extension, a second six-month extension may be granted upon a finding that the financial institution has diligently sought to comply but was unable to do so by January 1, 1987. In no event shall an extension be permitted under this Act beyond July 1, 1987.

3. A state bank, private bank, or state savings and loan association that does not have account insurance in effect by July 1, 1984 shall mail a written notice to each of its depositors stating that the deposits in the financial institution are not insured. The notice shall be sent to

the last known address of each depositor. A copy of the notice shall be given to each prospective depositor seeking to open a new account prior to accepting any funds for the account.

DONALD E. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 189, Seventieth General Assembly.

JOSEPH O'HEARN
Chief Clerk of the House

Approved May 4, 1984

TERRY E. BRANSTAD
Governor