

COMMERCE: Jensen, Chair; Carr and Priebe

FEB 5 1987

HOUSE FILE 170

Place On Calendar

BY COMMITTEE ON SMALL BUSINESS  
AND COMMERCE

(Formerly House Study Bill 84)

Passed House, Date 2-16-87 (p. 361) Passed Senate, Date 3-13-87 (p. 478)

Vote: Ayes 90 Nays 0 Vote: Ayes 39 Nays 0

Approved May 29, 1987

*Repassed House as amended by Senate  
4/26/87 (p. 1522)  
93-0*

**A BILL FOR**

1 An Act to authorize the sale of the corporate shell of an  
2 insolvent insurance company.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
SENATE AMENDMENT TO HOUSE FILE 170

H-3202

1 Amend House File 170 as passed by the House as  
2 follows:

3 1. Page 1, by inserting after line 25 the  
4 following:

5 "Sec. \_\_\_\_ . This Act, being deemed of immediate  
6 importance, takes effect upon enactment."

7 2. Title page, line 2, by inserting after the  
8 word "company" the words "and providing an effective  
9 date".

H-3202 FILED MARCH 17, 1987 RECEIVED FROM THE SENATE  
*House concurred 4/26/87 (p. 1522)*

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1 Section 1. Section 507C.20, Code 1987, is amended to read  
2 as follows:

3 507C.20 DISSOLUTION OF INSURER.

4 The commissioner may petition for an order dissolving the  
5 corporate existence of a domestic insurer or the United States  
6 branch of an alien insurer domiciled in this state at the time  
7 the commissioner applies for a liquidation order. The court  
8 shall order dissolution of the corporation upon petition by  
9 the commissioner upon or after the granting of a liquidation  
10 order. If the dissolution has not previously been ordered, it  
11 shall be effected by operation of law upon the discharge of  
12 the liquidator if the insurer is insolvent. However,  
13 dissolution may be ordered by the court upon the discharge of  
14 the liquidator if the insurer is under a liquidation order for  
15 some other reason. Notwithstanding the above, upon  
16 application by the commissioner and following notice as  
17 prescribed by the court and a hearing, the court may sell the  
18 corporation as an entity, together with any of its licenses to  
19 do business, despite the entry of an order of liquidation.  
20 The sale may be made on terms and conditions the court deems  
21 appropriate including, but not limited to, the placing of the  
22 proceeds of the sale of the corporate entity and licenses into  
23 a trust for the benefit of policyholders and creditors with  
24 proceeds to be distributed in the manner set forth in section  
25 507C.42.

26 EXPLANATION

27 This bill allows the sale of the corporate entity together  
28 with any associated licenses to do business of an insurer  
29 under a liquidation order upon application to the court by the  
30 commissioner of insurance. The sale may be made on terms and  
31 conditions set by the court including placing the proceeds of  
32 the sale in trust for the benefit of the policyholders and  
33 creditors of the insurer.

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HISB 84

*Noted*

SMALL BUSINESS AND COMMERCE

HOUSE/SENATE FILE \_\_\_\_\_  
BY (PREFILED DIVISION OF  
INSURANCE BILL)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act to authorize the sale of the corporate shell of an  
2 insolvent insurance company.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SUB COMMITTEE ASSIGNMENTS

CHAIR: *Grain*  
COMMITTEE: *Small Business*  
*1-27-87*

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29 under a liquidation order upon application to the court by the  
30 commissioner of insurance. The sale may be made on terms and  
31 conditions set by the court including placing the proceeds of  
32 the sale in trust for the benefit of the policyholders and  
33 creditors of the insurer.

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HOUSE FILE 170

Sec. 2. This Act, being deemed of immediate importance, takes effect upon enactment.

AN ACT

TO AUTHORIZE THE SALE OF THE CORPORATE SHELL OF AN INSOLVENT INSURANCE COMPANY AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Section 507C.20, Code 1987, is amended to read as follows:

507C.20 DISSOLUTION OF INSURER.

The commissioner may petition for an order dissolving the corporate existence of a domestic insurer or the United States branch of an alien insurer domiciled in this state at the time the commissioner applies for a liquidation order. The court shall order dissolution of the corporation upon petition by the commissioner upon or after the granting of a liquidation order. If the dissolution has not previously been ordered, it shall be effected by operation of law upon the discharge of the liquidator if the insurer is insolvent. However, dissolution may be ordered by the court upon the discharge of the liquidator if the insurer is under a liquidation order for some other reason. Notwithstanding the above, upon application by the commissioner and following notice as prescribed by the court and a hearing, the court may sell the corporation as an entity, together with any of its licenses to do business, despite the entry of an order of liquidation. The sale may be made on terms and conditions the court deems appropriate including, but not limited to, the placing of the proceeds of the sale of the corporate entity and licenses into a trust for the benefit of policyholders and creditors with proceeds to be distributed in the manner set forth in section 507C.42.

\_\_\_\_\_  
DONALD D. AVENSON  
Speaker of the House

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JO ANN ZIMMERMAN  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 170, Seventy-second General Assembly.

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JOSEPH O'HERN  
Chief Clerk of the House  
Approved May 29, 1987

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TERRY E. BRANSTAD  
Governor

HF 170