

FILED FEB 10 1998

COMMENCE

SENATE FILE 2173

BY GRONSTAL

Passed Senate, Date _____ Passed House, Date _____
 Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
 Approved _____

A BILL FOR

1 An Act relating to disposition and use of unclaimed funds
 2 resulting from the liquidation of an insurer.

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

- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

S.F. 2173

1 Section 1. Section 507C.45, subsection 1, Code 1997, is
2 amended to read as follows:

3 1. Unclaimed funds subject to distribution remaining in
4 the liquidator's hands when the liquidator is ready to apply
5 to the court for discharge, including the amount distributable
6 to a creditor, shareholder, member, or other person who is
7 unknown or cannot be found, shall be deposited with the state
8 treasurer of state, and shall be paid without interest, except
9 in accordance with section 507C.42, to the person entitled to
10 the funds or to the person's legal representative upon proof
11 satisfactory to the state treasurer of state of the right to
12 the funds. An amount on deposit not claimed within six years
13 from the discharge of the liquidator is deemed to have been
14 abandoned and shall become the property of the state without
15 formal escheat proceedings and ~~shall be deposited with the~~
16 ~~general fund~~ made available to the commissioner for use in the
17 detection and prevention of future insolvencies.

18 Sec. 2. Section 507C.45, subsection 3, Code 1997, is
19 amended by striking the subsection.

20 EXPLANATION

21 This bill provides that funds remaining on deposit with the
22 treasurer of state after six years from the date of discharge
23 of a liquidator associated with the liquidation of an
24 insurance company under Code chapter 507C, and which are
25 deemed to be abandoned, are to be made available to the
26 insurance commissioner for use in detecting and preventing
27 future insolvencies of insurance companies. The bill
28 eliminates an additional two-year waiting period before such
29 funds might be made available to the commissioner.

30 Currently, such funds are to be deposited in the general
31 fund of the state, unless, with the approval of the court,
32 such funds are to be made available to the insurance
33 commissioner for use in the detection and prevention of future
34 insolvencies. Prior to being able to use these funds,
35 however, the commissioner must hold the funds for an

1 additional two years for the payment to persons entitled to
2 the funds. After this two-year period, the rights and duties
3 to the remaining unclaimed funds vest in the commissioner.

4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35