

# Senate Study Bill 108

## Bill Text

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1 1 Section 1. Section [508.32](#), Code 1997, is amended by adding  
1 2 the following new unnumbered paragraphs:

1 3 NEW UNNUMBERED PARAGRAPH. As used in this section, life  
1 4 insurance policies and annuity contracts include accident and  
1 5 health insurance policies and contracts, and include  
1 6 undertakings, duties, and obligations incidental to or in  
1 7 furtherance of any such policies or contracts. As used in  
1 8 this section, proceeds include additions and contributions.  
1 9 Funds held by an insurance company as authorized by this  
1 10 section may be held in a separate account established pursuant  
1 11 to section 508A.1, except that section 508A.1, subsection 5,  
1 12 shall not be applicable to such account. However, funds held  
1 13 by an insurance company as authorized in this section shall  
1 14 not be chargeable with liabilities arising out of any other  
1 15 business the company may conduct.

1 16 NEW UNNUMBERED PARAGRAPH. Funds held by an insurance  
1 17 company in conjunction with an accident and health insurance  
1 18 policy as authorized by this section do not constitute a  
1 19 security as defined in section 502.102.

1 20 Sec. 2. NEW SECTION. 508.32A FUNDS HELD IN CUSTODIAL OR  
1 21 SIMILAR ACCOUNT.

1 22 A life insurance company organized under this chapter and  
1 23 doing business in this state may hold funds, including  
1 24 additions and contributions, as custodian in a custodial or  
1 25 similar account in conjunction with an accident and health  
1 26 insurance policy. Funds held by an insurance company as  
1 27 authorized by this section may be invested by such company in  
1 28 the manner specified in the account instrument or agreement.  
1 29 Funds held by an insurance company as authorized by this  
1 30 section shall not be chargeable with liabilities arising out  
1 31 of any other business the company may conduct.

1 32 Funds held by an insurance company in conjunction with an  
1 33 accident and health insurance policy as authorized by this  
1 34 section do not constitute a security as defined in section  
1 35 502.102.

2 1 Sec. 3. NEW SECTION. 508A.1A FUNDS HELD IN SEPARATE  
2 2 ACCOUNT.

2 3 As used in section 508A.1, life insurance and annuities  
2 4 include accident and health insurance policies and contracts,  
2 5 and include undertakings, duties, and obligations incidental  
2 6 to or in furtherance of any such policies or contracts. As  
2 7 used in this section, proceeds and benefits include additions  
2 8 and contributions.

2 9 Funds held by an insurance company in conjunction with an  
2 10 accident and health insurance policy as authorized by this  
2 11 section do not constitute a security as defined in section  
2 12 502.102.

2 13 Sec. 4. This Act, being deemed of immediate importance,  
2 14 takes effect upon enactment.

2 15 EXPLANATION

2 16 This bill amends provisions of Code chapters 508 and 508A  
2 17 regarding the ability of a life insurance company to hold  
2 18 funds in a custodial or separate account for the purpose of a  
2 19 medical savings account or similar account, as authorized  
2 20 under federal or state law.

2 21 Code section 508.32 is amended to provide that life

2 22 insurance policies and annuity contracts include accident and  
2 23 health insurance policies and contracts, and undertakings,  
2 24 duties, and obligations which are incidental to or in  
2 25 furtherance of such life insurance policies, annuity  
2 26 contracts, and accident and health insurance policies and  
2 27 contracts. The bill provides that a life insurance company  
2 28 may hold funds in a separate account established pursuant to  
2 29 section 508A.1, except that the requirement that the funds in  
2 30 such separate account must be owned by the insurance company  
2 31 and the prohibition against the insurance company holding  
2 32 itself out as trustee do not apply. The bill provides that  
2 33 funds held by an insurance company in conjunction with an  
2 34 accident and health insurance policy are not chargeable with  
2 35 liabilities arising out of any other business of the company

3 1 and do not constitute a security under section 502.102.

3 2 New Code section 508.32A is created and authorizes a life  
3 3 insurance company to hold funds as a custodian in a custodial  
3 4 or similar account in conjunction with an accident and health  
3 5 insurance policy. Funds held in such account are not  
3 6 chargeable with liabilities arising out of any other business  
3 7 of the company and do not constitute a security under section  
3 8 502.102.

3 9 New Code section 508A.1 is created and provides that life  
3 10 insurance and annuities include accident and health insurance  
3 11 policies and contracts. Funds held in a separate account  
3 12 pursuant to this section are not chargeable with liabilities  
3 13 arising out of any other business of the company and do not  
3 14 constitute a security under section 502.102.

3 15 The bill takes effect upon enactment.

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