

**House Study Bill 32 - Introduced**

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE  
ON COMMERCE BILL BY  
CHAIRPERSON LUNDGREN)

**A BILL FOR**

1 An Act relating to life insurance company or association cash  
2 reinvestments in repurchase agreements collateralized by  
3 securities, and including applicability provisions.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 511.8, subsection 23, paragraph c, Code  
2 2021, is amended to read as follows:

3 c. If the loan is collateralized by cash or cash  
4 equivalents, the cash or cash equivalent collateral may be  
5 reinvested by the life insurance company or association in  
6 rule 2a-7 money market funds as defined in subsection 24,  
7 individual securities which are eligible for inclusion in the  
8 legal reserve of the life insurance company or association,  
9 or in repurchase agreements fully collateralized by such  
10 securities if the life insurance company or association takes  
11 delivery of the collateral either directly or through an  
12 authorized custodian or pooled fund comprised of individual  
13 securities which are eligible for inclusion in the legal  
14 reserve of the life insurance company or association. If such  
15 reinvestment is made in individual securities, or in repurchase  
16 agreements collateralized by securities other than United  
17 States government obligations as described in subsection 1, the  
18 individual securities or the securities which collateralize the  
19 repurchase agreements shall mature in less than two hundred  
20 seventy days. If such reinvestment is made in a pooled fund,  
21 the average maturity of the securities comprising such pooled  
22 fund must be one hundred eighty days or less and the individual  
23 maturities of the securities comprising such pooled fund  
24 must be three hundred ninety-seven days or less. Individual  
25 securities and securities comprising the pooled fund shall  
26 be investment grade. As used in this paragraph, "maturity"  
27 means the earlier of the fixed date on which the holder of  
28 the security is unconditionally entitled to receive principal  
29 and interest in full or the date on which the holder of the  
30 security is unconditionally entitled upon demand to receive  
31 principal and interest in full.

32 Sec. 2. APPLICABILITY. This Act applies to cash or cash  
33 equivalent reinvestments by a life insurance company or  
34 association made in repurchase agreements collateralized by  
35 securities on or after January 1, 2022.

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EXPLANATION

The inclusion of this explanation does not constitute agreement with the explanation's substance by the members of the general assembly.

This bill allows life insurance companies and associations to reinvest cash or cash equivalent collateral for loans from securities held in their legal reserves in repurchase agreements collateralized by securities in United States government obligations maturing in 270 days or more. Under current law, all securities that collateralize repurchase agreements must mature in less than 270 days. "United States government obligations" is described in the bill.

The bill applies to cash or cash equivalent reinvestments, by life insurance companies and associations, made in repurchase agreements collateralized by securities, on or after January 1, 2022.