

Senate File 320 - Introduced

SENATE FILE 320
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 1086)

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

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

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

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