

**CHAPTER 1196**  
**INSURANCE ON DEPOSITORS' ACCOUNTS**  
*H.F. 189*

**AN ACT** requiring state banks, private banks and state savings and loan associations to acquire and maintain account insurance on their deposits.

*Be It Enacted by the General Assembly of the State of Iowa:*

**Section 1. NEW SECTION. 524.816 ACCOUNT INSURANCE.**

1. A bank organized under this chapter, as a condition of maintaining its privilege of organization after the effective date of this Act shall become an insured bank and shall acquire and maintain insurance to protect each depositor against loss of funds held on account by the bank. The insurance shall be obtained from the federal deposit insurance corporation or another insurance plan approved by the superintendent.

2. The superintendent may furnish to an official of an insurance plan by which the accounts of the bank are insured, any information relating to examinations and reports of the status of that bank for the purpose of determining availability of insurance to that bank.

**Sec. 2. Section 524.1701, Code 1983, is amended to read as follows:**

**524.1701 APPLICATION OF CHAPTER.** ~~Nothing in~~ Except as provided in this division, this chapter shall not be construed as affecting or in any way interfering with any a private bank or private banker that was engaged in lawful business prior to April 19, 1919.

**Sec. 3. NEW SECTION. 524.1703 ACCOUNT INSURANCE.**

1. A private bank shall acquire and maintain insurance to protect each depositor against loss of funds held on account by the private bank. The insurance shall be obtained from the federal deposit insurance corporation or another insurance plan approved by the superintendent. Upon request from the superintendent, a private bank shall provide proof of compliance with this subsection.

2. The superintendent may furnish to an official of an insurance plan by which the accounts of the private bank are insured, any information relating to examinations and reports of the status of that private bank for the purpose of determining availability of insurance to that private bank.

3. The failure of a private bank to comply with subsection 1 shall constitute a request by a private bank under section 524.1702 to be subject to examination and supervision by the superintendent.

**Sec. 4. NEW SECTION. 534.24 ACCOUNT INSURANCE.**

1. An association organized under this chapter as a condition of maintaining its privilege of organization after the effective date of this Act shall acquire and maintain insurance to protect each depositor against loss of funds held on account by the association. The insurance shall be obtained from the federal savings and loan insurance corporation or another insurance plan approved by the supervisor.

2. The supervisor may furnish to an official of an insurance plan by which the accounts of the association are insured, any information relating to examinations and reports of the status

of that association for the purpose of determining availability of insurance to that association.

Sec. 5. 1. This bill becomes effective July 1, 1984. However, the superintendent of banking may grant to a state bank or a private bank and the supervisor of savings and loan associations may grant to a savings and loan association a six-month extension to January 1, 1985 upon a finding that the financial institution has diligently sought to comply with this Act but was unable to do so by July 1, 1984. After expiration of the first extension a second six-month extension may be granted until July 1, 1985 upon a finding that the financial institution has diligently sought to comply with this Act but was unable to do so by January 1, 1985. In no event shall an extension be granted beyond July 1, 1985.

2. Notwithstanding subsection 1, the requirements of this Act shall not apply until July 1, 1986 to a bank or savings and loan association which holds a state charter and is uninsured as of January 1, 1984 if the state bank or savings and loan association maintains a reserve equal to at least fifteen percent of its deposits. However, if a bank or savings and loan association exempt from compliance until July 1, 1986 allows its reserve to drop below fifteen percent of its deposits, then the bank or savings and loan association shall comply with this Act. The bank or savings and loan association may be granted a six-month extension to comply upon a finding that the financial institution has diligently sought to comply but was unable to do so by the date compliance is required. After expiration of the first extension, a second six-month extension may be granted upon a finding that the financial institution has diligently sought to comply but was unable to do so by the date of expiration of the first extension.

A bank or savings and loan association exempt from compliance until July 1, 1986 may be granted a six-month extension to comply upon a finding that the financial institution has diligently sought to comply but was unable to do so by July 1, 1986. After expiration of the first extension, a second six-month extension may be granted upon a finding that the financial institution has diligently sought to comply but was unable to do so by January 1, 1987. In no event shall an extension be permitted under this Act beyond July 1, 1987.

3. A state bank, private bank, or state savings and loan association that does not have account insurance in effect by July 1, 1984 shall mail a written notice to each of its depositors stating that the deposits in the financial institution are not insured. The notice shall be sent to the last known address of each depositor. A copy of the notice shall be given to each prospective depositor seeking to open a new account prior to accepting any funds for the account.

Approved May 4, 1984