

CHAPTER 1161

REGULATION OF STATE BANKS

S.F. 2339

AN ACT relating to the regulation of state banks by increasing the minimum time within which an examination of a state bank must occur, amending certain provisions relating to investment authority and asset valuation of a state bank, providing greater flexibility regarding public hearings, and providing for the continued suspension of certain banking laws.

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

Section 1. Section 524.217, subsection 1, Code 1991, is amended to read as follows:

1. The superintendent shall have power to make or cause to be made an examination of every state bank and trust company whenever in the superintendent's judgment such examination is necessary or advisable, but in no event less frequently than once during each ~~eighteen-month~~ two-year period. During the course of each examination of a state bank or trust company, inquiry shall be made as to its financial condition, the security afforded to those to whom it is obligated, the policies of its management, whether the requirements of law have been complied with in the administration of its affairs, and such other matters as the superintendent may prescribe. The superintendent shall also have power to make or cause to be made such limited examinations at such times and with such frequency as the superintendent may deem necessary and advisable to determine the condition of any state bank or trust company and whether any person has violated any of the provisions of this chapter.

Sec. 2. Section 524.305, subsection 3, Code 1991, is amended to read as follows:

3. Within ninety days after the second publication of the notice referred to in section 524.304 any person opposing the pending application shall file written objections ~~thereto~~ with the superintendent. Following the expiration of the ~~ninety-day period referred to in the previous sentence~~ and prior to making a determination on the pending application, the superintendent shall, ~~upon~~ give adequate notice of the pending application, and may afford all interested persons, including the incorporators, an opportunity for a stenographically reported hearing during which such persons shall be allowed to present evidence in support of, or in opposition to, the pending application.

The superintendent shall conduct such hearing if any interested person files an objection to the pending application and requests a hearing.

Sec. 3. Section 524.902, subsection 2, Code 1991, is amended to read as follows:

2. Nothing in this chapter shall be is deemed to permit a state bank to purchase a ~~vendor's~~ or vendee's interest in a real property sales contract, provided, however, that a state bank may loan or extend credit on the security of such an interest.

Sec. 4. Section 524.910, subsection 2, Code 1991, is amended to read as follows:

2. Real property purchased by a state bank at sales upon foreclosure of mortgages or deeds of trust owned by it, or acquired upon judgments or decrees obtained or rendered for debts due it, or real property conveyed to it in satisfaction of debts previously contracted in the course of its business, or real property obtained by it through redemption as a junior mortgagee or judgment creditor, shall be sold or otherwise disposed of by the state bank within five years after title is vested in the state bank, unless the time is extended by the superintendent. ~~Agricultural land held by a state bank pursuant to this subsection shall be valued on the books of the bank at a value determined by obtaining the per acre average of the valuations for the current year and the four previous years for agricultural land in the county in which the agricultural land is located as published by Iowa state university of science and technology. If an appraisal conducted by an independent real estate appraiser is available for the current year, the five-year county average shall be adjusted by either adding or subtracting from the five-year average the percentage by which the particular farm's current appraised~~

value exceeds or is less than the current year's county average value. To the extent permitted by federal law, national banks may value agricultural land on the same basis as state banks.

Sec. 5. Section 524.1303, subsection 3, Code 1991, is amended to read as follows:

3. When a state bank has proposed to dissolve by adopting a plan of dissolution involving a provision for acquisition of its assets and assumption of its liabilities by another state bank, ~~it~~ the dissolving bank shall publish a notice of the proposed transaction. The notice shall be published once each week for two successive weeks in a newspaper of general circulation published in the municipal corporation or unincorporated area in which the dissolving bank has its principal place of business, and in the municipal corporation or unincorporated area in which the acquiring state bank has its principal place of business, or if there is none, a newspaper of general circulation published in the county or counties, or in a county adjoining the county or counties, in which the dissolving bank and the acquiring bank have their principal place of business. ~~Such~~ The publication of notice shall be made within thirty days after making application to the superintendent for approval of the plan of dissolution, and proof of publication of the notice shall be delivered to the superintendent. The notice shall set forth the name of the dissolving state bank and of the acquiring state bank, the location and post-office address of the principal place of business of the dissolving state bank and of the acquiring state bank and of each office to be maintained by the acquiring state bank and a brief statement of the nature of the proposed transaction. Prior to making a determination on the pending application, the superintendent shall, ~~upon~~ give adequate notice of the pending application, and may afford all interested parties an opportunity for a stenographically reported hearing during which such parties shall be allowed to present evidence in support of, or in opposition to, the pending application.

~~The superintendent shall conduct such hearing if any interested person files an objection to the pending application and requests a hearing.~~ If the superintendent finds that the superintendent must act immediately on the pending application in order to protect the interests of depositors or the assets of the dissolving bank, the superintendent may proceed without requiring publication of the notice and without providing for the hearing referred to in this subsection.

Sec. 6. Section 524.1403, subsection 2, Code 1991, is amended to read as follows:

2. Within one hundred eighty days after receipt of the application, or within an additional period of not more than sixty days after receipt of an amendment of the application, the superintendent shall ~~make a determination~~ determine whether to approve or disapprove the application on the basis of the investigation. The plan shall not be modified at any time after approval of the application by the superintendent. Prior to making a determination on the pending application the superintendent shall, ~~upon~~ give adequate notice of the pending application, and may afford all interested persons an opportunity for a stenographically reported hearing during which such persons shall be allowed to present evidence in support of, or in opposition to, the pending application.

~~The superintendent shall conduct such hearing if any interested person files an objection to the pending application and requests a hearing.~~ If the superintendent finds that the superintendent must act immediately on the pending application in order to protect the interests of depositors or the assets of any party to the plan, the superintendent may proceed without requiring publication of the notice and without providing for the hearing referred to in this subsection. Before receiving the decision of the superintendent with respect to the pending application, the parties to the plan shall, upon notice, reimburse the superintendent to the extent of the expenses incurred in connection with the application. Thereafter the superintendent shall give to the parties to the plan written notice of the decision and, in the event of disapproval, a statement of the reasons for the decision. The decision of the superintendent shall be subject to judicial review in accordance with the terms of the Iowa administrative procedure Act chapter 17A.

Sec. 7. 1990 Iowa Acts, chapter 1274, unnumbered paragraph 1 after the enacting clause, as amended by 1991 Iowa Acts, chapter 220, section 7, is amended to read as follows:

That the banking laws contained in Code chapter 524, as identified by the superintendent of banking, are suspended to the extent that the laws restrict any state or nationally chartered bank located in Iowa or bank holding company owning a bank located in Iowa in the acquisition of savings associations eligible for assistance or their assets or liabilities. Such suspension shall remain in effect until July 1, 1992 ~~1993~~. On and after July 1, 1992 ~~1993~~, the restrictions in Code chapter 524 shall be applied as though acquisitions made pursuant to this resolution had not been made.

Approved April 28, 1992

CHAPTER 1162

INSURANCE DIVISION — MISCELLANEOUS PROVISIONS

S.F. 2354

AN ACT relating to the regulation of insurance, requiring certain reports to the commissioner, establishing and continuing certain requirements for insurance companies doing business in Iowa and for agents, amending provisions relating to guaranty funds, self-insurers, and charitable organizations, increasing allowable credit life insurance amounts, amending provisions relating to the regulation of health maintenance organizations, increasing certain fees, and establishing penalties.

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

Section 1. Section 79.17, Code Supplement 1991, is amended by adding the following new subsection:

NEW SUBSECTION. 3. Any annuity purchased with moneys deducted pursuant to this section is deemed to be an individual annuity for purposes of chapter 508C, and not an unallocated annuity.

Sec. 2. **NEW SECTION. 506.12 PRINCIPAL EXECUTIVE OFFICE.**

An insurance company incorporated under the laws of this state for the purpose of engaging in the business of insurance shall maintain a principal executive office in this state unless otherwise allowed by the commissioner of insurance. The location of the principal executive office in this state of an insurance company incorporated under chapter 490 shall be identified in the insurance company's articles of incorporation.

Sec. 3. Section 507B.4, Code 1991, is amended by adding the following new subsection:

NEW SUBSECTION. 10A. Failing to designate on an insurance policy application the licensee who has solicited and written the policy.

Sec. 4. Section 508.9, Code 1991, is amended to read as follows:

508.9 MUTUAL COMPANIES — CONDITIONS.

Level premium and natural premium life insurance companies organized under the laws of this state upon the mutual plan shall, before issuing policies, have actual applications on at least two hundred and fifty lives for an average amount of one thousand dollars each. A list of the applications giving the name, age, residence, amount of insurance, and annual premium of each applicant shall be filed with the commissioner of insurance, and a deposit made with the commissioner of an amount equal to three-fifths of the whole annual premium on the applications, in cash or the securities required by section 508.5. In addition, a deposit of cash or securities of the character provided by law for the investment of funds for life insurance companies in the sum of five million dollars shall be made with the commissioner, which shall constitute a ~~guaranty~~ security fund for the protection of policyholders. The contribution to the