

provide that the public school corporation may terminate the lease if the corporation needs to use the facility or building for school purposes. The public school corporation shall notify the city at least thirty days before the termination of the lease.

Sec. 7. Sections 297.21, 297.23, and 297.24, Code 1997, are repealed.

Sec. 8. This Act, being deemed of immediate importance, takes effect upon enactment.

Approved May 26, 1997

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## CHAPTER 185

### DEFERRED COMPENSATION AND PHASED RETIREMENT — INVESTMENTS AND OTHER PROVISIONS

H.F. 540

**AN ACT** relating to personnel procedures and investment policy requirements for state government employees.

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

Section 1. Section 12B.10, subsection 6, Code 1997, is amended by adding the following new paragraph:

**NEW PARAGRAPH. h.** Investments under the deferred compensation plan established by the executive council pursuant to section 509A.12.

Sec. 2. Section 12B.10A, subsection 6, Code 1997, is amended by adding the following new paragraph:

**NEW PARAGRAPH. h.** The deferred compensation plan established by the executive council pursuant to section 509A.12.

Sec. 3. Section 12B.10B, subsection 3, Code 1997, is amended by adding the following new paragraph:

**NEW PARAGRAPH. h.** The deferred compensation plan established by the executive council pursuant to section 509A.12.

Sec. 4. Section 12B.10C, Code 1997, is amended by adding the following new subsection:

**NEW SUBSECTION. 7.** The deferred compensation plan established by the executive council pursuant to section 509A.12.

Sec. 5. Section 12C.1, subsection 1, Code 1997, is amended to read as follows:

1. All funds held ~~in the hands of~~ by the following officers or institutions shall be deposited in one or more depositories first approved by the appropriate governing body as indicated: For the treasurer of state, by the executive council; for judicial officers and court employees, by the supreme court; for the county treasurer, recorder, auditor, and sheriff, by the board of supervisors; for the city treasurer or other designated financial officer of a city, by the city council; for the county public hospital or merged area hospital, by the board of hospital trustees; for a memorial hospital, by the memorial hospital commission; for a school corporation, by the board of school directors; for a city utility or combined utility system established under chapter 388, by the utility board; for a regional library established under chapter 256, by the regional board of library trustees; and for an electric power agency as defined

in section 28F.2, by the governing body of the electric power agency. However, the treasurer of state and the treasurer of each political subdivision or the designated financial officer of a city shall invest all funds not needed for current operating expenses in time certificates of deposit in approved depositories pursuant to this chapter or in investments permitted by section 12B.10. The list of public depositories and the amounts severally deposited in the depositories are matters of public record. This subsection does not limit the definition of "public funds" contained in subsection 2. Notwithstanding provisions of this section to the contrary, public funds of a state government deferred compensation plan established by the executive council may also be invested in the investment products authorized under section 509A.12.

**Sec. 6. NEW SECTION. 19A.12B DEFERRED COMPENSATION PLAN.**

The department shall make available to eligible state employees by September 1, 1997 the option of utilizing mutual funds as an investment alternative to the state's deferred compensation plan established under section 509A.12. Participating employees shall, to the extent permitted by law, be allowed to transfer moneys deferred under the plan to a mutual fund offered pursuant to section 509A.12.

**Sec. 7. Section 70A.31, Code 1997, is amended to read as follows:  
70A.31 ELIGIBILITY.**

The phased retirement incentive program requires that participants agree to work a maximum of thirty-two hours per week and a minimum of twenty hours per week for the first year four years after entering the program. After the fourth year of participation in the program, participants shall agree to work a maximum of twenty hours per week. Participants shall agree to retire from state government employment effective on the last day of their fifth year of participation in the program.

**Sec. 8. Section 70A.32, subsection 4, Code 1997, is amended to read as follows:**

4. Continuation of membership in the state employees disability insurance program. During the five-year period, monthly earnings of the employee for purposes of the disability insurance program shall equal the monthly earnings as if the participant were a full-time employee.

**Sec. 9. Section 70A.33, unnumbered paragraph 1, Code 1997, is amended to read as follows:**

A state employee meeting the requirements of section 70A.31 may file a request to participate in the program with the head of the employee's state department, agency, or commission. The employee shall specify the number of hours per week the employee intends to work for each of the five years of participation, subject to the requirements of section 70A.31. Participation in the program is dependent upon the approval of the head of the department, agency, or commission. The cost to the state department, agency, or commission shall be paid from the funds appropriated to the department, agency, or commission for salaries, support, maintenance, and miscellaneous purposes.

**Sec. 10. Section 509A.12, unnumbered paragraph 1, Code 1997, is amended to read as follows:**

~~At the request of an employee, the governing body or the county board of supervisors shall by contractual agreement acquire an individual or group life insurance contract, annuity contract, interest in a mutual fund, security, or any other deferred payment contract for the purpose of funding a deferred compensation program. A governing body, county board of supervisors or other public entity, to the extent allowed by law, may establish a deferred compensation program under this section. The contributions made on behalf of an employee who chooses to participate in the program shall be invested at the direction of the employee in a life insurance contract, annuity contract, mutual fund, security, or any other deferred payment contract offered as an investment option under the program.~~ The contract

acquired for an employee shall be in accordance with the plan document and shall be acquired from any a company, or a salesperson for that company, that is authorized to do business in this state, ~~or through an Iowa licensed salesperson that the employee selects on a group or individual basis.~~ When the state of Iowa acquires an investment product pursuant to the plan document the state does not become a shareholder, stockholder, or owner of a corporation in violation of Article VIII, section 3, of the Constitution of the State of Iowa or any other provision of law.

Approved May 26, 1997

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## CHAPTER 186

### INSURANCE REGULATION — MISCELLANEOUS PROVISIONS

*H.F. 557*

**AN ACT** relating to the operation and regulation of certain insurance companies and mutual associations, and the regulatory authority of the insurance division of the department of commerce.

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

Section 1. Section 87.22, unnumbered paragraph 1, Code 1997, is amended to read as follows:

The president, vice president, secretary, and treasurer of a corporation other than a family farm corporation, but not to exceed four officers per corporation, may exclude themselves from workers' compensation coverage under chapters 85, 85A, and 85B by knowingly and voluntarily rejecting workers' compensation coverage by signing, and attaching to the workers' compensation or employers' liability policy, ~~initially and upon renewal of the policy,~~ a written rejection, or if such a policy is not issued, by signing a written rejection which is witnessed by two disinterested individuals who are not, formally or informally, affiliated with the corporation and which is filed by the corporation with the industrial commissioner, in substantially the following form:

Sec. 2. Section 507.3, subsection 1, Code 1997, is amended to read as follows:

1. Upon determining that an examination should be conducted, the commissioner or the commissioner's designee may ~~issue an examination warrant appointing~~ appoint one or more examiners to perform the examination and ~~instructing~~ instruct them as to the scope of the examination. In conducting the examination, the examiner shall observe those guidelines and procedures set forth in the examiners' handbook adopted by the national association of insurance commissioners. The commissioner may also employ other guidelines as the commissioner deems appropriate.

Sec. 3. Section 507C.34, subsection 2, paragraph a, subparagraph (3), Code 1997, is amended to read as follows:

(3) Claims falling within the priorities established in section 507C.42, ~~subsections subsection 1 and 2.~~

Sec. 4. Section 507C.42, Code 1997, is amended to read as follows:

507C.42 PRIORITY OF DISTRIBUTION.

The priority of distribution of claims from the insurer's estate shall be in accordance with the order in which each class of claims is set forth. Claims in each class shall be paid in full