

CHAPTER 57

INVESTMENTS BY LIFE INSURANCE COMPANIES OR ASSOCIATIONS — REPURCHASE AGREEMENTS COLLATERALIZED BY SECURITIES

H.F. 236

AN ACT relating to life insurance company or association cash reinvestments in repurchase agreements collateralized by securities, and including applicability provisions.

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

Section 1. [Section 511.8, subsection 23](#), paragraph c, Code 2021, is amended to read as follows:

c. If the loan is collateralized by cash or cash equivalents, the cash or cash equivalent collateral may be reinvested by the life insurance company or association in rule 2a-7 money market funds as defined in [subsection 24](#), individual securities which are eligible for inclusion in the legal reserve of the life insurance company or association, or in repurchase agreements fully collateralized by such securities if the life insurance company or association takes delivery of the collateral either directly or through an authorized custodian or pooled fund comprised of individual securities which are eligible for inclusion in the legal reserve of the life insurance company or association. If such reinvestment is made in individual securities, or in repurchase agreements collateralized by securities other than United States government obligations as described in [subsection 1](#), the individual securities or the securities which collateralize the repurchase agreements shall mature in less than two hundred seventy days. If such reinvestment is made in a pooled fund, the average maturity of the securities comprising such pooled fund must be one hundred eighty days or less and the individual maturities of the securities comprising such pooled fund must be three hundred ninety-seven days or less. Individual securities and securities comprising the pooled fund shall be investment grade. As used in this paragraph, “maturity” means the earlier of the fixed date on which the holder of the security is unconditionally entitled to receive principal and interest in full or the date on which the holder of the security is unconditionally entitled upon demand to receive principal and interest in full.

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

Approved April 30, 2021