

Reported Recommending
Ind. Postponed
Passed Senate
Failed to Pass Senate
Passed House
Failed to Pass House

Senate File 140

January 28, 1947.
Passed on File.

By INSURANCE COMMITTEE.

A BILL FOR

An Act to amend section five hundred eleven point eight (511.8), Code 1946, relating to investments of life insurance companies and associations.

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

1 Section 1. Section five hundred eleven point eight
2 (511.8), Code 1946, is amended by adding thereto immediately
3 after subsection twelve (12) the following new subsections:
4 1. Urban Real Estate. Any real estate located within
5 the continental limits of the United States or the Dominion
6 of Canada, other than property used or to be used primarily
7 for agricultural, horticultural, ranching or mining purposes,
8 which produces income or which by suitable improvement will
9 produce income. The term 'real estate' as used in this
10 paragraph shall include a leasehold of real estate.
11 Investments made in accordance with the provisions of this
12 subsection shall not be eligible in excess of five per cent
13 (5%) of the legal reserve.
14 2. Railroad Obligations. Bonds or other evidences of
15 indebtedness which carry a fixed rate of interest and are
16 issued, assumed or guaranteed by any railroad company

17 incorporated under the laws of the United States of America,
18 or of any state, district, insular or territorial possessions
19 thereof, not in reorganization or receivership at the time
20 of such investment, provided that the railroad company

21 a. shall have had for the three year period
22 immediately preceding investment (for which the necessary
23 data for the railroad company shall have been published)
24 a balance of income available for fixed charges which
25 shall have averaged per year not less than one and
26 one-quarter times the fixed charges for the latest year
27 of the period; and

28 b. shall have had for the three year period
29 immediately preceding investment (for which the necessary
30 data for both the railroad company and all Class I
31 railroads shall have been published)

32 (1) a balance of income available for the payment
33 of fixed charges at least as many times greater than the
34 fixed charges for the latest year of the period as the
35 balance of income available for the payment of fixed
36 charges of all Class I railroads for the same three year
37 period is times greater than the amount of all fixed
38 charges for such Class I railroads for the latest year
39 of the period; and

40 (2) an amount of railway operating revenues remaining
41 after deduction of three times the fixed charges for the
42 latest year of the period from the balance of income

43 available for the payment of fixed charges for the three
44 year period, which amount is as great a proportion of its
45 railway operating revenues for the same three year period
46 as is the proportion of railway operating revenues
47 remaining for all Class I railroads, determined in
48 the same manner and for the same period as for the
49 railroad.

50 The terms 'Class I railroads', 'balance of
51 income available for the payment of fixed charges',
52 'fixed charges' and 'railway operating revenues' when
53 used in this subsection, are to be given the same
54 meaning as in the accounting reports filed by a railroad
55 company in accordance with the regulations for common
56 carriers by rail of the Inter-State Commerce Act;
57 provided that the 'balance of income available for the
58 payment of fixed charges' and 'railway operating
59 revenues remaining', as the terms are used in this
60 subsection, shall be computed before deduction of
61 federal income or excess profits taxes; and that in
62 computing 'fixed charges' there shall be excluded
63 interest and amortization charges applicable to debt
64 called for redemption or which will otherwise mature
65 within six months from the time of investment and for
66 the payment of which funds have been or currently are
67 being specifically set aside.

68 The eligibility of railroad obligations described

69 in the first sentence of this subsection shall be
70 determined exclusively as provided herein, without
71 regard to the provisions for qualification contained
72 in subsections four (4) and seven (7) of section five
73 hundred eleven point eight (511.8), Code 1946.
74 Provisions for qualification contained in this section
75 shall not be construed as applying to equipment trust
76 obligations, guaranteed stocks, or contingent interest
77 bonds of railroad companies. Investments made in
78 accordance with the provisions of this subsection shall
79 not be eligible in excess of ten per cent (10%) of the
80 legal reserve.

1 Sec. 2. This Act, being deemed of immediate
2 importance, shall be in full force and effect from and
3 after its passage and publication in the Norwalk Citizen,
4 a newspaper published at Norwalk, Iowa, and the Winterset
5 Madisonian, a newspaper published at Winterset, Iowa.