

January 18, 1951.
Insurance.

House File 100

By SCHWENGEL, SLOANE, KUESTER,
RYAN and GOODE.

Passed House, Date

Vote: Ayes..... Nays.....

Passed Senate, Date

Vote: Ayes..... Nays.....

Approved

A BILL FOR

An Act to amend section five hundred eleven point eight
(511.8), Code 1950, relating to the investment of
funds 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 1950, is amended by inserting after the word
3 "notes," in line one (1) of subsection eight (8), paragraph
4 a., the word "obligations," and by inserting after the word
5 "property" in line four (4) of subsection eight (8),
6 paragraph a., the words "and appurtenances thereto", and by
7 inserting after the word "America," in line five (5) of
8 subsection eight (8), paragraph a., the words "or any insular
9 or territorial possession of the United States," and by
10 inserting after the word "Canada," in line five (5) of
11 subsection eight (8), paragraph a., the words "and upon
12 leasehold estates in real property where fifty years or more
13 of the term including renewals is unexpired," and by
14 substituting a comma (,) for the word "and" in line eleven
15 (11) of subsection eight (8), paragraph a., and by inserting

16 after the letter “d” in line twelve (12) of subsection
17 eight (8), paragraph a., the words and letters “, “e” and
18 “f” ”, and by inserting after the word “Improvements” in
19 line thirteen (13) of subsection eight (8), paragraph a., the
20 words “and appurtenances”.

1 Sec. 2. Section five hundred eleven point eight (511.8),
2 Code 1950, is further amended by adding the following new
3 paragraphs to subsection eight (8) :

4 “e. Bonds, notes or other evidences of indebtedness
5 representing loans and advances of credit that have been
6 issued or guaranteed, in whole or in part, in accordance
7 with Title I of the Bankhead-Jones Farm Tenant Act, an act
8 of the Congress of the United States, cited as the “Farmers
9 Home Administration Act of 1946,” as heretofore or hereafter
10 amended.”

11 “f. Bonds, notes or other evidences of indebtedness
12 secured by mortgages or deeds of trust which are a first lien
13 upon unencumbered real property within the United States of
14 America, or any insular or territorial possession of the United
15 States of America, or the Dominion of Canada, under lease to
16 a corporation whose obligations qualify under section 4 (a)
17 hereof, if there is pledged and assigned, as additional security
18 for the loan, sufficient of the rentals payable under the
19 lease to provide the required payments on the loan, including
20 but not limited to payments of principal, interest, taxes
21 and the final payments. Investments made in accordance with

22 the provisions of this subsection shall not be eligible in

23 excess of five per cent of the legal reserve.”

EXPLANATION OF H. F. 100

This bill seeks to make some technical corrections and to slightly liberalize the laws relating to investment of funds of life insurance companies. Under the bill, first mortgage loans could be made in insular possessions such as Alaska and Hawaii. Loans on leaseholds could be made, the same as on real estate, with the same conditions and limitations applying. Under the first part of Section 2 of the bill, the securities issued under Title I of the Bankhead-Jones Farm Tenant Act would be legalized as investments for life insurance companies. These are fully insured by the federal government and apply to farm financing in about the same manner as FHA applies to financing on homes. Real estate loans would be authorized under the second part of Section 2, without regard to the limitations in Section 511.8, if a lease executed by a qualified corporation is assigned, with sufficient rent to pay out the entire mortgage. This would, of course, give the lender full protection.