

February 22, 1963.
Placed on Calendar.

House File 322
By COMMITTEE ON INSURANCE.

Passed House, Date 4-22-63

Passed Senate, Date 4-25-63

Vote: Ayes 101 Nays 0

Vote: Ayes 50 Nays 0

Approved 4-29-63

*Defining Committee
4/22
Defining Com. Cal. 4/24*

A BILL FOR

An Act to regulate the transfer of securities between certain organizations under common or overlapping control.

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

1 Section 1. When a controlling interest in two or more
2 corporations, at least one of which is an insurance company
3 domiciled in this state, is held by any person, group of persons,
4 firm, or corporation, no exchange of stock, transfer or sale of
5 securities, or loan based upon securities of any such corporation
6 shall take place between such corporations, or between such
7 person, group of persons, firm or corporation and such
8 corporations, without first securing the approval of the
9 insurance commissioner. If, in the opinion of the insurance
10 commissioner, such sale, transfer, exchange, or loan would be
11 improper and would work to the detriment of any such insurance
12 company, he shall have the power to prohibit the transaction.
13 Any person, firm or corporate officer or director aiding such
14 transaction carried out without approval of the insurance
15 commissioner shall be deemed guilty of a felony and upon
16 conviction punished as provided in section five hundred two point
17 twenty-eight (502.28) of the Code.

1 Sec. 2. For purposes of the preceding section, controlling
2 interest means actual control or the possession directly or
3 indirectly of the power to direct or cause the direction of the

- 4 management and policies of a firm, partnership, corporation,
- 5 association, or trust, whether through the ownership of voting
- 6 securities, by contract, or otherwise.

EXPLANATION OF HOUSE FILE 322

Raiding of the investment portfolios has recently caused the insolvency of a number of insurance companies.

This bill would assure the general public and policyholders of Iowa insurance companies that the securities of Iowa companies could not be replaced without an exchange of sound securities of equal value.