



# STATE OF IOWA

KIM REYNOLDS  
GOVERNOR

DOUG OMMEN  
COMMISSIONER OF INSURANCE

ADAM GREGG  
LT. GOVERNOR

To: Superintendent Dwyer, Chair Restructuring Working Group  
From: Kim Cross, Chief Examiner, Iowa Insurance Division  
Date: July 26, 2019  
Re: Iowa "Insurer Division Statute"  
Iowa Code chapter 521I (House File 264)

Thank you for the opportunity to provide background regarding Iowa's recent adoption of a corporate division statute.

The legislation was proposed by the Federation of Iowa Insurers modeled on Connecticut's statute. The Iowa Insurance Division was neutral on the bill. The legislation (HF 264) was signed by Governor Reynolds and became effective July 1, 2019.

The IID focused on transparency and the ability to assure that the resulting entities would qualify for licensure. Requested and included revisions to industry's draft, in part, included:

- mandatory public hearing;
- require that the commissioner retain an independent consultant;
- conform the confidentiality provisions to closely mirror that in the Form A process;
- require that all resulting insurers be solvent & qualify for licensure;
- require all liabilities and all assets proposed to be allocated be disclosed;
- prohibits amendments to a plan of division after receipt of approval from the commissioner (without approval); and
- require notice to commissioner if an approved plan of division is abandoned.

An order approving a division must contain affirmative findings relative to fairness to policyholders, approval is not contrary to the public interest; on-going financial stability of the insurers; and that the insurers continue to qualify for licensure. Additionally, the commissioner must find that a proposed division does not violate Iowa's voidable transactions statute (Iowa Code chapter 684). The Commissioner must find that:

- the division is not being made to hinder, delay, or defraud any policyholder or creditor of the dividing insurer;
- all resulting insurers will be solvent on the effective date;
- the remaining assets of the resulting insurer will not be unreasonably small in relation to the business and transactions the resulting insurer has been engaged in or will engage in after completion of the division.

To date, the IID has had no domestic insurer express an interest in utilizing this statute.