

IN THE SENATE

SENATE BILL NO. 1080

BY COMMERCE AND HUMAN RESOURCES COMMITTEE

AN ACT

RELATING TO REAL ESTATE INVESTMENTS; AMENDING SECTION 41-728, IDAHO CODE, TO DELETE PROVISIONS THAT SPECIFY THE MAXIMUM AGGREGATE AMOUNT OF REAL ESTATE THAT MAY BE INVESTED BY CERTAIN INSURERS.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 41-728, Idaho Code, be, and the same is hereby amended to read as follows:

41-728. REAL ESTATE. (1) An insurer may acquire, invest in, own, maintain, alter, furnish, improve, manage, lease and convey the following real estate only:

- (a) Land and buildings used for home office purposes, together with such other real estate as is required for its accommodation in the convenient transaction of its business.
- (b) Real estate acquired in satisfaction in full or in part of or through foreclosure of or judgment obtained upon, loans, mortgages, liens or other evidences of indebtedness previously owing to the insurer in the regular course of its business.
- (c) Real estate acquired in part payment of the consideration in the sale of other real estate owned by the insurer.
- (d) Real estate acquired by gift or devise.
- (e) Real estate acquired through a lawful merger or consolidation of another insurer and not required for its accommodation as provided in paragraph (a) of this subsection.
- (f) Real estate for the production of income, under lease, or being constructed under a definite agreement providing for lease, to solvent institutions for commercial or industrial purposes, other than primarily for agricultural, horticultural, ranch, mining, mineral, oil, recreational, amusement, club, motel, or hotel purposes.
- (g) Real estate subject to a plan of development other than primarily for agricultural, horticultural, ranch, mining, mineral, oil, recreational, amusement, club, motel, or hotel purposes as limited by subsection (2)(c) of this section.

(2) The aggregate amount so invested by the insurer shall not exceed:

- (a) If for home office and its other purposes pursuant to subsection (1)(a) of this section, ten percent (10%) of the insurer's assets, subject to the right of the director to approve an additional amount after hearing and for good cause shown.
- (b) If for income purposes pursuant to subsection (1)(f) of this section, ten percent (10%) of the insurer's admitted assets.
- (c) If for properties subject to a plan of development pursuant to subsection (1)(g) of this section, not more than five percent (5%) of its admitted assets of which not more than two percent (2%) of its admitted assets may be in any one (1) parcel or group of contiguous parcels. The director may disapprove the property as an admitted asset if the plan of development is not being pursued in good faith. Factors for review may include,

1 but are not limited to, progress with regard to zoning, roads, utilities, plats and completed
2 development by the insurer of properties.

3 (d) In all categories and for all purposes, not to exceed twenty percent (20%) of the
4 insurer's assets.

5 ~~(e) Notwithstanding the provisions of paragraphs (a) through (d) of this subsection, the~~
6 ~~aggregate amount invested by a domestic reciprocal insurer which is comprised of and~~
7 ~~exclusively insures members who are political subdivisions of the state, as defined in~~
8 ~~section 6-902-2., Idaho Code, shall not exceed:~~

9 ~~(i) Twenty five percent (25%) from July 1, 2001, to June 30, 2003;~~

10 ~~(ii) Twenty percent (20%) from July 1, 2003, to June 30, 2004; and~~

11 ~~(iii) Fifteen percent (15%) on July 1, 2004, and each year thereafter.~~

12 (3) An insurer may lease to others part of real property otherwise occupied by it for
13 home office and other purposes under subsection (1)(a) of this section, but the value of the
14 entire property must be included for the purposes of the limitation upon aggregate real estate
15 investments provided in subsection (2)(a) of this section.