

CHAPTER 181.

INSURANCE RATING BUREAUS.

H. F. 495.

AN ACT relating to insurance, providing for the supervision and examination of insurance rating bureaus by the commissioner of insurance; providing for an inspection and survey by such bureaus of all insurance risks specifically rated; requiring insurance concerns to adopt insurance bureau ratings, or to maintain or co-operate in maintaining and operating insurance rate making bureaus; authorizing a hearing upon and review of the rates fixed by any such bureau for insurance upon property within the state of Iowa; prohibiting discrimination in fixing and collecting insurance rates, and also rebates of premiums paid under such rates, and fixing penalties for the violation of this act.

Be it enacted by the General Assembly of the State of Iowa:

1 SECTION 1. **Insurer defined.** From and after the taking effect of
 2 this act, its provisions shall apply to all companies, associations, or
 3 aggregations of individuals hereinafter known as "insurer", trans-
 4 acting the business of insurance against the hazards of fire, lightning,
 5 windstorm, or hail, within the state of Iowa; except that section two
 6 (2) of this act shall not apply to such mutual assessment associations
 7 as insure against either hail or tornado exclusively, and such other as-
 8 sociations as confine their fire risks to churches, school houses, town
 9 dwelling and farm buildings and personal property. Such mutual
 10 associations shall in all other respects comply with and be within the
 11 provisions of this act, and shall file with the commissioner of insurance
 12 a statement in writing showing their plan of operation, and method of
 13 determining premium rates. The provisions hereof shall be in addi-
 14 tion to any laws now in force relating to or regulating such business.

1 SEC. 2. **Membership in rating bureau.** Every insurance com-
 2 pany or association or other insurer authorized to effect insurance
 3 against the hazard of loss or damage by fire, lightning, windstorm or
 4 hail in this state shall be a member of a rating bureau, or adopt as its
 5 basis the rating of a bureau making insurance rates upon property in
 6 the state of Iowa. No insurer shall apply the rates of more than one
 7 rating bureau for the purpose of rating risks of like kind and hazard
 8 within the state of Iowa. A rating bureau may consist of any organ-
 9 ization maintained for insurance rating purposes and not engaged in
 10 any way as as insurer, the services of which shall be available to any
 11 insurer desiring to adopt the rates of such bureau, without discrimina-
 12 tion as to cost; or of one or more insurers, and when consisting of two
 13 or more insurers shall admit to membership any insurer applying
 14 therefor. The expense of a rating bureau consisting of insurers shall
 15 be shared in proportion to the gross premiums received by each member
 16 during the preceding year on fire risks located in this state, and to
 17 which said bureau's rates have been applied, and each member shall
 18 have one vote. Every rating bureau shall maintain an office within
 19 this state. Every insurance company, or other insurer aforesaid, shall
 20 on or before June 1, 1915, and also in its application for its annual
 21 certificate of authority, specify the name and address of the rating
 22 bureau making rates upon property located in this state of which it

23 is a member, or the rating bureau whose rates it has adopted and dur-
24 ing the year shall file a written notice of any such other rating bureaus
25 of which it shall become a member, or whose rates it may hereafter
26 adopt.

1 **SEC. 3. Inquiries by commissioner.** The commissioner of insur-
2 ance may address inquiries to any individual association or bureau, or
3 any insurer or insurers, which is or has been engaged in making rates
4 or estimates for insurance upon property in this state, in relation to
5 its organization, maintenance, or operation, or any other matter con-
6 nected with its transactions, and may require the filing of schedules,
7 rates, forms, rules, regulations and other information, and it shall be
8 the duty of every such individual, association, bureau or insurer, or
9 some officer thereof, to promptly make such filing, and reply to such
10 inquiries in writing.

1 **SEC. 4. Examination of bureau.** The commissioner of insur-
2 ance shall have power to examine any such rating bureau as often as
3 he shall deem it expedient to do so, and shall do so not less than once
4 every three years. A report thereof shall be filed in his office. The
5 commissioner of insurance may waive such examination upon the filing
6 with him of the report of such examination made by some other in-
7 surance department or proper supervising officer, within such three
8 years. A statement with regard to such examination shall be made
9 in the manner required by the commissioner of insurance.

1 **SEC. 5. Discriminations.** No insurance company or association
2 or other insurer insuring against any of the hazards mentioned in this
3 act, and no rating bureau shall fix or charge any rate for such insur-
4 ance upon property in this state which discriminates unfairly between
5 risks of essentially the same hazards and having substantially the same
6 degree of protection against the hazards covered by the insurance.
7 Every such company or association or other insurer shall, at least
8 fifteen days in advance of any variation by it from the rates then in
9 use, file with the insurance department and the bureau of which it is
10 a member a schedule showing the variation, and all such variations
11 shall be uniform in their application to all of the risks in the class for
12 which such variation is made.

1 **SEC. 6. Ratings—basis—record.** Every rating bureau engaged
2 in making rates or estimates for rates for insurance on property in
3 this state shall inspect every risk specifically rated by it upon a
4 schedule and shall make a written survey of such risk, and shall
5 also specify all flat or classification rates for farm or town dwelling
6 property, or other property not specifically rated, all of which shall
7 be filed as a permanent record in the office of such bureau. A copy
8 of such survey shall be furnished to the owner upon request.

1 **SEC. 7. Reviewing rates.** The commissioner of insurance shall
2 have power upon written complaint, or on his own motion, to review
3 any rate fixed by any bureau, or insurer, for insurance upon prop-
4 erty within this state for the purpose of determining whether the
5 same is discriminatory or unjust. He shall have power to order the
6 discrimination removed or to fix and order substituted a rate which
7 is not discriminatory or unjust. A review of such rate before the

8 commissioner of insurance shall be had only after due notice and
9 hearing, and his findings or order shall in all cases be subject to sum-
10 mary court review by a court of competent jurisdiction in this state.
11 During such court review, the operation of the commissioner's order
12 shall be suspended; but in the event of final determination against
13 any insurer, any overcharges during the pendency of such proceed-
14 ings shall be refunded to the persons entitled thereto.

1 **SEC. 8. Rebating.** No insurer, however constituted, doing the
2 business of insurance, mentioned in this act, within this state, and
3 no officer, agent, or employe thereof shall, as an inducement to secur-
4 ing such business, or after the obligation has been issued, whether
5 with or without the knowledge of such insurer, pay, allow, or give, or
6 offer to pay, allow or give, directly or indirectly, any rebate, discount,
7 or reduction of the premium paid or payable under such policy, nor
8 in addition to the terms, credits and allowances therein contained,
9 promise or give anything of value, whether part of a compensation for
10 securing said business, or by making contracts of sale or purchase,
11 or in any other manner whatsoever, or confer any special favor,
12 benefit, valuable consideration, or inducement whatever not given on
13 all its policies of like class.

1 **SEC. 9. Penalty.** Any insurer, if a company, association, or
2 aggregation of individuals, found guilty of violating any of the pro-
3 visions of this act, shall be subject to a penalty of not less than one
4 hundred dollars (\$100), nor more than one thousand dollars (\$1000)
5 to be sued for and recovered by the commissioner of insurance for
6 the use of the state of Iowa, in any court of competent jurisdiction
7 in any county in the state.

1 **SEC. 10. Penalty—non-compliance by agent.** Every agent,
2 solicitor, or other representative of any such insurer, found guilty
3 of violation of this act, shall be deemed guilty of a misdemeanor and
4 upon conviction thereof shall be punished by a fine of not less than
5 twenty dollars (\$20), nor more than two hundred dollars (\$200), and
6 ordered committed to the county jail until such fine and costs are paid;
7 such commitment, however, not to exceed thirty (30) days; and the
8 commissioner of insurance may thereupon suspend the license of
9 such agent. It shall be unlawful for any insurer to pay, either di-
10 rectly or indirectly, the fine assessed against any of its agents, solici-
11 tors or other representatives, under this act.

1 **SEC. 11. Duty of county attorney.** It shall be the duty of the
2 several county attorneys throughout the state to enforce the pro-
3 visions of this act, and to prosecute those guilty of its violation.

Approved April 16, A. D. 1915.