

CHAPTER 144

INSURANCE. GROUP LIFE INSURANCE

H. F. 242

AN ACT to repeal chapter three hundred ninety-nine (399) of the 1931 code of Iowa, and enact a substitute therefor relating to group life, health and accident insurance.

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

1 SECTION 1. That chapter three hundred ninety-nine (399) of the
2 1931 code of Iowa, is hereby repealed and the following enacted in lieu
3 thereof:

1 "SEC. 2. Group insurance is hereby declared to be that form of
2 either life, health or accident insurance covering not less than fifty
3 employees with or without medical examination, written under a
4 policy issued to the employer, the premium on which is to be paid by
5 the employer or by the employer and employees jointly and insuring
6 only all of his employees, or all of any class or classes thereof, deter-
7 mined by conditions pertaining to the employment, for amounts of
8 insurance based upon some plan which will preclude individual selec-
9 tion for the benefit of persons other than the employer; provided,
10 however, that when the premium is to be paid by the employer and
11 employees jointly, and the benefits of the policy are offered to all
12 eligible employees, not less than seventy-five per centum of such em-
13 ployees may be so insured.

1 "SEC. 3. The word employer as used in the preceding section shall
2 also include:

3 1. Advisory, supervising or governing body or bodies of all regu-
4 larly organized religious denominations.

5 2. Labor unions and teachers' associations whose members are
6 actively engaged in the same occupation or profession; provided, how-
7 ever, that, when the premium is to be paid by a labor union or teach-
8 ers' association and their members jointly, and the benefits are to
9 be offered to all eligible members, not less than sixty-five per cent of
10 such members may be so insured.

11 Provided also that, in case an insurance policy is renewable an-
12 nually only at the option of both parties to the contract, and provided
13 that the basis of premium rates may be changed by the insurance
14 company at the beginning of any policy year, all members of a trade
15 union or teachers' association may be insured.

16 3. Volunteer fire companies, provided, however, that the require-
17 ments for fifty members shall not apply thereto, and provided, further,
18 that not less than one hundred per cent of such members shall be so
19 insured.

20 4. Fraternal societies or associations and any subordinate lodges
21 or branches thereof; provided, however, that the requirement for not
22 less than fifty members shall not apply thereto.

1 "SEC. 4. The word employee as used in the preceding sections shall
2 also include clergymen, priests and ministers of the gospel, members
3 of any labor union, teachers' association or volunteer fire company,
4 and members of fraternal societies or associations, or any subordinate
5 lodges or branches thereof.

1 "SEC. 5. 1. Any level premium life insurance company, organized
2 on the stock or mutual plan and authorized to transact business under
3 the provisions of chapter three hundred ninety-eight (398) may, upon
4 complying with the provisions of said chapter and of this chapter,
5 issue contracts providing for group life or health and/or accident
6 insurance as defined in the preceding sections.

7 2. Any casualty company organized on the stock or mutual plan,
8 or accident and health association authorized to transact business
9 under the provisions of chapter four hundred (400) or chapter four
10 hundred four (404) may, by complying with the provisions of said
11 chapters and of this chapter, issue contracts providing for health
12 and/or accident insurance as defined in the preceding sections.

1 "SEC. 5. All group life insurance policies issued in this state shall
2 contain in substance the following provisions:

3 1. A provision that the policy shall be incontestable after two
4 years from its date of issue, except for nonpayment of premiums and
5 except for violation of the conditions of the policy relating to military
6 or naval service in time of war.

7 2. A provision that the policy, the application of the employer and
8 the individual applications, if any, of the employees insured, shall
9 constitute the entire contract between the parties, and that all state-
10 ments made by the employer or by the individual employees shall, in
11 the absence of fraud, be deemed representations and not warranties,
12 and that no such statement shall be used in defense to a claim under
13 the policy, unless it is contained in a written application.

14 3. A provision for the equitable adjustment of the premium or the
15 amount of insurance payable in the event of a misstatement of the
16 age of an employee.

17 4. A provision that the company will issue to the employer for
18 delivery to the employee, whose life is insured under such policy, an
19 individual certificate setting forth a statement as to the insurance
20 protection to which he is entitled, to whom payable, together with
21 provision to the effect that, in case of the termination of the employ-
22 ment for any reason whatsoever, the employee shall be entitled to
23 have issued to him by the company, without further evidence of in-
24 surability, and upon application made to the company within thirty-
25 one days after such termination, and upon the payment of the pre-
26 mium applicable to the class of risk to which he belongs and to the
27 form and amount of the policy at his then attained age, a policy of
28 life insurance in any one of the forms customarily issued by the com-
29 pany, except term insurance, in an amount equal to the amount of
30 his protection under such group insurance policy at the time of such
31 termination. Provided, however, that the provision for issuing a
32 policy to the employee upon termination of his employment shall not
33 be required in policies issued to fraternal societies or associations or
34 subordinate lodges or branches thereof, but such policies shall pro-
35 vide that in case the member changes his membership to another
36 lodge or branch of the same society or association, his individual
37 certificate hereinafter referred to may be transferred with his mem-
38 bership.

39 5. A provision that to the group or class thereof originally insured
40 shall be added from time to time all new employees of the employer
41 eligible to insurance in such group or class.

1 "SEC. 6. All group accident and/or health policies issued in this
2 state shall contain in substance the following provisions:

3 1. The policy shall have a provision that the application of the
4 employer and the individual applications, if any, of the employees
5 insured shall constitute the entire contract between the parties, and
6 that all statements made by the employer or by the individual em-
7 ployees shall, in the absence of fraud, be deemed representations and
8 not warranties, and that no such statement shall be used in defense
9 to a claim under the policy unless it is contained in a written applica-
10 tion attached thereto.

11 2. A provision that the company will issue to the employer for
12 delivery to the employee who is insured under such policy an indi-
13 vidual certificate setting forth a statement as to the insurance pro-
14 tection to which he is entitled, to whom payable, and such provisions
15 of the master contract as are, in the opinion of the commissioner of
16 insurance, necessary to inform the holder thereof as to his rights
17 under the contract.

18 3. A provision that to the group or class thereof originally insured
19 shall be added from time to time all new employees of the employer
20 eligible to insurance in such group or class.

1 "SEC. 7. No policy or certificate of group insurance shall be issued
2 in this state until the form thereof has been filed with the commis-
3 sioner of insurance and approved by him.

1 "SEC. 8. Failure to comply with the preceding section shall be
2 deemed sufficient grounds for revocation of the certificate of authority
3 of any company so violating.

1 "SEC. 9. Policies of group insurance issued in other states or coun-
2 tries by companies organized in this state may contain any provision
3 required by the laws of the state, territory, district, or country in
4 which the same are issued, anything in the preceding section to the
5 contrary notwithstanding.

1 "SEC. 10. Policies of group insurance, when issued in this state by
2 any company not organized under the laws of this state, may contain
3 when issued any provision required by the law of the state, territory
4 or district of the United States under which the company is organized.

1 "SEC. 11. Any such policy may be issued or delivered in this state
2 which, in the opinion of the commissioner of insurance, contains provi-
3 sions on any one or more of the several foregoing requirements more
4 favorable to the employer or to the employee than hereinbefore
5 required.

1 "SEC. 12. In every group policy issued by a domestic life insurance
2 company the employer shall be deemed to be the policy holder for all
3 purposes within the meaning of this chapter, and, if entitled to vote
4 at meetings of the company, shall be entitled to one vote thereat.

1 "SEC. 13. No policy of group insurance, nor the proceeds thereof,
2 when paid to any employee or employees thereunder, shall be liable

3 to attachment, garnishment, or other process, or to be seized, taken,
 4 appropriated or applied by any legal or equitable process or operation
 5 of law, to pay any debt or liability of such employee, or his beneficiary,
 6 or any other person who may have a right thereunder, either before
 7 or after payment; nor shall the proceeds thereof, when not made pay-
 8 able to a named beneficiary, constitute a part of the estate of the
 9 employee for the payment of his debts.

1 "SEC. 14. The provisions of section eighty-six hundred seventy-one
 2 (8671), relating to medical examination of applicants, shall not apply
 3 to insurance written under this chapter."

House File No. 242. Approved March 22, 1933.

Note: Two sections numbered five (5) appear in the original and enrolled bills.

CHAPTER 145

INSURANCE EMERGENCY

S. F. 415

AN EMERGENCY ACT to authorize the commissioner of insurance with the approval of the governor to make, rescind, alter and amend rules and regulations, respecting the payment of premiums to, the withdrawal of funds from or payment of funds by or to fire, life, accident, tornado, hail and all other insurance companies, associations and fraternal benefit societies; to suspend all laws and parts of laws in conflict therewith while such rules and regulations continue in effect; to provide for notice of such rules and regulations; to prevent actions at law or in equity asking for relief contrary to the rules and regulations of the insurance commissioner provided for herein; to provide a penalty for the violation of such rules and regulations; and providing for termination of the emergency.

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

1 SECTION 1. That it is hereby declared that a public emergency
 2 exists affecting the welfare of the people of the state of Iowa, growing
 3 out of the abnormal disruption in economic and financial processes;
 4 the declaration of a banking holiday by this state, by other states and
 5 by the federal government; the inability of insurers to carry on in
 6 a normal and ordinary manner the functions of their business, owing
 7 to the situation now existing with respect to currency, specie and
 8 checks; and other facts and circumstances curtailing and hampering
 9 the conducting of the business of insurance in the normal and ordinary
 10 manner.

1 SEC. 2. That during the period of the emergency as defined in
 2 section 8 hereof, and for the purpose of safeguarding and conserving
 3 the interests of policyholders and creditors and preventing discrimina-
 4 tions and preferences, the commissioner of insurance, with the ap-
 5 proval of the governor, is hereby authorized to make, rescind, alter,
 6 and amend such rules and regulations as may be deemed necessary
 7 respecting the payment of premiums to, the suspension and cancella-
 8 tion of policies by, the withdrawal of funds from, and the payment
 9 of funds by, all insurance companies, associations, and fraternal ben-
 10 efit societies authorized to transact the business of insurance in this
 11 state, and the commissioner of insurance of the state of Iowa, during
 12 the operation of this act, shall have full control and supervision of