

CHAPTER 255

INSURANCE EXAMINERS COMPENSATION

H. F. 527

AN ACT to amend section five hundred seven point four (507.4), code 1946, relating to compensation of insurance examiners and assistant insurance examiners.

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

1 SECTION 1. Section five hundred seven point four (507.4), Code
2 1946, is amended by striking from line three (3) the word "two", and
3 by inserting after the word "examiners," in line three (3) the words
4 "at least", and by striking from lines four (4) and five (5) the
5 words "the other" and inserting in lieu thereof the words "and at
6 least one", and by striking from line eighteen (18) the word "fifteen"
7 and inserting in lieu thereof the word "twenty", and by striking from
8 line nineteen (19) the words "twelve dollars fifty cents" and inserting
9 in lieu thereof the words "fifteen dollars".

Approved April 22, 1947.

CHAPTER 256

GROUP INSURANCE

S. F. 192

AN ACT to repeal chapter five hundred nine (509), code 1946, and substituting in lieu thereof the following relating to group insurance.

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

1 SECTION 1. Chapter five hundred nine (509), Code 1946, is
2 repealed and the following enacted in lieu thereof:

1 SEC. 2. No policy of group life, accident or health insurance shall
2 be delivered in this state unless it conforms to one of the following
3 descriptions:

4 (1) A policy issued to an employer, or to the trustees of a fund es-
5 tablished by an employer, which employer or trustees shall be deemed
6 the policyholder, to insure employees of the employer for the benefit
7 of persons other than the employer, subject to the following require-
8 ments:

9 (a) The employees eligible for insurance under the policy shall be all
10 of the employees of the employer, or all of any class or classes thereof
11 determined by conditions pertaining to their employment. The policy
12 may provide that the term "employees" shall include the employees of
13 one or more subsidiary corporations, and the employees, individual
14 proprietors, and partners of one or more affiliated corporations, pro-
15 prietors or partnerships if the business of the employer and of such
16 affiliated corporations, proprietors or partnerships is under common
17 control through stock ownership, contract, or otherwise. The policy
18 may provide that the term "employees" shall include the individual
19 proprietor or partners if the employer is an individual proprietor or
20 a partnership. The policy may provide that the term "employees"
21 shall include retired employees.

22 (b) The premium for the policy shall be paid by the policyholder,
23 either wholly from the employer's funds or funds contributed by him,
24 or partly from such funds and partly from funds contributed by the
25 insured employees. No policy may be issued on which the entire
26 premium is to be derived from funds contributed by the insured
27 employees. A policy on which part of the premium is to be derived
28 from funds contributed by the insured employees may be placed in
29 force only if at least seventy-five percent of the then eligible em-
30 ployees, excluding any as to whom evidence of individual insurability
31 is not satisfactory to the insurer, elect to make the required contribu-
32 tions. A policy on which no part of the premium is to be derived
33 from funds contributed by the insured employees must insure all
34 eligible employees, or all except any as to whom evidence of individual
35 insurability is not satisfactory to the insurer.

36 (c) The policy must cover at least twenty-five employees at date of
37 issue.

38 (d) The amounts of insurance under the policy must be based upon
39 some plan precluding individual selection either by the employees or
40 by the employer or trustees. No policy may be issued which provides
41 insurance on any employee which together with any other insurance
42 under any group life insurance policies issued to the employer or to
43 the trustees of a fund established by the employer exceeds twenty
44 thousand dollars, except that this limitation shall not apply to amounts
45 of group insurance issued in connection with a pension plan which
46 do not exceed the amount required at normal retirement date to
47 provide the pension specified by the plan.

48 (e) Group accident and health policies may include dependents of
49 the employee.

50 (2) A policy issued to any one of the following to be considered the
51 policyholder:

52 (a) An advisory, supervisory, or governing body or bodies of a
53 regularly organized religious denomination to insure its clergymen,
54 priests, or ministers of the gospel.

55 (b) A teacher's association, to insure its members.

56 (c) A volunteer fire company, to insure all of its members.

57 (d) A fraternal society or association, or any subordinate lodge or
58 branch thereof, to insure its members.

59 (e) A common principal of any group of persons similarly en-
60 gaged between whom there exists a contractual relationship, to insure
61 the members of such group.

62 Provided that the provisions and requirements of subdivision (1) of
63 this section shall apply to such policy and the policyholder and in-
64 sured in like manner as said subdivision (1) of this section applies
65 to employers and employees, except that if a policy is issued to a
66 volunteer fire company, the requirement for twenty-five members
67 shall not apply, and, if issued to a teacher's association, not less than
68 sixty-five percent of the members thereof may be insured.

69 (3) A policy issued to a creditor, who shall be deemed the policy-
70 holder, to insure debtors of the creditor, subject to the following re-
71 quirements:

72 (a) The debtors eligible for insurance under the policy shall be all
73 of the debtors of the creditor whose indebtedness is repayable in in-
74 stallments, or all of any class or classes thereof determined by condi-

75 tions pertaining to the indebtedness or to the purchase giving rise to
76 the indebtedness. The policy may provide that the term "debtors" shall
77 include the debtors of one or more subsidiary corporations, and the
78 debtors of one or more affiliated corporations, proprietors or partner-
79 ships if the business of the policyholder and of such affiliated cor-
80 porations, proprietors or partnerships is under common control
81 through stock ownership, contract, or otherwise.

82 (b) The premium for the policy shall be paid by the policyholder,
83 either from the creditor's funds, or from charges collected from the
84 insured debtors, or from both. A policy on which part or all of the
85 premium is to be derived from the collection from the insured debtors
86 of identifiable charges not required of uninsured debtors shall not
87 include, in the class or classes of debtors eligible for insurance,
88 debtors under obligations outstanding at its date of issue without
89 evidence of individual insurability unless at least seventy-five percent
90 of the then eligible debtors elect to pay the required charges. A policy
91 on which no part of the premium is to be derived from the collection of
92 such identifiable charges must insure all eligible debtors, or all except
93 any as to whom evidence of individual insurability is not satisfactory
94 to the insurer.

95 (c) The policy may be issued only if the group of eligible debtors is
96 then receiving new entrants at the rate of at least one hundred per-
97 sons yearly, or may reasonably be expected to receive at least one
98 hundred new entrants during the first policy year, and only if the
99 policy reserves to the insurer the right to require evidence of indi-
100 vidual insurability if less than seventy-five percent of the new en-
101 trants become insured.

102 (d) The amount of insurance on the life of any debtor shall at no
103 time exceed the amount owed by him which is repayable in install-
104 ments to the creditor, or ten thousand dollars, whichever is less.

105 (e) The insurance shall be payable to the policyholder. Such pay-
106 ment shall reduce or extinguish the unpaid indebtedness of the debtor
107 to the extent of such payment.

108 (4) A policy issued to a labor union, which shall be deemed the
109 policyholder, to insure members of such union for the benefit of
110 persons other than the union or any of its officials, representatives,
111 or agents, subject to the following requirements:

112 (a) The members eligible for insurance under the policy shall be
113 all of the members of the union or all of any class or classes thereof
114 determined by conditions pertaining to their employment, or to mem-
115 bership in the union, or both.

116 (b) The premium for the policy shall be paid by the policyholder,
117 either wholly from the union's funds, or partly from such funds and
118 partly from funds contributed by the insured members specifically
119 for their insurance. No policy may be issued on which the entire
120 premium is to be derived from funds contributed by the insured
121 members specifically for their insurance. A policy on which part of
122 the premium is to be derived from funds contributed by the insured
123 members specifically for their insurance may be placed in force only
124 if at least sixty-five percent of the then eligible members, excluding
125 any as to whom evidence of individual insurability is not satisfactory
126 to the insurer, elect to make the required contributions. A policy on
127 which no part of the premium is to be derived from funds contributed

128 by the insured members specifically for their insurance must insure
129 all eligible members, or all except any as to whom evidence of indi-
130 vidual insurability is not satisfactory to the insurer.

131 (c) The policy must cover at least twenty-five members at date of
132 issue.

133 (d) The amounts of insurance under the policy must be based upon
134 some plan precluding individual selection either by the members or
135 by the union. No policy may be issued which provides insurance on
136 any union member which together with any other insurance under
137 any group life insurance policies issued to the union exceeds twenty
138 thousand dollars, except that this limitation shall not apply to amounts
139 of group insurance issued in connection with a pension plan which
140 do not exceed the amount required at normal retirement date to
141 provide the pension specified by the plan.

142 (e) Accident and health policies may include dependents of the in-
143 sured.

144 (5) A policy issued to the trustees of a fund established by two or
145 more employers in the same industry or by two or more labor unions,
146 which trustees shall be deemed the policyholder, to insure employees
147 of the employers or members of the unions for the benefit of persons
148 other than the employers or the unions, subject to the following re-
149 quirements:

150 (a) The persons eligible for insurance shall be all of the employees
151 of the employers or all of the members of the unions, or all of any class
152 or classes thereof determined by conditions pertaining to their em-
153 ployment, or to membership in the unions, or both. The policy may
154 provide that the term "employees" shall include the individual pro-
155 prietor or partners if an employer is an individual proprietor or a
156 partnership. The policy may provide that the term "employees" shall
157 include the trustees or their employees, or both, if their duties are
158 principally connected with such trusteeship. The policy may provide
159 that the term "employees" shall include retired employees.

160 (b) The premium for the policy shall be paid by the trustees wholly
161 from funds contributed by the employers of the insured persons. The
162 policy must insure all eligible persons, or all except any as to whom
163 evidence of individual insurability is not satisfactory to the insurer.

164 (c) The policy must cover at least one hundred persons at date of
165 issue.

166 (d) The amounts of insurance under the policy must be based upon
167 some plan precluding individual selection either by the insured per-
168 sons or by the policyholder, employers, or unions. No policy may be
169 issued which provides insurance on any person which, together with
170 any other insurance under any group life insurance policies issued
171 to the trustees, exceeds twenty thousand dollars, except that this
172 limitation shall not apply to amounts of group insurance issued in
173 connection with a pension plan which do not exceed the amount re-
174 quired at normal retirement date to provide the pension specified by
175 the plan.

176 (e) Accident and health policies may include dependents of the
177 insured.

178 (6) A policy issued to any non-profit industrial association (to be
179 deemed the policyholder) incorporated for a period of at least ten
180 years and organized for purposes other than obtaining insurance,

181 subject to the following requirements:

182 (a) If two or more members of the association, or any class or
183 classes of members thereof determined by conditions pertaining to
184 insurance, elect to insure their employees or any class or classes of
185 employees determined by conditions pertaining to employment; and

186 (b) The total number of insured employees must not be less than
187 one thousand, and of these not less than seventy-five percent must be
188 employees of members with at least twenty insured employees each,
189 and further, not more than ten percent may be employees of members
190 with less than ten insured employees each, and

191 (c) The insurance premiums are paid by such members to the as-
192 sociation; each member, insofar as applicable to his own employees,
193 may collect part of the premium from insured employees, and the
194 method of apportionment of the premium payment between himself
195 and his employees may be varied as among individual members; and

196 (d) Not less than seventy-five percent of the eligible employees of
197 each participating member may be insured where the employees pay
198 a part of the premium. The word "employees" as used in this sub-
199 section shall also include the individual members and employees of
200 such association.

201 (e) Accident and health policies may include dependents of the
202 employees.

1 SEC. 3. No policy of group life insurance shall be delivered in this
2 state unless it contains in substance the following provisions, or
3 provisions which in the opinion of the Commissioner are more favor-
4 able to the persons insured or at least as favorable to the persons
5 insured, and more favorable to the policyholder, provided, however,
6 (a) that provisions (6), (7), (8), (9), (10) of this section shall
7 not apply to policies issued to a creditor to insure debtors of such
8 creditor; (b) that the standard provisions required for individual
9 life insurance policies shall not apply to group life insurance policies;
10 and (c) that if the group life insurance policy is on a plan of in-
11 surance other than the term plan, it shall contain a non-forfeiture
12 provision or provisions which in the opinion of the Commissioner is
13 or are equitable to the insured persons and to the policyholder, but
14 nothing herein shall be construed to require that group life insurance
15 policies contain the same non-forfeiture provisions as are required
16 for individual life insurance policies:

17 (1) A provision that the policyholder is entitled to a grace period of
18 thirty-one days for the payment of any premium due except that
19 first, during which grace period the death benefit coverage shall con-
20 tinue in force, unless the policyholder shall have given the insurer
21 written notice of discontinuance in advance of the date of discon-
22 tinuance and in accordance with the terms of the policy. The policy
23 may provide that the policyholder shall be liable to the insurer for
24 the payment of a pro rata premium for the time the policy was in
25 force during such grace period.

26 (2) A provision that the validity of the policy shall not be contested,
27 except for nonpayment of premiums, after it has been in force for
28 two years from its date of issue; and that no statement made by any
29 person insured under the policy relating to his insurability shall be
30 used in contesting the validity of the insurance with respect to which

31 such statement was made after such insurance has been in force
32 prior to the contest for a period of two years during such person's
33 lifetime, nor unless it is contained in a written instrument signed by
34 him.

35 (3) A provision that a copy of the application, if any, of the policy-
36 holder shall be attached to the policy when issued, that all statements
37 made by the policyholder or by the persons insured shall be deemed
38 representations and not warranties, and that no statement made by
39 any person insured shall be used in any contest unless a copy of the
40 instrument containing the statement is or has been furnished to such
41 person or to his beneficiary.

42 (4) A provision setting forth the conditions, if any, under which
43 the insurer reserves the right to require a person eligible for insurance
44 to furnish evidence of individual insurability satisfactory to the in-
45 surer as a condition to part or all of his coverage.

46 (5) A provision specifying an equitable adjustment of premiums or
47 benefits or of both to be made in the event the age of a person insured
48 has been misstated, such provision to contain a clear statement of the
49 method of adjustment to be used.

50 (6) A provision that any sum becoming due by reason of the death
51 of the person insured shall be payable to the beneficiary designated by
52 the person insured, subject to the provisions of the policy in the event
53 there is no designated beneficiary, as to all or any part of such sum,
54 living at the death of the person insured, and subject to any right
55 reserved by the insurer in the policy and set forth in the certificate
56 to pay at its option a part of such sum, not exceeding two hundred
57 fifty dollars, to any person appearing to the insurer to be equitably
58 entitled thereto by reason of having incurred funeral or other ex-
59 penses incident to the last illness or death of the person insured.

60 (7) A provision that the insurer will issue to the policyholder for
61 delivery to each person insured an individual certificate setting forth
62 a statement as to the insurance protection to which he is entitled, to
63 whom the insurance benefits are payable, and the rights and condi-
64 tions set forth in (8), (9) and (10) following if applicable.

65 (8) A provision that if the insurance, or any portion of it, on a
66 person covered under the policy ceases because of termination of em-
67 ployment or of membership in the class or classes eligible for cover-
68 age under the policy, such person shall be entitled to have issued to
69 him by the insurer, without evidence of insurability, an individual
70 policy of life insurance without disability or other supplementary
71 benefits, provided application for the individual policy shall be made,
72 and the first premium paid to the insurer, within thirty-one days after
73 such termination, and provided further that,

74 (a) The individual policy shall, at the option of such person, be on
75 any one of the forms, except term insurance, then customarily issued
76 by the insurer at the age and for the amount applied for;

77 (b) The individual policy shall be in an amount not in excess of the
78 amount of life insurance which ceases because of such termination,
79 provided that any amount of insurance which matures on the date
80 of such termination, or has matured prior thereto as an endowment
81 payable to the person insured, whether in one sum or in installments
82 or in the form of an annuity, shall not, for the purposes of this pro-

83 vision, be included in the amount which is considered to cease because
84 of such termination, and

85 (c) The premium on the individual policy shall be at the insurer's
86 then customary rate applicable to the form and amount of the in-
87 dividual policy, to the class of risk to which such person then belongs,
88 and to his age attained on the effective date of the individual policy.

89 (9) A provision that if the group policy terminates or is amended so
90 as to terminate the insurance of any class of insured persons, every
91 person insured thereunder at the date of such termination whose in-
92 surance terminates and who has been so insured for at least five years
93 prior to such termination date shall be entitled to have issued to him
94 by the insurer an individual policy of life insurance, subject to the
95 same conditions and limitations as are provided by (8) above, except
96 that the group policy may provide that the amount of such individual
97 policy shall not exceed the smaller of (a) the amount of the person's
98 life insurance protection ceasing because of the termination or amend-
99 ment of the group policy, less the amount of any life insurance for
100 which he is or becomes eligible under any group policy issued or rein-
101 stated by the same or another insurer within thirty-one days after
102 such termination, and (b) two thousand dollars.

103 (10) A provision that if a person insured under the group policy dies
104 during the period within which he would have been entitled to have an
105 individual policy issued to him in accordance with (8) or (9) above
106 and before such an individual policy shall have become effective, the
107 amount of life insurance which he would have been entitled to have
108 issued to him under such individual policy shall be payable as a claim
109 under the group policy, whether or not application for the individual
110 policy or the payment of the first premium therefor has been made.

1 SEC. 4. All policies of group accident or health insurance or
2 combination thereof issued in this state shall contain in substance
3 the following provisions:

4 (1) The policy shall have a provision that a copy of the application,
5 if any, of the policyholder shall be attached to the policy when issued,
6 that all statements made by the policyholder or by the persons insured
7 shall be deemed representations and not warranties, and that no
8 statement made by any person insured shall be used in any contest
9 unless a copy of the instrument containing the statement is or has
10 been furnished to such person.

11 (2) A provision that the company will issue to the policyholder for
12 delivery to each person insured under such policy an individual cer-
13 tificate setting forth a statement as to the insurance protection to
14 which he is entitled, to whom the insurance benefits are payable, and
15 such provisions of the policy as are, in the opinion of the Commissioner
16 of Insurance, necessary to inform the holder thereof as to his rights
17 under the policy.

18 (3) A provision that to the group or class thereof originally insured
19 shall be added, from time to time, all new persons eligible to insurance
20 in such group or class.

1 SEC. 5. An insurer may issue policies of individual life, accident,
2 health, hospital, medical or surgical insurance or any combination
3 thereof at reduced rates to employees of a common employer where the
4 total number of employees to be insured is less than twenty-five and

5 more than nine. The premium for such policies must be paid wholly or
6 in part by the employer. If such policies shall provide term life insur-
7 ance renewable only during the continuance of employment with the
8 employer they shall also provide for conversion to a level premium life
9 policy substantially in accordance with the provisions of subsection
10 (8) of Section 3.

1 SEC. 6. Authorized companies.

2 (1) Any level premium life insurance company, organized on the
3 stock or mutual plan and authorized to transact business under the
4 provisions of chapter 508 may, upon complying with the provisions
5 of said chapter and of this chapter, issue contracts providing for
6 group life, or health, or accident insurance, or combinations thereof
7 as defined in this chapter.

8 (2) Any casualty company organized on the stock or mutual plan,
9 or accident and health association authorized to transact business
10 under the provisions of chapter 510 or chapter 515, or a reciprocal
11 or interinsurance exchange organized under the provisions of chapter
12 520, may, by complying with the provisions of said chapters and of
13 this chapter, issue contracts providing for health or accident insur-
14 ance, or combinations thereof, as defined in this chapter.

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 Commission-
3 er of Insurance and approved by him.

1 SEC. 8. Failure to comply with Section 7 shall be deemed sufficient
2 grounds for revocation of the certificate of authority of any company
3 so violating.

1 SEC. 9. Policies of group insurance issued in other states or
2 countries by companies organized in this state may contain any
3 provision required by the laws of the state, territory, district, or
4 country in which the same are issued, anything in section 7 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 group policy may contain any other provisions which
2 meet the approval of the Commissioner of Insurance, provided such
3 provisions are not in conflict with the standard provisions of sections
4 3 or 4.

1 SEC. 12. If policyholders are entitled to vote at meetings of a
2 domestic insurance company, each policyholder of a group policy shall
3 be entitled to one vote.

1 SEC. 13. No policy of group insurance, nor the proceeds thereof,
2 when payable to any person insured thereunder, or any beneficiary,
3 shall be liable to attachment, garnishment, or other process, or to
4 be seized, taken, appropriated, or applied by any legal or equitable
5 process or operation of law, to pay any debt or liability of such insured
6 person, or beneficiary, or any other person who may have a right

7 thereunder, either before or after payment; nor shall the proceeds
8 thereof, when not made payable to a named beneficiary, constitute a
9 part of the estate of the person insured for the payment of his debts.

1 SEC. 14. The provisions of section 508.28, relating to medical
2 examination of applicants, shall not apply to insurance written under
3 this chapter.

Approved March 29, 1947.

CHAPTER 257

INSURANCE INVESTMENTS

S. F. 140

AN ACT to amend section five hundred eleven point eight (511.8), code 1946, relating to investments of life insurance companies and associations.

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

1 SECTION 1. Section five hundred eleven point eight (511.8), Code
2 1946, is amended by adding thereto immediately after subsection
3 twelve (12) the following new subsections:

4 1. Urban Real Estate. Any real estate located within the conti-
5 nental limits of the United States or the Dominion of Canada, other
6 than property used or to be used primarily for agricultural, horti-
7 cultural, ranching or mining purposes, which produces income or
8 which by suitable improvement will produce income. The term 'real
9 estate' as used in this paragraph shall include a leasehold of real
10 estate. Investments made in accordance with the provisions of this
11 subsection shall not be eligible in excess of five per cent (5%) of
12 the legal reserve.

13 2. Railroad Obligations. Bonds or other evidences of indebtedness
14 which carry a fixed rate of interest and are issued, assumed or
15 guaranteed by any railroad company incorporated under the laws
16 of the United States of America, or of any state, district, insular or
17 territorial possessions thereof, not in reorganization or receivership
18 at the time of such investment, provided that the railroad company

19 a. shall have had for the three year period immediately preceding
20 investment (for which the necessary data for the railroad company
21 shall have been published) a balance of income available for fixed
22 charges which shall have averaged per year not less than one and
23 one-quarter times the fixed charges for the latest year of the period;
24 and

25 b. shall have had for the three year period immediately preceding
26 investment (for which the necessary data for both the railroad
27 company and all Class I railroads shall have been published)

28 (1) a balance of income available for the payment of fixed charges
29 at least as many times greater than the fixed charges for the latest
30 year of the period as the balance of income available for the payment
31 of fixed charges of all Class I railroads for the same three year period
32 is times greater than the amount of all fixed charges for such Class I
33 railroads for the latest year of the period; and