

12 provided for in section five hundred fifteen point forty-nine (515.49),  
 13 Code 1946, it shall fall.

Approved May 1, 1947.

## CHAPTER 259

### CASUALTY INSURANCE RATES

S. F. 179

AN ACT relating to the regulation of rates for certain casualty insurance including fidelity, surety and guaranty bonds and for all other forms of motor vehicle insurance, and to rating organizations.

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

1     **SECTION 1. Purpose of Act.** The purpose of this Act is to promote  
 2 the public welfare by regulating insurance rates to the end that they  
 3 shall not be excessive, inadequate or unfairly discriminatory, and  
 4 to authorize and regulate co-operative action among insurers in  
 5 rate making and in other matters within the scope of this Act. Noth-  
 6 ing in this Act is intended (1) to prohibit or discourage reasonable  
 7 competition, or (2) to prohibit, or encourage except to the extent nec-  
 8 essary to accomplish the aforementioned purpose, uniformity in insur-  
 9 ance rates, rating systems, rating plans or practices. This Act shall  
 10 be liberally interpreted to carry into effect the provisions of this  
 11 section.

1     **SEC. 2. Scope of Act.** This Act applies to casualty insurance,  
 2 including fidelity, surety and guaranty bonds, and to all other forms  
 3 of motor vehicle insurance, on risks or operations in this state,  
 4 written by stock and mutual companies and reciprocal and inter-  
 5 insurance exchanges, except:

6     (a) reinsurance, other than joint reinsurance to the extent stated  
 7 in section eleven (11);

8     (b) accident and health insurance;  
 9     (c) insurance against loss of or damage to aircraft or against  
 10 liability, other than workmen's compensation and employers' liability,  
 11 arising out of the ownership, maintenance or use of aircraft;

12     (d) insurance written by a county mutual assessment association  
 13 as provided in chapter five hundred eighteen (518), Code 1946.

14     If any kind of insurance, subdivision or combination thereof, or  
 15 type of coverage, subject to this Act, is also subject to regulation  
 16 by another rate regulatory act of this state, an insurer to which both  
 17 acts are otherwise applicable shall file with the commissioner of  
 18 insurance, hereinafter referred to as "commissioner", a designation  
 19 as to which rate regulatory act shall be applicable to it with respect  
 20 to such kind of insurance, subdivision or combination thereof, or  
 21 type of coverage.

1     **SEC. 3. Making of rates.** (a) All rates shall be made in accordance  
 2 with the following provisions:

3     1. Due consideration shall be given to past and prospective loss  
 4 experience within and outside this state, to catastrophe hazards, if

5 any, to a reasonable margin for underwriting profit and contingencies,  
6 to dividends, savings or unabsorbed premium deposits allowed or  
7 returned by insurers to their policyholders, members or subscribers,  
8 to past and prospective expenses both countrywide and those specially  
9 applicable to this state, and to all other relevant factors within and  
10 outside this state;

11 2. The systems of expense provisions included in the rates for use  
12 by any insurer or group of insurers may differ from those of other  
13 insurers or groups of insurers to reflect the requirements of the  
14 operating methods of any such insurer or group with respect to any  
15 kind of insurance, or with respect to any subdivision or combination  
16 thereof for which subdivision or combination separate expense provi-  
17 sions are applicable;

18 3. Risks may be grouped by classifications for the establishment  
19 of rates and minimum premiums. Classification rates may be modified  
20 to produce rates for individual risks in accordance with rating plans  
21 which establish standards for measuring variations in hazards or  
22 expense provisions, or both. Such standards may measure any differ-  
23 ences among risks that can be demonstrated to have a probable effect  
24 upon losses or expenses;

25 4. Rates shall not be excessive, inadequate or unfairly discrimi-  
26 natory.

27 (b) Except to the extent necessary to meet the provisions of sub-  
28 division four (4) of subsection (a) of this section, uniformity among  
29 insurers in any matters within the scope of this section is neither re-  
30 quired nor prohibited.

1 SEC. 4. **Rate filings.** (a) Every insurer shall file with the commis-  
2 sioner every manual of classifications, rules and rates, every rating plan  
3 and every modification of any of the foregoing which it proposes to use.  
4 Every such filing shall state the proposed effective date thereof, and  
5 shall indicate the character and extent of the coverage contemplated.  
6 When a filing is not accompanied by the information upon which the  
7 insurer supports such filing, and the commissioner does not have  
8 sufficient information to determine whether such filing meets the  
9 requirements of the Act, he shall require such insurer to furnish the  
10 information upon which it supports such filing and in such event  
11 the waiting period shall commence as of the date such information is  
12 furnished. The information furnished in support of a filing may  
13 include (1) the experience or judgment of the insurer or rating  
14 organization making the filing, (2) its interpretation of any statistical  
15 data it relies upon, (3) the experience of other insurers or rating  
16 organizations, or (4) any other relevant factors. A filing and any  
17 supporting information shall be open to public inspection after the  
18 filing becomes effective.

19 (b) An insurer may satisfy its obligation to make such filings  
20 by becoming a member of, or a subscriber to, a licensed rating  
21 organization which makes such filings, and by authorizing the com-  
22 missioner to accept such filings on its behalf; provided, that nothing  
23 contained in this Act shall be construed as requiring any insurer to  
24 become a member of or a subscriber to any rating organization.

25 (c) The commissioner shall review filings as soon as reasonably  
26 possible after they have been made in order to determine whether  
27 they meet the requirements of this Act.

28 (d) Subject to the exception specified in subsection (e) of this  
29 section, each filing shall be on file for a waiting period of fifteen (15)  
30 days before it becomes effective, which period may be extended by  
31 the commissioner for an additional period not to exceed fifteen (15)  
32 days if he gives written notice within such waiting period to the  
33 insurer or rating organization which made the filing that he needs  
34 such additional time for the consideration of such filing. Upon written  
35 application by such insurer or rating organization, the commissioner  
36 may authorize a filing which he has reviewed to become effective before  
37 the expiration of the waiting period or any extension thereof. A filing  
38 shall be deemed to meet the requirements of this Act unless disapproved  
39 by the commissioner within the waiting period or any extension  
40 thereof.

41 (e) Any special filing with respect to a surety or guaranty bond  
42 required by law or by court or executive order or by order, rule or  
43 regulation of a public body, not covered by a previous filing, shall  
44 become effective when filed and shall be deemed to meet the require-  
45 ments of this Act until such time as the commissioner reviews the  
46 filing and so long thereafter as the filing remains in effect.

47 (f) Under such rules and regulations as he shall adopt, the com-  
48 missioner may, by written order, suspend or modify the requirement  
49 of filing as to any kind of insurance, subdivision or combination thereof,  
50 or as to classes of risks, the rates for which cannot practicably be  
51 filed before they are used. Such orders, rules and regulations shall  
52 be made known to insurers and rating organizations affected thereby.  
53 The commissioner may make such examination as he may deem  
54 advisable to ascertain whether any rates affected by such order meet  
55 the standards set forth in subdivision four (4) of subsection (a) of  
56 section three (3).

57 (g) Upon the written application of the insured, stating his reasons  
58 therefor, filed with and approved by the commissioner, a rate in  
59 excess of that provided by a filing otherwise applicable may be used  
60 on any specific risk.

61 (h) Beginning ninety (90) days after the effective date of this  
62 Act, no insurer shall make or issue a contract or policy except in  
63 accordance with filings which are in effect for said insurer as provided  
64 in this Act or in accordance with subsection (f) or (g) of this section.

1 **SEC. 5. Disapproval of filings.** (a) If within the waiting period  
2 or any extension thereof as provided in subsection (d) of section four  
3 (4), the commissioner finds that a filing does not meet the requirements  
4 of this Act, he shall send to the insurer or rating organization which  
5 made such filing written notice of disapproval of such filing specifying  
6 therein in what respects he finds such filing fails to meet the require-  
7 ments of this Act and stating that such filing shall not become effective.

8 (b) If within thirty days after a special surety or guaranty filing  
9 subject to subsection (e) of section four (4) has become effective, the  
10 commissioner finds that such filing does not meet the requirements of  
11 this Act, he shall send to the insurer or rating organization which  
12 made such filing written notice of disapproval of such filing specifying  
13 therein in what respects he finds that such filing fails to meet the  
14 requirements of this Act and stating when, within a reasonable period  
15 thereafter, such filing shall be deemed no longer effective. Said

16 disapproval shall not affect any contract made or issued prior to the  
17 expiration of the period set forth in said notice.

18 (c) If at any time subsequent to the applicable review period pro-  
19 vided for in subsection (a) or (b) of this section, the commissioner  
20 finds that a filing does not meet the requirements of this Act, he shall,  
21 after a hearing held upon not less than ten (10) days' written notice,  
22 specifying the matters to be considered at such hearing, to every  
23 insurer and rating organization which made such filing, issue an  
24 order specifying in what respects he finds that such filing fails to meet  
25 the requirements of this Act, and stating when, within a reasonable  
26 period thereafter, such filing shall be deemed no longer effective.  
27 Copies of said order shall be sent to every such insurer and rating  
28 organization. Said order shall not affect any contract or policy made  
29 or issued prior to the expiration of the period set forth in said order.

30 (d) Any person or organization aggrieved with respect to any  
31 filing which is in effect may make written application to the com-  
32 missioner for a hearing thereon, provided, however, that the insurer  
33 or rating organization that made the filing shall not be authorized  
34 to proceed under this subsection. Such application shall specify the  
35 grounds to be relied upon by the applicant. If the commissioner shall  
36 find that the application is made in good faith, that the applicant  
37 would be so aggrieved if his grounds are established, and that such  
38 grounds otherwise justify holding such a hearing, he shall, within  
39 thirty (30) days after receipt of such application, hold a hearing upon  
40 not less than ten (10) days' written notice to the applicant and to  
41 every insurer and rating organization which made such filing.

42 If, after such hearing, the commissioner finds that the filing does  
43 not meet the requirements of this Act, he shall issue an order specifying  
44 in what respects he finds that such filing fails to meet the requirements  
45 of this Act, and stating when, within a reasonable period thereafter,  
46 such filing shall be deemed no longer effective. Copies of said order  
47 shall be sent to the applicant and to every such insurer and rating  
48 organization. Said order shall not affect any contract or policy made  
49 or issued prior to the expiration of the period set forth in said order.

50 (e) No manual of classifications, rules, rating plan, or any modifica-  
51 tion of any of the foregoing which establishes standards for measuring  
52 variations in hazards or expense provisions, or both, and which has  
53 been filed pursuant to the requirements of section four (4) of this Act  
54 shall be disapproved if the rates thereby produced meet the require-  
55 ments of this Act.

1 **SEC. 6. Rating organizations.** (a) A corporation, an unincorpo-  
2 rated association, a partnership or an individual, whether located within  
3 or outside this state, may make application to the commissioner for  
4 license as a rating organization for such kinds of insurance or sub-  
5 divisions thereof as are specified in its application and shall file  
6 therewith (1) a copy of its constitution, its articles of agreement or  
7 association or its certificate of incorporation, and of its bylaws, rules  
8 and regulations governing the conduct of its business, (2) a list of  
9 its members and subscribers, (3) the name and address of a resident  
10 of this state upon whom notices or orders of the commissioner or  
11 process affecting such rating organization may be served and (4) a  
12 statement of its qualifications as a rating organization. If the com-  
13 missioner finds that the applicant is competent, trustworthy and

14 otherwise qualified to act as a rating organization and that its constitu-  
15 tion, articles of agreement or association or certificate of incorporation,  
16 and its bylaws, rules and regulations governing the conduct of its  
17 business conform to the requirements of law, he shall issue a license  
18 specifying the kinds of insurance or subdivisions thereof for which the  
19 applicant is authorized to act as a rating organization. Every such  
20 application shall be granted or denied in whole or in part by the com-  
21 missioner within sixty (60) days of the date of its filing with him.  
22 Licenses issued pursuant to this section shall remain in effect for three  
23 (3) years unless sooner suspended or revoked by the commissioner.  
24 The fee for said license shall be twenty-five dollars. Licenses issued  
25 pursuant to this section may be suspended or revoked by the com-  
26 missioner, after hearing upon notice, in the event the rating organiza-  
27 tion ceases to meet the requirements of this subsection. Every rating  
28 organization shall notify the commissioner promptly of every change  
29 in (1) its constitution, its articles of agreement or association or its  
30 certificate of incorporation, and its bylaws, rules and regulations  
31 governing the conduct of its business, (2) its list of members and  
32 subscribers and (3) the name and address of the resident of this state  
33 designated by it upon whom notices or orders of the commissioner or  
34 process affecting such rating organization may be served.

35 (b) Subject to rules and regulations which have been approved by  
36 the commissioner as reasonable, each rating organization shall permit  
37 any insurer, not a member, to be a subscriber to its rating services  
38 for any kind of insurance or subdivision thereof for which it is  
39 authorized to act as a rating organization. Notice of proposed changes  
40 in such rules and regulations shall be given to subscribers. Each  
41 rating organization shall furnish its rating services without discrimina-  
42 tion to its members and subscribers. The reasonableness of any rule  
43 or regulation in its application to subscribers, or the refusal of any  
44 rating organization to admit an insurer as a subscriber, shall, at the  
45 request of any subscriber or any such insurer, be reviewed by the  
46 commissioner at a hearing held upon at least ten (10) days' written  
47 notice to such rating organization and to such subscriber or insurer.  
48 If the commissioner finds that such rule or regulation is unreasonable  
49 in its application to subscribers, he shall order that such rule or  
50 regulation shall not be applicable to subscribers. If the rating organiza-  
51 tion fails to grant or reject an insurer's application for subscribership  
52 within thirty (30) days after it was made, the insurer may request  
53 a review by the commissioner as if the application had been rejected.  
54 If the commissioner finds that the insurer has been refused admittance  
55 to the rating organization as a subscriber without justification, he  
56 shall order the rating organization to admit the insurer as a subscriber.  
57 If he finds that the action of the rating organization was justified,  
58 he shall make an order affirming its action.

59 (c) No rating organization shall adopt any rule the effect of which  
60 would be to prohibit or regulate the payment of dividends, savings or  
61 unabsorbed premium deposits allowed or returned by insurers to their  
62 policyholders, members or subscribers.

63 (d) Co-operation among rating organizations or among rating  
64 organizations and insurers in rate making or in other matters within  
65 the scope of this Act is hereby authorized, provided the filings resulting  
66 from such co-operation are subject to all the provisions of this Act

67 which are applicable to filings generally. The commissioner may  
68 review such co-operative activities and practices and if, after a hearing,  
69 he finds that any such activity or practice is unfair or unreasonable  
70 or otherwise inconsistent with the provisions of this Act, he may  
71 issue a written order specifying in what respects such activity or  
72 practice is unfair or unreasonable or otherwise inconsistent with the  
73 provisions of this Act, and requiring the discontinuance of such  
74 activity or practice.

1     **SEC. 7. Deviations.** Every member of or subscriber to a rating  
2 organization shall adhere to the filings made on its behalf by such  
3 organization except that any such insurer may make written applica-  
4 tion to the commissioner for permission to file a uniform percentage  
5 decrease or increase to be applied to the premiums produced by the  
6 rating system so filed for a kind of insurance, or for a class of  
7 insurance which is found by the commissioner to be a proper rating  
8 unit for the application of such uniform percentage decrease or  
9 increase, or for a subdivision of a kind of insurance (1) comprised  
10 of a group of manual classifications which is treated as a separate  
11 unit for rate making purposes, or (2) for which separate expense  
12 provisions are included in the filings of the rating organization. Such  
13 application shall specify the basis for the modification and shall be  
14 accompanied by the data upon which the applicant relies. A copy of  
15 the application and data shall be sent simultaneously to such rating  
16 organization. The commissioner shall set a time and place for a  
17 hearing at which the insurer and such rating organization may be  
18 heard and shall give them not less than ten (10) days' written notice  
19 thereof. In the event the commissioner is advised by the rating  
20 organization that it does not desire a hearing, he may, upon the consent  
21 of the applicant, waive such hearing. The commissioner shall issue  
22 an order permitting the modification for such insurer to be filed if he  
23 finds it to be justified and it shall thereupon become effective. He shall  
24 issue an order denying such application if he finds that the modifica-  
25 tion is not justified or that the resulting premiums would be excessive,  
26 inadequate or unfairly discriminatory. Each deviation permitted to  
27 be filed shall be effective for a period of one (1) year from the date  
28 of such permission unless terminated sooner with the approval of  
29 the commissioner.

1     **SEC. 8. Appeal by minority.** Any member of or subscriber to a  
2 rating organization may appeal to the commissioner from the action  
3 or decision of such rating organization in approving or rejecting any  
4 proposed change in or addition to the filings of such rating organiza-  
5 tion, and the commissioner shall, after a hearing held upon not less  
6 than ten (10) days' written notice to the appellant and to such rating  
7 organization, issue an order approving the action or decision of such  
8 rating organization or directing it to give further consideration  
9 to such proposal, or, if such appeal is from the action or decision of  
10 the rating organization in rejecting a proposed addition to its filings,  
11 he may, in the event he finds that such action or decision was  
12 unreasonable, issue an order directing the rating organization to make  
13 an addition to its filings, on behalf of its members and subscribers, in  
14 a manner consistent with his findings, within a reasonable time after  
15 the issuance of such order.

16 If such appeal is based upon the failure of the rating organization  
17 to make a filing on behalf of such member or subscriber which is  
18 based on a system of expense provisions which differs, in accordance  
19 with the right granted in subdivision two (2) of subsection (a) of  
20 section three (3), from the system of expense provisions included in  
21 a filing made by the rating organization, the commissioner shall, if  
22 he grants the appeal, order the rating organization to make the  
23 requested filing for use by the appellant. In deciding such appeal,  
24 the commissioner shall apply the standards set forth in section three  
25 (3).

1 **SEC. 9. Information to be furnished insureds; hearings and**  
2 **appeals of insureds.** Every rating organization and every insurer  
3 which makes its own rates shall, within a reasonable time after  
4 receiving written request therefor and upon payment of such reasonable  
5 charge as it may make, furnish to any insured affected by a rate made  
6 by it, or to the authorized representative of such insured, all pertinent  
7 information as to such rate.

8 Every rating organization and every insurer which makes its own  
9 rates shall provide within this state reasonable means whereby any  
10 person aggrieved by the application of its rating system may be heard,  
11 in person or by his authorized representative, on his written request  
12 to review the manner in which such rating system has been applied  
13 in connection with the insurance afforded him. If the rating organiza-  
14 tion or insurer fails to grant or reject such request within thirty (30)  
15 days after it is made, the applicant may proceed in the same manner  
16 as if his application had been rejected. Any party affected by the  
17 action of such rating organization or such insurer on such request  
18 may, within thirty (30) days after written notice of such action,  
19 appeal to the commissioner, who, after a hearing held upon not less  
20 than ten (10) days' written notice to the appellant and to such rating  
21 organization or insurer, may affirm or reverse such action.

1 **SEC. 10. Advisory organizations.** (a) Every group, association or  
2 other organization of insurers, whether located within or outside  
3 this state, which assists insurers which make their own filings or  
4 rating organizations in rate making, by the collection and furnishing  
5 of loss or expense statistics, or by the submission of recommendations,  
6 but which does not make filings under this Act, shall be known as an  
7 advisory organization.

8 (b) Every advisory organization shall file with the commissioner  
9 (1) a copy of its constitution, its articles of agreement or association  
10 or its certificate of incorporation and of its bylaws, rules and regula-  
11 tions governing its activities, (2) a list of its members, (3) the name  
12 and address of a resident of this state upon whom notices or orders  
13 of the commissioner or process issued at his direction may be served,  
14 and (4) an agreement that the commissioner may examine such  
15 advisory organization in accordance with the provisions of section  
16 twelve (12) of this Act.

17 (c) If, after a hearing, the commissioner finds that the furnishing  
18 of such information or assistance involves any act or practice which  
19 is unfair or unreasonable or otherwise inconsistent with the provisions  
20 of this Act, he may issue a written order specifying in what respects  
21 such act or practice is unfair or unreasonable or otherwise inconsistent

22 with the provisions of this Act, and requiring the discontinuance of  
23 such act or practice.

24 (d) No insurer which makes its own filings nor any rating organiza-  
25 tion shall support its filings by statistics or adopt rate making recom-  
26 mendations, furnished to it by an advisory organization which has  
27 not complied with this section or with an order of the commissioner  
28 involving such statistics or recommendations issued under subsection  
29 (c) of this section. If the commissioner finds such insurer or rating  
30 organization to be in violation of this subsection he may issue an  
31 order requiring the discontinuance of such violation.

1 **SEC. 11. Joint underwriting or joint reinsurance.** (a) Every  
2 group, association or other organization of insurers which engages  
3 in joint underwriting or joint reinsurance, shall be subject to regula-  
4 tion with respect thereto as herein provided, subject, however, with  
5 respect to joint underwriting, to all other provisions of this Act and,  
6 with respect to joint reinsurance, to sections twelve (12) and seventeen  
7 (17) to twenty-one (21) of this Act.

8 (b) If, after a hearing, the commissioner finds that any activity or  
9 practice of any such group, association or other organization is unfair  
10 or unreasonable or otherwise inconsistent with the provisions of this  
11 Act, he may issue a written order specifying in what respects such  
12 activity or practice is unfair or unreasonable or otherwise inconsistent  
13 with the provisions of this Act, and requiring the discontinuance of  
14 such activity or practice.

1 **SEC. 12. Examinations.** The commissioner shall, at least once in  
2 five (5) years, make or cause to be made an examination of each  
3 rating organization licensed in this state as provided in section six  
4 (6), and he may, as often as he may deem it expedient, make or  
5 cause to be made an examination of each advisory organization  
6 referred to in section ten (10) and of each group, association or  
7 other organization referred to in section eleven (11). The reasonable  
8 costs of any such examination shall be paid by the rating organization,  
9 advisory organization, or group, association or other organization ex-  
10 amined upon presentation to it of a detailed account of such costs.  
11 The officer, manager, agents and employees of such rating organiza-  
12 tion, advisory organization, or group, association or other organization  
13 may be examined at any time under oath and shall exhibit all books,  
14 records, accounts, documents, or agreements governing its method of  
15 operation. In lieu of any such examination the commissioner may  
16 accept the report of an examination made by the insurance supervisory  
17 official of another state, pursuant to the laws of such state.

1 **SEC. 13. Rate administration.** (a) **Recording and Reporting Loss**  
2 **and Expense Experience.** The commissioner shall promulgate reason-  
3 able rules and statistical plans, recently adapted to each of the rating  
4 systems on file with him, which may be modified from time to time  
5 and which shall be used thereafter by each insurer in the recording  
6 and reporting of its loss and countrywide expense experience, in order  
7 that the experience of all insurers may be made available at least  
8 annually in such form and detail as may be necessary to aid him in  
9 determining whether rating systems comply with the standards set  
10 forth in section three (3). Such rules and plans may also provide for



11 the recording and reporting of expense experience items which are  
12 specially applicable to this state and are not susceptible of determina-  
13 tion by a prorating of countrywide expense experience. In promulgat-  
14 ing such rules and plans, the commissioner shall give due consideration  
15 to the rating systems on file with him and, in order that such rules  
16 and plans may be as uniform as is practicable among the several  
17 states, to the rules and to the form of the plans used for such  
18 rating systems in other states. No insurer shall be required to  
19 record or report its loss experience on a classification basis that is  
20 inconsistent with the rating system filed by it. The commissioner  
21 may designate one or more rating organizations or other agencies  
22 to assist him in gathering such experience and making compilations  
23 thereof, and such compilations shall be made available, subject to  
24 reasonable rules promulgated by the commissioner, to insurers and  
25 rating organizations.

26 (b) Interchange of Rating Plan Data. Reasonable rules and  
27 plans may be promulgated by the commissioner for the interchange  
28 of data necessary for the application of rating plans.

29 (c) Consultation with Other States. In order to further uniform  
30 administration of rate regulatory laws, the commissioner and every  
31 insurer and rating organization may exchange information and  
32 experience data with insurance supervisory officials, insurers and  
33 rating organizations in other states and may consult with them with  
34 respect to rate making and the application of rating systems.

35 (d) Rules and Regulations. The commissioner may make reasonable  
36 rules and regulations necessary to effect the purposes of this Act.

1 **SEC. 14. False or misleading information.** No person or organiza-  
2 tion shall wilfully withhold information from, or knowingly give  
3 false or misleading information to, the commissioner, any statistical  
4 agency designated by the commissioner, any rating organization, or  
5 any insurer, which will affect the rates or premiums chargeable under  
6 this Act. A violation of this section shall subject the one guilty of  
7 such violation to the penalties provided in section seventeen (17)  
8 of this Act.

1 **SEC. 15. Assigned risks.** Agreements may be made among insurers  
2 with respect to the equitable apportionment among them of insurance  
3 which may be afforded applicants who are in good faith entitled to  
4 but who are unable to procure such insurance through ordinary  
5 methods and such insurers may agree among themselves on the use  
6 of reasonable rate modifications for such insurance, such agreements  
7 and rate modifications to be subject to the approval of the com-  
8 missioner.

1 **SEC. 16. Rebates prohibited.** No agent shall knowingly charge,  
2 demand or receive a premium for any policy of insurance except in  
3 accordance with the provisions of this Act. No insurer or employee  
4 thereof, and no agent, shall pay, allow, or give, or offer to pay, allow,  
5 or give, directly or indirectly, as an inducement to insurance, or after  
6 insurance has been effected, any rebate, discount, abatement, credit  
7 or reduction of the premium named in a policy of insurance, or any  
8 special favor or advantage in the dividends or other benefits to accrue  
9 thereon, or any valuable consideration or inducement whatever, not

10 specified in the policy of insurance, except to the extent provided for  
11 in an applicable filing. No insured named in a policy of insurance, nor  
12 any employee of such insured shall knowingly receive or accept,  
13 directly or indirectly, any such rebate, discount, abatement, credit or  
14 reduction of premium, or any such special favor or advantage or  
15 valuable consideration or inducement.

16 Nothing in this section shall be construed as prohibiting the payment  
17 of commissions or other compensation to duly licensed agents, nor as  
18 prohibiting any insurer from allowing or returning to its participating  
19 policyholders, members or subscribers, dividends savings or unabsorbed  
20 premium deposits. As used in this section the word "insurance"  
21 includes suretyship and the word "policy" includes bond.

1 **SEC. 17. Penalties.** The commissioner may, if he finds that any  
2 person or organization has violated any provision of this Act, impose  
3 a penalty of not more than fifty dollars (\$50) for each such violation,  
4 but if he finds such violation to be wilful he may impose a penalty  
5 of not more than five hundred dollars (\$500) for each such violation.  
6 Such penalties may be in addition to any other penalty provided by law.

7 The commissioner may suspend the license of any rating organiza-  
8 tion or insurer which fails to comply with an order of the commissioner  
9 within the time limited by such order, or any extension thereof which  
10 the commissioner may grant. The commissioner shall not suspend the  
11 license of any rating organization or insurer for failure to comply  
12 with an order until the time prescribed for an appeal therefrom has  
13 expired or if an appeal has been taken, until such order has been  
14 affirmed. The commissioner may determine when a suspension of  
15 license shall become effective and it shall remain in effect for the  
16 period fixed by him, unless he modifies or rescinds such suspension,  
17 or until the order upon which such suspension is based is modified,  
18 rescinded or reversed.

19 No penalty shall be imposed and no license shall be suspended or  
20 revoked except upon a written order of the commissioner, stating  
21 his findings, made after a hearing held upon not less than ten (10)  
22 days' written notice to such person or organization specifying the  
23 alleged violation.

1 **SEC. 18. Hearing procedure and judicial review.** (a) Any insurer  
2 or rating organization aggrieved by any order or decision of the  
3 commissioner made without a hearing may, within thirty (30) days  
4 after notice of the order to the insurer or organization, make written  
5 request to the commissioner for a hearing thereon. The commissioner  
6 shall hear such party or parties within twenty (20) days after receipt  
7 of such request and shall give not less than ten (10) days' written  
8 notice of the time and place of the hearing. Within fifteen (15) days  
9 after such hearing, the commissioner shall affirm, reverse or modify  
10 his previous action, specifying his reasons therefor. Pending such  
11 hearing and decision thereon, the commissioner may suspend or  
12 postpone the effective date of his previous action.

13 (b) Nothing contained in this Act shall require the observance at  
14 any hearing of formal rules of pleading or evidence.

15 (c) Any order or decision of the commissioner shall be subject  
16 to review by writ of certiorari to the district court at the instance  
17 of any party in interest.

18 The court shall determine whether the filing of the petition for  
19 such writ shall operate as a stay of any such order or decision of the  
20 commissioner. The court may, in disposing of the issue before it,  
21 modify, affirm or reverse the order or decision of the commissioner  
22 in whole or in part.

1 **SEC. 19. Laws affected.** Compliance with this Act shall not be  
2 deemed to be a violation of section five hundred fifteen point one  
3 hundred thirty-one (515.131), Code 1946.

1 **SEC. 20. Constitutionality.** If any section, subsection, subdivision,  
2 paragraph, sentence or clause of this Act is held invalid or un-  
3 constitutional, such decision shall not affect the remaining portions  
4 of this Act.

1 **SEC. 21.** The provisions of this Act shall be in full force and effect  
2 beginning October 1, 1947.

Approved March 24, 1947.

## CHAPTER 260

### FIRE AND MARINE INSURANCE RATES

S. F. 178

AN ACT relating to the regulation of rates for fire, marine and inland marine insurance, and to rating organizations.

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

1 **SECTION 1. Purpose of Act.** The purpose of this Act is to promote  
2 the public welfare by regulating insurance rates to the end that they  
3 shall not be excessive, inadequate or unfairly discriminatory, and to  
4 authorize and regulate co-operative action among insurers in rate  
5 making and in other matters within the scope of this Act. Nothing in  
6 this Act is intended (1) to prohibit or discourage reasonable  
7 competition, or (2) to prohibit or encourage except to the extent  
8 necessary to accomplish the aforementioned purpose, uniformity in  
9 insurance rates, rating systems, rating plans or practices. This Act  
10 shall be liberally interpreted to carry into effect the provisions of this  
11 section.

1 **SEC. 2. Scope of Act.** This Act applies to fire, marine and inland  
2 marine insurance and allied lines on risks located in this state written  
3 by stock and mutual companies and reciprocal and interinsurance  
4 exchanges. Inland marine insurance shall be deemed to include insurance  
5 now or hereafter defined by statute, or by interpretation thereof,  
6 or if not so defined or interpreted, by ruling of the commissioner of  
7 insurance, hereinafter referred to as "commissioner", or as established  
8 by general custom of the business, as inland marine insurance.

9 This Act shall not apply:

10 (a) To reinsurance, other than joint reinsurance to the extent  
11 stated in section eleven (11);

12 (b) To insurance of vessels or craft, their cargoes, marine builders'  
13 risks, marine protection and indemnity, or other risks commonly