

CHAPTER 222

FRANCHISE PLAN INSURANCE

H. F. 390

AN ACT authorizing the issuance of franchise, life, accident and sickness insurance policies to associations.

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

1 SECTION 1. It shall be lawful for an authorized insurer to issue
2 life, accident and sickness insurance policies on a franchise plan at
3 reduced rates, covering the members of an association, subject to the
4 following:

5 (1) An "Association" as referred to herein shall consist of a labor
6 union, trade association, association of employees, industrial associa-
7 tion or professional association, which has been organized and operat-
8 ing more than two years for purposes other than procuring insurance.

9 (2) A "Franchise Plan" as referred to herein shall consist of an
10 insurance policy or policies covering at least fifty per cent (50%) of
11 the insurable members of an association, but in no case less than ten.
12 Such policies may be written in the name of the association or may
13 be written individually for the insured members, subject to the fol-
14 lowing:

15 (a) A life insurance policy written in the name of the association,
16 shall conform to the provisions of section five hundred nine point two
17 (509.2), Code 1950.

18 (b) An individual policy on the life of a member of an association,
19 providing for term insurance renewable only during the continuation
20 of membership, shall also provide in the event of termination of mem-
21 bership the same provision for conversion as set out in subsection
22 eight (8) of section five hundred nine point two (509.2), Code 1950.

23 (c) An individual life policy written on any basis other than term
24 shall provide that the policyholder may elect to continue it in force
25 upon his termination of membership in the association by giving the
26 insurer a notice in writing of such election within thirty (30) days
27 thereafter and paying therefor his renewal premium, which the in-
28 surer may increase to reflect the normal individual rate for the policy-
29 holder as determined by his age and class at the date of issue of his
30 policy.

31 (d) If an accident and sickness policy is written in the name of the
32 association, it shall conform to the provisions of section five hundred
33 nine point three (509.3), Code 1950.

34 (e) An individual accident and sickness policy shall be subject to
35 the provisions of chapter one hundred eighty-eight (188), Acts of the
36 Fifty-fourth General Assembly.

37 (f) Premiums for such policies may be paid entirely from the funds
38 of the association, entirely from the funds of the members or partly
39 from the funds of each.

40 (g) Accident and sickness policies may include the spouse and de-
41 pendents of the insured.

Approved April 25, 1953.