

CHAPTER 400

FIRE AND CASUALTY INSURANCE

H. F. 212

AN ACT to consolidate the present fire and casualty insurance rate regulatory laws.

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

1 **SECTION 1. Purpose of Act.**

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

1 **SEC. 2. Scope of Act.**

2 This Act applies to all forms of casualty insurance, including fidel-
3 ity, surety and guaranty bond, to all forms of fire, marine and inland
4 marine insurance, and to any combination of any of the foregoing, on
5 risks or operations in this state. Inland marine insurance shall be
6 deemed to include insurance now or hereafter defined by statute, or
7 by interpretation thereof, or if not so defined or interpreted, by ruling
8 of the commissioner of insurance, hereinafter referred to as commis-
9 sioner, or as established by general custom of the business, as inland
10 marine insurance.

11 This Act shall not apply to:

- 12 1. Reinsurance, other than joint reinsurance to the extent stated in
13 section eleven (11) of this Act;
14 2. Accident and health insurance;
15 3. Insurance of vessels or craft, their cargoes, marine builders' risks,
16 marine protection and indemnity, or other risks commonly insured
17 under marine, as distinguished from inland marine insurance policies;
18 4. Insurance written by a county mutual assessment association as
19 provided in chapter five hundred eighteen (518), Code of Iowa.

1 **SEC. 3. Making of Rates.**

- 2 1. Rates shall be made in accordance with the following provisions:
3 a. Rates shall not be excessive, inadequate or unfairly discrimina-
4 tory.
5 b. Due consideration shall be given to past and prospective loss ex-
6 perience within and outside this state, to the conflagration and catas-
7 trophe hazards, to a reasonable margin for underwriting profit and
8 contingencies, to dividends, savings, or unabsorbed premium deposits
9 allowed or returned by insurers to their policyholders, members or
10 subscribers, to past and prospective expenses both countrywide and
11 those specially applicable to this state, and to all other relevant factors
12 within and outside this state; and in the case of fire insurance rates
13 consideration shall be given to the experience of the fire insurance

14 business during a period of not less than the most recent five year
15 period for which such experience is available.

16 c. The systems of expense provisions included in the rates for use
17 by any insurer or group of insurers may differ from those of other
18 insurers or group of insurers to reflect the requirements of the oper-
19 ating methods of any such insurer or group of insurers with respect
20 to any kind of insurance, or with respect to any subdivision or com-
21 bination thereof for which subdivision or combination separate ex-
22 pense provisions are applicable.

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

30 2. Except to the extent necessary to meet the provisions of para-
31 graph "a" of subsection one (1) of this section, uniformity among
32 insurers in any matters within the scope of this section is neither
33 required nor prohibited.

1 SEC. 4. Rate Filings.

2 1. Every insurer shall file with the commissioner, except as to inland
3 marine risks which by general custom of the business are not written
4 according to manual rates or rating plans, every manual, minimum,
5 class rate, rating schedule or rating plan and every other rating rule,
6 and every modification of any of the foregoing which it proposes to
7 use. Every such filing shall state the proposed effective date thereof,
8 and shall indicate the character and extent of the coverage contem-
9 plated.

10 When a filing is not accompanied by the information upon which the
11 insurer supports such filing, and the commissioner does not have suffi-
12 cient information to determine whether such filing meets the require-
13 ments of the Act, he shall require such insurer to furnish the informa-
14 tion upon which it supports such filing and in such event the waiting
15 period shall commence as of the date such information is furnished.
16 The information furnished in support of a filing may include (a) the
17 experience or judgment of the insurer or rating organization making
18 the filing, (b) its interpretation of any statistical data it relies upon,
19 (c) the experience of other insurers or rating organizations, or (d)
20 any other relevant factors. A filing and any supporting information
21 shall be open to public inspection after the filing becomes effective.
22 Specific inland marine rates on risks specially rated, made by a rating
23 organization, shall be filed with the commissioner.

24 2. An insurer may satisfy its obligation to make such filings by be-
25 coming a member of, or a subscriber to, a licensed rating organization
26 which makes such filings, and by authorizing the commissioner to
27 accept such filings on its behalf; provided that nothing contained in
28 this Act shall be construed as requiring any insurer to become a mem-
29 ber of or a subscriber to any rating organization.

30 3. The commissioner shall review filings as soon as reasonably pos-
31 sible after they have been made in order to determine whether they
32 meet the requirements of this Act.

33 4. Subject to the exception specified in subsection five (5) of this
 34 section, each filing shall be on file for a waiting period of fifteen (15)
 35 days before it becomes effective, which period may be extended by the
 36 commissioner for an additional period not to exceed fifteen (15) days
 37 if he gives written notice within such waiting period to the insurer or
 38 rating organization which made the filing that he needs such addi-
 39 tional time for the consideration of such filing. Upon written applica-
 40 tion by such insurer or rating organization, the commissioner may
 41 authorize a filing which he has reviewed to become effective before the
 42 expiration of the waiting period or any extension thereof. A filing
 43 shall be deemed to meet the requirements of this Act unless disap-
 44 proved by the commissioner within thirty (30) days of receipt thereof
 45 by the commissioner.

46 5. Specific inland marine rates on risks specially rated by a rating
 47 organization, or any specific filing with respect to a surety or guaranty
 48 bond required by law or by court or executive order, rule or regulation
 49 of a public body and not covered by a previous filing, shall become
 50 effective when filed and shall be deemed to meet the requirements of
 51 this Act until such time as the commissioner reviews the filing and so
 52 long thereafter as the filing remains in effect.

53 6. Under such rules and regulations as he shall adopt the commis-
 54 sioner may, by written order, suspend or modify the requirement of
 55 filing as to any kind of insurance, subdivision or combination thereof,
 56 or as to classes of risks, the rates for which cannot practicably be filed
 57 before they are used. Such order, rules and regulations shall be made
 58 known to insurers and rating organizations affected thereby. The
 59 commissioner may make such examination as he may deem advisable
 60 to ascertain whether any rates affected by such order meet the stand-
 61 ards set forth in paragraph "b" of subsection one (1) of section three
 62 (3) of this Act.

63 7. Upon the written application of the insured, stating his reasons
 64 therefor, filed with an* approved by the commissioner a rate in excess
 65 of that provided by a filing otherwise applicable may be used on any
 66 specific risk.

67 8. No insurer shall make or issue a contract or policy except in ac-
 68 cordance with the filings which are in effect for said insurer as pro-
 69 vided in this Act or in accordance with subsections six (6) or seven
 70 (7) of this section. This subsection shall not apply to contracts or
 71 policies for inland marine risks as to which filings are not required.

1 SEC. 5. Disapproval of Filings.

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

9 2. If within thirty days after a specific inland marine rate on a risk
 10 especially rated by a rating organization subject to subsection five (5)
 11 of section four (4) of this Act has become effective or, if within thirty

*According to enrolled Act.

12 (30) days after a special surety or guaranty filing subject to subsection
13 five (5) of section four (4) of this Act has become effective, the
14 commissioner finds that such filing does not meet the requirements of
15 this Act, he shall send to the rating organization or insurer which
16 made such filing written notice of disapproval of such filing specifying
17 therein in what respects he finds that such filing fails to meet the
18 requirements of this Act and stating when, within a reasonable period
19 thereafter, such filing shall be deemed no longer effective. Said dis-
20 approval shall not affect any contract made or issued prior to the
21 expiration of the period set forth in said notice.

22 3. If at any time subsequent to the applicable review period pro-
23 vided for in subsection one (1) or two (2) of this section, the com-
24 missioner finds that a filing does not meet the requirements of this
25 Act, he shall, after a hearing held upon not less than ten (10) days'
26 written notice, specifying the matters to be considered at such hear-
27 ing, to every insurer and rating organization which made such filing,
28 issue an order specifying in what respects he finds that such filing
29 fails to meet the requirements of this Act, and stating when, within a
30 reasonable period thereafter, such filing shall be deemed no longer
31 effective. Copies of said order shall be sent to every such insurer and
32 rating organization. Said order shall not affect any contract or policy
33 made or issued prior to the expiration of the period set forth in said
34 order.

35 4. Any person or organization aggrieved with respect to any filing
36 which is in effect may make written application to the commissioner
37 for a hearing thereon, provided, however, that the insurer that made
38 the filing shall not be authorized to proceed under this subsection.
39 Such application shall specify the grounds to be relied upon by the
40 applicant and such application must show that the person or organi-
41 zation making such application has a specific economic interest affected
42 by the filing. If the commissioner shall find that the application is
43 made in good faith, that the applicant has a specific economic interest,
44 that the applicant would be so aggrieved if his grounds are established,
45 and that such grounds otherwise justify holding such a hearing, he
46 shall within thirty (30) days after receipt of such application hold a
47 hearing, upon not less than ten (10) days' written notice to the appli-
48 cant and to every insurer and rating organization which made such
49 filing. No rating or advisory organization shall have any status under
50 this Act to make application for a hearing on any filing made by an
51 insurer with the commissioner.

52 If, after such hearing, the commissioner finds that the filing does
53 not meet the requirements of this Act, he shall issue an order specify-
54 ing in what respects he finds that such filing fails to meet the require-
55 ments of this Act, and stating when, within a reasonable period there-
56 after, such filing shall be deemed no longer effective. Copies of said
57 order shall be sent to the applicant and to every such insurer and
58 rating organization. Said order shall not affect any contract or policy
59 made or issued prior to the expiration of the period set forth in said
60 order.

61 5. No filing shall be disapproved if the rates thereby produced meet
62 the requirements of this Act.

1 SEC. 6. Rating Organizations.

2 1. A corporation, an unincorporated association, a partnership or an
3 individual, whether located within or outside this state, may make
4 application to the commissioner for license as a rating organization
5 for such kinds of insurance, or subdivision or class of risk or a part or
6 combination thereof as are specified in its application and shall file
7 therewith (a) a copy of its constitution, its articles of agreement or
8 association or its certificate of incorporation, and of its by-laws, rules
9 and regulations governing the conduct of its business, (b) a list of its
10 members and subscribers, (c) the name and address of a resident of
11 this state upon whom notices or orders of the commissioner or process
12 affecting such rating organization may be served and (d) a statement
13 of its qualifications as a rating organization. If the commissioner finds
14 that the applicant is competent, trustworthy and otherwise qualified
15 to act as a rating organization and that its constitution, articles of
16 agreement or association or certificate of incorporation, and its by-
17 laws, rules and regulations governing the conduct of its business con-
18 form to the requirements of law, he shall issue a license specifying the
19 kinds of insurance, or subdivisions or classes of risks or parts or com-
20 binations thereof for which the applicant is authorized to act as a
21 rating organization. Every such application shall be granted or denied
22 in whole or in part by the commissioner within sixty (60) days of the
23 date of its filing with him. Licenses issued pursuant to this section
24 shall remain in effect for three (3) years unless sooner suspended or
25 revoked by the commissioner. The fee for said license shall be twenty-
26 five dollars (\$25.00). Licenses issued pursuant to this section may be
27 suspended or revoked by the commissioner, after hearing upon notice,
28 in the event the rating organization ceases to meet the requirements
29 of this subsection. Every rating organization shall notify the com-
30 missioner promptly of every change in (a) its constitution, its articles
31 of agreement or association, or its certificate of incorporation, and its
32 by-laws, rules and regulations governing the conduct of its business,
33 (b) its list of members and subscribers and (c) the name and address
34 of the resident of this state designated by it upon whom notices or
35 orders of the commissioner or process affecting such rating organiza-
36 tion may be served.

37 2. Subject to rules and regulations which have been approved by the
38 commissioner as reasonable, each rating organization shall permit any
39 insurer, not a member, to be a subscriber to its rating services for any
40 kind of insurance, subdivision, or class of risk or a part or combination
41 thereof for which it is authorized to act as a rating organization.
42 Notice of proposed changes in such rules and regulations shall be given
43 to subscribers. Each rating organization shall furnish its rating serv-
44 ices without discrimination to its members and subscribers. The rea-
45 sonableness of any rule or regulation in its application to subscribers,
46 or the refusal of any rating organization to admit an insurer as a sub-
47 scriber, shall, at the request of any subscriber or any such insurer,
48 be reviewed by the commissioner at a hearing held upon at least ten
49 (10) days' written notice to such rating organization and to such sub-
50 scriber or insurer. If the commissioner finds that such rule or regu-
51 lation is unreasonable in its application to subscribers, he shall order
52 that such rule or regulation shall not be applicable to subscribers. If

53 the rating organization fails to grant or reject an insurer's application
54 for subscribership within thirty (30) days after it was made, the
55 insurer may request a review by the commissioner as if the applica-
56 tion had been rejected. If the commissioner finds that the insurer has
57 been refused admittance to the rating organization as a subscriber
58 without justification, he shall order the rating organization to admit
59 the insurer as a subscriber. If he finds that the action of the rating
60 organization was justified he shall make an order affirming its action.

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

65 4. Cooperation among rating organizations or among rating organi-
66 zations and insurers in rate making or in other matters within the
67 scope of this Act is hereby authorized, provided the filings resulting
68 from such cooperation are subject to all the provisions of this Act
69 which are applicable to filings generally. The commissioner may re-
70 view such cooperative activities and practices and if, after a hearing,
71 he finds that any such activity or practices is unfair or unreasonable
72 or otherwise inconsistent with the provisions of this Act, he may issue
73 a written order specifying in what respects such activity or practice
74 is unfair or unreasonable or otherwise inconsistent with the provisions
75 of this Act, and requiring the discontinuance of such activity or prac-
76 tice.

77 5. Any rating organization may provide for the examination of poli-
78 cies, daily reports, binders, renewal certificates, endorsements or other
79 evidences of insurance, or the cancellation thereof, and may make
80 reasonable rules governing their submission. Such rules shall contain
81 a provision that in the event any insurer does not within sixty (60)
82 days furnish satisfactory evidence to the rating organization of the
83 correction of any error or omission previously called to its attention
84 by the rating organization, it shall be the duty of the rating organiza-
85 tion to notify the commissioner thereof. All information so submitted
86 for examination shall be confidential.

87 6. Any rating organization may subscribe for or purchase actuarial,
88 technical or other services, and such services shall be available to all
89 members and subscribers without discrimination.

1 SEC. 7. Deviations.

2 Every member of or subscriber to a rating organization shall adhere
3 to the filings made on its behalf by such organization except that any
4 such insurer may make written application to the commissioner to file
5 a deviation from the class rates, schedules, rating plans or rules re-
6 specting any kind of insurance, or class of risk within a kind of insur-
7 ance, or combination thereof. Such application shall specify the basis
8 for the modification and a copy shall also be sent simultaneously to
9 such rating organization. In considering the application to file such
10 deviation the commissioner shall give consideration to the available
11 statistics and the principles for rate making as provided in section
12 three (3) of this Act. The commissioner shall issue an order permit-
13 ting the deviation for such insurer to be filed if he finds it to be justi-
14 fied and it shall thereupon become effective. He shall issue an order

15 denying such application if he finds that the deviation applied for does
16 not meet the requirements of this Act.

17 Each deviation permitted to be filed shall remain in effect for a
18 period of not less than one (1) year from the effective date unless
19 sooner withdrawn by the insurer with the approval of the commission-
20 er or until terminated in accordance with the provisions of section five
21 (5) of this Act.

1 **SEC. 8. Appeal by Minority.**

2 Any member or subscriber to a rating organization may appeal to
3 the commissioner from the action or decision of such rating organiza-
4 tion in approving or rejecting any proposed change in or addition to
5 the filings of such rating organization and the commissioner shall,
6 after a hearing held upon not less than ten (10) days' written notice
7 to the appellant, and to such rating organization, issue an order ap-
8 proving the action or decision of such rating organization or directing
9 it to give further consideration to such proposal, or, if such appeal is
10 from the action or decision of the rating organization in rejecting a
11 proposed addition to its filings, he may, in the event he finds that such
12 action or decision was unreasonable, issue an order directing the rat-
13 ing organization to make an addition to its filings, on behalf of its
14 members and subscribers, in a manner consistent with his findings,
15 within a reasonable time after 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 based
18 on a system of expense provisions which differs, in accordance with
19 the right granted in paragraph "c" of subsection one (1) of section
20 three (3) of this Act, from the system of expense provisions included
21 in a filing made by the rating organization, the commissioner shall, if
22 he grants the appeal, order the rating organization to make the re-
23 quested filing for use by the appellant. In deciding such appeal the
24 commissioner shall apply the standards set forth in section three (3)
25 of this Act.

1 **SEC. 9. Information to Be Furnished Insureds: Hearings and Ap-**
2 **peals of Insureds.**

3 Every rating organization and every insurer which makes its own
4 rate shall, within a reasonable time after receiving written request
5 therefor and upon payment of such reasonable charge as it may make,
6 furnish to any insured affected by a rate made by it, or to the author-
7 ized representative of such insured, all pertinent information as to
8 such rate. Every rating organization and every insurer which makes
9 its own rates shall provide within this state reasonable means whereby
10 any person aggrieved by the application of its rating system may be
11 heard, in person or by his authorized representative, on his written
12 request to review the manner in which such rating system has been
13 applied in connection with the insurance afforded him. If the rating
14 organization or insurer fails to grant or reject such request within
15 thirty (30) days after it is made, applicant may proceed in the same
16 manner as if his application had been rejected. Any party affected by
17 the action of such rating organization or such insurer on such request
18 may, within thirty (30) days after written notice of such action, appeal
19 to the commissioner, who, after a hearing held upon not less than ten

20 (10) days' written notice to the appellant and to such rating organiza-
21 tion or insurer, may affirm or reverse such action.

1 **SEC. 10. Advisory Organizations.**

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

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

17 3. If, after a hearing, the commissioner finds that the furnishing of
18 such information or assistance involves any act or practice which is
19 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 4. 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 not
27 complied with this section or with an order of the commissioner in-
28 volving such statistics or recommendations issued under subsection
29 three (3) of this section. If the commissioner finds such insurer or
30 rating organization to be in violation of this subsection he may issue
31 an order requiring the discontinuance of such violation.

1 **SEC. 11. Joint Underwriting or Joint Reinsurance.**

2 1. Every group, association or other organization of insurers which
3 engages in joint underwriting or joint reinsurance, shall be subject to
4 regulation with respect thereto as herein provided, subject, however,
5 with respect to joint underwriting, to all other provisions of this Act
6 and, with respect to joint reinsurance, to sections twelve (12) and six-
7 teen (16) to twenty (20) of this Act.

8 2. 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.**

2 The commissioner shall, at least once in five (5) years, make or
3 cause to be made an examination of each rating organization licensed

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

1 **SEC. 13. Rate Administration.**

2 1. *Recording and Reporting of Loss and Expense Experience.* The
3 commissioner shall promulgate reasonable rules and statistical plans,
4 reasonably adapted to each of the rating systems on file with him,
5 which may be modified from time to time and which shall be used
6 thereafter by each insurer in the recording and reporting of its loss
7 and countrywide expense experience, in order that the experience of
8 all insurers may be made available at least annually in such form and
9 detail as may be necessary to aid him in determining whether rating
10 systems comply with the standards set forth in section three (3) of
11 this Act. Such rules and plans may also provide for the recording and
12 reporting of expense experience items which are specially applicable
13 to this state and are not susceptible of determination by a prorating
14 of countrywide expense experience. In promulgating such rules and
15 plans, the commissioner shall give due consideration to the rating
16 systems on file with him and, in order that such rules and plans may
17 be as uniform as is practicable among the several states, to the rules
18 and to the form of the plans used for such rating systems in other
19 states. No insurer shall be required to record or report its loss ex-
20 perience on a classification basis that is inconsistent with the rating
21 system filed by it. The commissioner may designate one or more rat-
22 ing organizations or other agencies to assist him in gathering such
23 experience and making compilations thereof, and such compilations
24 shall be made available, subject to reasonable rules promulgated by
25 the commissioner, to insurers and rating organizations.

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

29 3. *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 ex-
32 perience data with insurance supervisory officials, insurers and rating
33 organizations in other states and may consult with them with respect
34 to rate making and the application of rating systems.

35 4. *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.**

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

1 **SEC. 15. Assigned Risks.**

2 Agreements may be made among insurers with respect to the equi-
3 table apportionment among them of insurance which may be afforded
4 applicants who are in good faith entitled to but who are unable to
5 procure such insurance through ordinary methods and such insurers
6 may agree among themselves on the use of reasonable rate modifica-
7 tions for such insurance, such agreements and rate modifications to be
8 subject to the approval of the commissioner.

1 **SEC. 16. Rebates Prohibited.**

2 No agent shall knowingly charge, demand or receive a premium for
3 any policy of insurance except in accordance with the provisions of
4 this Act. No insurer or employee thereof, and no agent, shall pay,
5 allow, or give, or offer to pay, allow, or give, directly or indirectly, as
6 an inducement to insurance or after insurance has been effected, any
7 rebate, discount, abatement, credit or reduction of the premium named
8 in a policy of insurance, or any special favor or advantage in the divi-
9 dends or other benefits to accrue thereon, or any valuable considera-
10 tion or inducement whatever, not specified in the policy of insurance,
11 except to the extent provided for in an applicable filing. No insured
12 named in a policy of insurance, nor any employee of such insured shall
13 knowingly receive or accept, directly or indirectly, any such rebate,
14 discount, abatement, credit or reduction of premium, or any such
15 special favor or advantage or valuable consideration or inducement.

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

1 **SEC. 17. Penalties.**

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

8 The commissioner may suspend the license of any rating organiza-
9 tion or insurer which fails to comply with an order of the commission-
10 er within the time limited by such order, or any extension thereof
11 which the commissioner may grant. The commissioner shall not sus-
12 pend the license of any rating organization or insurer for failure to
13 comply with an order until the time prescribed for an appeal there-

14 from has expired or if an appeal has been taken, until such order has
15 been affirmed. The commissioner may determine when a suspension of
16 license shall become effective and it shall remain in effect for the
17 period fixed by him, unless he modifies or rescinds such suspension,
18 or until the order upon which such suspension is based is modified,
19 rescinded or reversed.

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

1 **SEC. 18. Hearing Procedure and Judicial Review.**

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

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

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

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

1 **SEC. 19. Law Repealed.**

2 1. Chapter five hundred fifteen A (515A) and chapter five hundred
3 fifteen B (515B), Code 1962, are hereby repealed.

4 2. Section five hundred seven B point four (507B.4), Code 1962, sub-
5 section nine (9), is amended by striking therefrom the words and
6 figures "section 515A.16 or 515B.15" and substituting therefor "sec-
7 tion sixteen (16) of this Act".

1 **SEC. 20. Laws Affected.** Compliance with this Act shall not be
2 deemed to be a violation of section five hundred fifteen point one hun-
3 dred thirty-one (515.131), Code 1962.

1 **SEC. 21. Constitutionality.**

2 If any section, subsection, subdivision, paragraph, sentence or clause
3 of this Act is held invalid or unconstitutional, such decision shall not
4 affect the remaining portions of this Act.

Approved April 12, 1965.