

## CHAPTER 273

## CREDIT LIFE INSURANCE

H. F. 186

AN ACT relating to the regulation of premium rates for credit life and credit accident and health insurance, providing for a maximum level of credit life insurance, and providing a penalty.

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

1 SECTION 1. NEW SECTION. No individual policy of credit life or  
2 credit accident and health insurance or certificate under a policy of  
3 group credit life or credit accident and health insurance shall be issued  
4 for delivery or delivered in this state unless the premium rates charged  
5 for the insurance are approved by the commissioner of insurance.

1 SEC. 2. NEW SECTION. Rates shall be made in accordance with  
2 the following provisions:

3 1. Rates shall not be excessive, inadequate or unfairly discrimina-  
4 tory.

5 2. Due consideration shall be given to past and prospective loss  
6 experience within and outside this state, to a reasonable margin for  
7 underwriting profit and contingencies, to past and prospective ex-  
8 penses both countrywide and those especially applicable to this state,  
9 and to all other relevant factors within and outside this state, but rates  
10 shall be deemed reasonable under this Act if they reasonably may be  
11 expected to produce a ratio of fifty percent by dividing claims incurred  
12 by premiums earned.

13 3. The commissioner shall, after a public hearing, approve a reason-  
14 able charge or premium for credit accident and health insurance as he  
15 deems appropriate and necessary for the implementation of this sec-  
16 tion. A charge or premium of not more than seventy-five cents per  
17 annum per one hundred dollars of the initial amount of decreasing term  
18 credit life insurance, or its actuarial equivalent for credit life insur-  
19 ance written on other than the decreasing term basis, shall be conclu-  
20 sively presumed to meet the requirements of this section.

1 SEC. 3. Section five hundred thirty-five point two (535.2), subsec-  
2 tion one (1), Code 1973, is amended to read as follows:

3 1. Except as provided in subsection two (2) hereof, the rate of  
4 interest shall be five cents on the hundred by the year in the following  
5 cases, unless the parties shall agree in writing for the payment of  
6 interest not exceeding nine cents on the hundred by the year:

7 a. Money due by express contract.

8 b. Money after the same becomes due.

9 c. Money loaned.

10 d. Money received to the use of another and retained beyond a rea-  
11 sonable time, without the owner's consent, express or implied.

12 e. Money due on the settlement of accounts from the day the bal-  
13 ance is ascertained.

14 f. Money due upon open accounts after six months from the date of  
15 the last item.

16 g. Money due, or to become due, where there is a contract to pay  
17 interest, and no rate is stipulated.

18 ~~Excessive charges or premiums for credit life, accident or health~~

19 insurance written in connection with money loaned shall be included  
20 in the rate of interest unless

21 a. the coverage of the debtor by the insurance is not a factor in the  
22 approval by the creditor of the extension of credit, and this fact is  
23 clearly disclosed in writing to the person applying for or obtaining the  
24 extension of credit; and

25 b. in order to obtain the insurance in connection with the extension  
26 of credit, the person to whom the credit is extended must give specific  
27 affirmative written indication of his desire to do so after written dis-  
28 closure to him of the cost thereof.

29 The foregoing provision regarding excessive charges or premiums  
30 to be included in the rate of interest shall have application only to the  
31 original parties to an agreement and shall in no manner affect the  
32 negotiability of instruments or the rights of subsequent holders.

33 The insurance commissioner, after hearing where all interested par-  
34 ties shall be given an opportunity to be heard, shall approve a reason-  
35 able charge or premium for credit life and accident or health credit  
36 insurance. Such reasonable charge or premium shall allow a fair and  
37 reasonable return or profit for the risk involved in providing such  
38 coverage.

1 SEC. 4. Section five hundred nine point one (509.1), subsection  
2 three (3), paragraph d, Code 1973, is amended as follows:

3 d. The amount of insurance on the life of any debtor shall at no time  
4 exceed the amount owed by him to the creditor, or the face amount of  
5 any loan or loan commitment, totally or partially executed, creating  
6 personal liability and made in good faith for general agricultural or  
7 horticultural purposes to a debtor with seasonal income; however, it  
8 shall not exceed thirty-five thousand dollars, ~~or ten thousand dollars,~~  
9 ~~whichever is less.~~

1 SEC. 5. NEW SECTION. A company or its agent licensed to sell a  
2 policy of credit life or credit accident and health insurance or certifi-  
3 cate under a policy of group credit life or credit accident and health  
4 insurance shall not deposit or offer to deposit funds in a financial  
5 institution of this state in exchange for the privilege of selling such  
6 insurance to or on behalf of the financial institution. Any person  
7 violating the provisions of this section shall be guilty of a misde-  
8 meanor.

Approved May 24, 1973.

## CHAPTER 274

### HEALTH MAINTENANCE ORGANIZATIONS

#### S. F. 25

AN ACT to authorize the establishment and continuing regulation of health maintenance organizations and to provide penalties.

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

1 SECTION 1. NEW SECTION. **Purpose.** The general assembly de-  
2 termines that health maintenance organizations, when properly regu-