



TERRY E. BRANSTAD
GOVERNOR

OFFICE OF THE GOVERNOR

KIM REYNOLDS
LT. GOVERNOR

May 30, 2014

The Honorable Matt Schultz
Secretary of State of Iowa
State Capitol Building
LOCAL

Dear Mr. Secretary:

I hereby transmit:

Senate File 2342, an Act relating to and making appropriations to certain state departments, agencies, funds, and certain other entities, providing for regulatory authority, and other properly related matters, including penalties, and including effective date provisions.

The above Senate File is hereby approved this date.

Sincerely,

A handwritten signature in black ink that reads "Terry E. Branstad".

Terry E. Branstad
Governor

cc: Secretary of the Senate
Clerk of the House



Senate File 2342

AN ACT

RELATING TO AND MAKING APPROPRIATIONS TO CERTAIN STATE DEPARTMENTS, AGENCIES, FUNDS, AND CERTAIN OTHER ENTITIES, PROVIDING FOR REGULATORY AUTHORITY, AND OTHER PROPERLY RELATED MATTERS, INCLUDING PENALTIES, AND INCLUDING EFFECTIVE DATE PROVISIONS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I
FY 2014-2015

Section 1. 2013 Iowa Acts, chapter 135, section 30, is amended to read as follows:

SEC. 30. DEPARTMENT OF ADMINISTRATIVE SERVICES.

1. There is appropriated from the general fund of the state to the department of administrative services for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amounts, or so much thereof as is necessary, to be used for the purposes designated, and for not more than the following full-time equivalent positions:

a. For salaries, support, maintenance, and miscellaneous purposes:		
.....	\$	<u>2,033,962</u>
		<u>4,067,924</u>
.....	FTEs	<u>73.49</u>
		<u>65.79</u>
b. For the payment of utility costs:		
.....	\$	<u>1,329,455</u>
		<u>2,568,909</u>
.....	FTEs	<u>1.00</u>

Notwithstanding section 8.33, any excess moneys appropriated for utility costs in this lettered paragraph shall not revert

to the general fund of the state at the end of the fiscal year but shall remain available for expenditure for the purposes of this lettered paragraph during the succeeding fiscal year.

c. For Terrace Hill operations:

.....	\$	202,957
		<u>405,914</u>
.....	FTEs	5.00

2. Members of the general assembly serving as members of the deferred compensation advisory board shall be entitled to receive per diem and necessary travel and actual expenses pursuant to section 2.10, subsection 5, while carrying out their official duties as members of the board.

3. Any moneys and premiums collected by the department for workers' compensation shall be segregated into a separate workers' compensation fund in the state treasury to be used for payment of state employees' workers' compensation claims and administrative costs. Notwithstanding section 8.33, unencumbered or unobligated moneys remaining in this workers' compensation fund at the end of the fiscal year shall not revert but shall be available for expenditure for purposes of the fund for subsequent fiscal years.

Sec. 2. 2013 Iowa Acts, chapter 135, section 34, is amended to read as follows:

SEC. 34. AUDITOR OF STATE.

1. There is appropriated from the general fund of the state to the office of the auditor of state for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amount, or so much thereof as is necessary, to be used for the purposes designated, and for not more than the following full-time equivalent positions:

For salaries, support, maintenance, and miscellaneous purposes:

.....	\$	457,253
		<u>944,506</u>
.....	FTEs	103.00

2. The auditor of state may retain additional full-time equivalent positions as is reasonable and necessary to perform governmental subdivision audits which are reimbursable pursuant to section 11.20 or 11.21, to perform audits which are requested by and reimbursable from the federal government, and to perform work requested by and reimbursable from departments or agencies pursuant to section 11.5A or 11.5B. The auditor of state shall notify the department of management, the

legislative fiscal committee, and the legislative services agency of the additional full-time equivalent positions retained.

3. The auditor of state shall allocate moneys from the appropriation in this section solely for audit work related to the comprehensive annual financial report, federally required audits, and investigations of embezzlement, theft, or other significant financial irregularities until the audit of the comprehensive annual financial report is complete.

Sec. 3. 2013 Iowa Acts, chapter 135, section 35, is amended to read as follows:

SEC. 35. IOWA ETHICS AND CAMPAIGN DISCLOSURE BOARD. There is appropriated from the general fund of the state to the Iowa ethics and campaign disclosure board for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amount, or so much thereof as is necessary, for the purposes designated:

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:		
.....	\$	245,168
		<u>550,335</u>
.....	FTEs	5.00
		<u>6.00</u>

Sec. 4. 2013 Iowa Acts, chapter 135, is amended by adding the following new section:

NEW SECTION. SEC. 35A. INTERNAL SERVICE FUNDS — OFFICE OF THE CHIEF INFORMATION OFFICER. There is appropriated to the office of the chief information officer for the fiscal year beginning July 1, 2014, and ending June 30, 2015, from the revolving funds designated in chapter 8B and from internal service funds created by the office such amounts as the office deems necessary for the operation of the office consistent with the requirements of chapter 8B.

Sec. 5. 2013 Iowa Acts, chapter 135, section 36, is amended to read as follows:

SEC. 36. DEPARTMENT OF COMMERCE.

1. There is appropriated from the general fund of the state to the department of commerce for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amounts, or so much thereof as is necessary, for the purposes designated:

- a. ALCOHOLIC BEVERAGES DIVISION

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	610,196
		<u>1,220,391</u>
.....	FTEs	18.50

b. PROFESSIONAL LICENSING AND REGULATION BUREAU

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	300,769
		<u>601,537</u>
.....	FTEs	12.50

2. There is appropriated from the department of commerce revolving fund created in section 546.12 to the department of commerce for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amounts, or so much thereof as is necessary, for the purposes designated:

a. BANKING DIVISION

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	4,583,618
		<u>9,317,235</u>
.....	FTEs	74.50

b. CREDIT UNION DIVISION

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	897,128
		<u>1,794,256</u>
.....	FTEs	15.00

c. INSURANCE DIVISION

(1) For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	2,516,495
		<u>5,099,989</u>
.....	FTEs	100.15

(2) The insurance division may reallocate authorized full-time equivalent positions as necessary to respond to accreditation recommendations or requirements.

(3) The insurance division expenditures for examination

purposes may exceed the projected receipts, refunds, and reimbursements, estimated pursuant to section 505.7, subsection 7, including the expenditures for retention of additional personnel, if the expenditures are fully reimbursable and the division first does both of the following:

(a) Notifies the department of management, the legislative services agency, and the legislative fiscal committee of the need for the expenditures.

(b) Files with each of the entities named in subparagraph division (a) the legislative and regulatory justification for the expenditures, along with an estimate of the expenditures.

d. UTILITIES DIVISION

(1) For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	4,089,703
		<u>8,329,405</u>
.....	FTEs	79.00

(2) The utilities division may expend additional moneys, including moneys for additional personnel, if those additional expenditures are actual expenses which exceed the moneys budgeted for utility regulation and the expenditures are fully reimbursable. Before the division expends or encumbers an amount in excess of the moneys budgeted for regulation, the division shall first do both of the following:

(a) Notify the department of management, the legislative services agency, and the legislative fiscal committee of the need for the expenditures.

(b) File with each of the entities named in subparagraph division (a) the legislative and regulatory justification for the expenditures, along with an estimate of the expenditures.

(3) Of the moneys appropriated in this paragraph, the utilities division may expend up to \$10,000 for purposes of entering into an agreement with the department of administrative services to contract with a professional engineering firm to conduct a cost/benefit engineering review of the energy efficiency of the solar panels utilized by the utilities board and consumer advocate building.

3. CHARGES. Each division and the office of consumer advocate shall include in its charges assessed or revenues generated an amount sufficient to cover the amount stated in its appropriation and any state-assessed indirect costs determined by the department of administrative services.

Sec. 6. 2013 Iowa Acts, chapter 135, section 37, is amended to read as follows:

SEC. 37. DEPARTMENT OF COMMERCE — PROFESSIONAL LICENSING AND REGULATION BUREAU. There is appropriated from the housing trust fund created pursuant to section 16.181, to the bureau of professional licensing and regulation of the banking division of the department of commerce for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and miscellaneous purposes:

.....	\$	31,159
		<u>62,317</u>

Sec. 7. 2013 Iowa Acts, chapter 135, section 39, is amended to read as follows:

SEC. 39. GOVERNOR AND LIEUTENANT GOVERNOR. There is appropriated from the general fund of the state to the offices of the governor and the lieutenant governor for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. GENERAL OFFICE

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	1,098,228
		<u>2,196,455</u>
.....	FTEs	20.00
		<u>23.00</u>

2. TERRACE HILL QUARTERS

For salaries, support, maintenance, and miscellaneous purposes for the governor's quarters at Terrace Hill, and for not more than the following full-time equivalent positions:

.....	\$	46,556
		<u>93,111</u>
.....	FTEs	2.00

Sec. 8. 2013 Iowa Acts, chapter 135, section 40, is amended to read as follows:

SEC. 40. GOVERNOR'S OFFICE OF DRUG CONTROL POLICY. There is appropriated from the general fund of the state to the governor's office of drug control policy for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following

amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and miscellaneous purposes, including statewide coordination of the drug abuse resistance education (D.A.R.E.) programs or similar programs, and for not more than the following full-time equivalent positions:

.....	\$	120,567
		<u>241,134</u>
.....	FTEs	4.00

Sec. 9. 2013 Iowa Acts, chapter 135, section 41, is amended to read as follows:

SEC. 41. DEPARTMENT OF HUMAN RIGHTS. There is appropriated from the general fund of the state to the department of human rights for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. CENTRAL ADMINISTRATION DIVISION

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	112,092
		<u>224,184</u>
.....	FTEs	5.65

2. COMMUNITY ADVOCACY AND SERVICES DIVISION

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	514,039
		<u>1,028,077</u>
.....	FTEs	9.62
		<u>9.45</u>

Sec. 10. 2013 Iowa Acts, chapter 135, section 42, is amended to read as follows:

SEC. 42. DEPARTMENT OF INSPECTIONS AND APPEALS. There is appropriated from the general fund of the state to the department of inspections and appeals for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amounts, or so much thereof as is necessary, for the purposes designated:

1. ADMINISTRATION DIVISION

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time

equivalent positions:

.....	\$	272,621
		<u>545,242</u>
.....	FTEs	13.65

2. ADMINISTRATIVE HEARINGS DIVISION

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	339,471
		<u>678,942</u>
.....	FTEs	23.00

3. INVESTIGATIONS DIVISION

a. For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	1,286,545
		<u>2,573,089</u>
.....	FTEs	61.50
		<u>55.00</u>

b. The department, in coordination with the investigations division, shall submit a report to the general assembly by December 1, 2014, concerning the division's activities relative to fraud in public assistance programs for the fiscal year beginning July 1, 2013, and ending June 30, 2014. The report shall include but is not limited to a summary of the number of cases investigated, case outcomes, overpayment dollars identified, amount of cost avoidance, and actual dollars recovered.

4. HEALTH FACILITIES DIVISION

a. For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	2,546,017
		<u>5,092,033</u>
.....	FTEs	113.00
		<u>111.50</u>

b. The department shall, in coordination with the health facilities division, make the following information available to the public as part of the department's development efforts to revise the department's internet website:

- (1) The number of inspections conducted by the division annually by type of service provider and type of inspection.
- (2) The total annual operations budget for the division,

including general fund appropriations and federal contract dollars received by type of service provider inspected.

(3) The total number of full-time equivalent positions in the division, to include the number of full-time equivalent positions serving in a supervisory capacity, and serving as surveyors, inspectors, or monitors in the field by type of service provider inspected.

(4) Identification of state and federal survey trends, cited regulations, the scope and severity of deficiencies identified, and federal and state fines assessed and collected concerning nursing and assisted living facilities and programs.

c. It is the intent of the general assembly that the department and division continuously solicit input from facilities regulated by the division to assess and improve the division's level of collaboration and to identify new opportunities for cooperation.

5. EMPLOYMENT APPEAL BOARD

a. For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	21,108
		<u>42,215</u>
.....	FTEs	11.00

b. The employment appeal board shall be reimbursed by the labor services division of the department of workforce development for all costs associated with hearings conducted under chapter 91C, related to contractor registration. The board may expend, in addition to the amount appropriated under this subsection, additional amounts as are directly billable to the labor services division under this subsection and to retain the additional full-time equivalent positions as needed to conduct hearings required pursuant to chapter 91C.

6. CHILD ADVOCACY BOARD

a. For foster care review and the court appointed special advocate program, including salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	1,340,145
		<u>2,680,290</u>
.....	FTEs	32.25

b. The department of human services, in coordination with the child advocacy board and the department of inspections and appeals, shall submit an application for funding available

pursuant to Tit. IV-E of the federal Social Security Act for claims for child advocacy board administrative review costs.

c. The court appointed special advocate program shall investigate and develop opportunities for expanding fund-raising for the program.

d. Administrative costs charged by the department of inspections and appeals for items funded under this subsection shall not exceed 4 percent of the amount appropriated in this subsection.

7. FOOD AND CONSUMER SAFETY

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	639,666
		<u>1,279,331</u>
.....	FTEs	23.25
		<u>23.65</u>

Sec. 11. 2013 Iowa Acts, chapter 135, section 44, is amended to read as follows:

SEC. 44. RACING AND GAMING COMMISSION.

1. RACETRACK REGULATION

There is appropriated from the gaming regulatory revolving fund established in section 99F.20 to the racing and gaming commission of the department of inspections and appeals for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and miscellaneous purposes for the regulation of pari-mutuel racetracks, and for not more than the following full-time equivalent positions:

.....	\$	1,534,246
		<u>3,068,492</u>
.....	FTEs	32.03

2. EXCURSION BOAT AND GAMBLING STRUCTURE REGULATION

a. There is appropriated from the gaming regulatory revolving fund established in section 99F.20 to the racing and gaming commission of the department of inspections and appeals for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and miscellaneous purposes for administration and enforcement of the excursion boat gambling and gambling structure laws, and for not more

than the following full-time equivalent positions:

.....	\$	1,522,860
		<u>3,045,719</u>
.....	FTEs	40.72

b. For each additional license to conduct gambling games on an excursion gambling boat, gambling structure, or racetrack enclosure issued during the period beginning January 1, 2014, and ending June 30, 2015, there is appropriated from the gaming regulatory revolving fund established in section 99F.20 to the racing and gaming commission of the department of inspections and appeals for the fiscal year beginning July 1, 2014, and ending June 30, 2015, an additional amount of not more than \$191,000 to be used for not more than 2.00 full-time equivalent positions.

Sec. 12. 2013 Iowa Acts, chapter 135, section 45, is amended to read as follows:

SEC. 45. ROAD USE TAX FUND APPROPRIATION — DEPARTMENT OF INSPECTIONS AND APPEALS. There is appropriated from the road use tax fund created in section 312.1 to the administrative hearings division of the department of inspections and appeals for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amount, or so much thereof as is necessary, for the purposes designated:

For salaries, support, maintenance, and miscellaneous purposes:

.....	\$	811,949
		<u>1,623,897</u>

Sec. 13. 2013 Iowa Acts, chapter 135, section 46, is amended to read as follows:

SEC. 46. DEPARTMENT OF MANAGEMENT.

1. There is appropriated from the general fund of the state to the department of management for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	1,275,110
		<u>2,550,220</u>
.....	FTEs	21.00
		<u>20.58</u>

2. Of the moneys appropriated in this section, the

department shall use a portion for enterprise resource planning, providing for a salary model administrator, conducting performance audits, and for the department's LEAN process.

Sec. 14. 2013 Iowa Acts, chapter 135, section 47, is amended to read as follows:

SEC. 47. ROAD USE TAX FUND APPROPRIATION — DEPARTMENT OF MANAGEMENT. There is appropriated from the road use tax fund created in section 312.1 to the department of management for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and miscellaneous purposes:

.....	\$	28,000
		<u>56,000</u>

Sec. 15. 2013 Iowa Acts, chapter 135, section 48, is amended to read as follows:

SEC. 48. IOWA PUBLIC INFORMATION BOARD. There is appropriated from the general fund of the state to the Iowa public information board for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and miscellaneous purposes and for not more than the following full-time equivalent positions:

.....	\$	137,500
		<u>350,000</u>
.....	FTEs	3.00

Sec. 16. 2013 Iowa Acts, chapter 135, section 49, is amended to read as follows:

SEC. 49. DEPARTMENT OF REVENUE.

1. There is appropriated from the general fund of the state to the department of revenue for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	8,940,420
		<u>17,880,839</u>

.....	FTEs	245.24
		<u>228.50</u>

2. Of the funds appropriated pursuant to this section, \$400,000 shall be used to pay the direct costs of compliance related to the collection and distribution of local sales and services taxes imposed pursuant to chapters 423B and 423E.

3. The director of revenue shall prepare and issue a state appraisal manual and the revisions to the state appraisal manual as provided in section 421.17, subsection 17, without cost to a city or county.

Sec. 17. 2013 Iowa Acts, chapter 135, section 50, is amended to read as follows:

SEC. 50. MOTOR VEHICLE FUEL TAX APPROPRIATION. There is appropriated from the motor fuel tax fund created by section 452A.77 to the department of revenue for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, miscellaneous purposes, and for administration and enforcement of the provisions of chapter 452A and the motor vehicle use tax program:

.....	\$	652,888
		<u>1,305,775</u>

Sec. 18. 2013 Iowa Acts, chapter 135, section 51, is amended to read as follows:

SEC. 51. SECRETARY OF STATE.

1. There is appropriated from the general fund of the state to the office of the secretary of state for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	1,448,350
		<u>2,896,699</u>

.....	FTEs	29.00
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2. The state department or state agency which provides data processing services to support voter registration file maintenance and storage shall provide those services without charge.

Sec. 19. 2013 Iowa Acts, chapter 135, section 53, is amended to read as follows:

SEC. 53. TREASURER OF STATE.

1. There is appropriated from the general fund of the state to the office of treasurer of state for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	542,196
		<u>1,084,392</u>
.....	FTEs	28.80

2. The office of treasurer of state shall supply clerical and secretarial support for the executive council.

Sec. 20. 2013 Iowa Acts, chapter 135, section 54, is amended to read as follows:

SEC. 54. ROAD USE TAX FUND APPROPRIATION — OFFICE OF TREASURER OF STATE. There is appropriated from the road use tax fund created in section 312.1 to the office of treasurer of state for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For enterprise resource management costs related to the distribution of road use tax funds:

.....	\$	46,574
		<u>93,148</u>

Sec. 21. 2013 Iowa Acts, chapter 135, section 55, is amended to read as follows:

SEC. 55. IPERS — GENERAL OFFICE. There is appropriated from the Iowa public employees' retirement system fund to the Iowa public employees' retirement system for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and other operational purposes to pay the costs of the Iowa public employees' retirement system, and for not more than the following full-time equivalent positions:

.....	\$	8,843,484
		<u>15,686,968</u>
.....	FTEs	90.13
		<u>88.13</u>

Sec. 22. REPEAL. 2013 Iowa Acts, chapter 135, sections 38,

56, and 57, are repealed.

DIVISION II

UNCLAIMED LIFE INSURANCE DEATH BENEFITS

Sec. 23. NEW SECTION. 507B.4C Unclaimed life insurance.

1. *Purpose.* The purpose of this section is to require complete and proper disclosure, transparency, and accountability relating to any method of payment for life insurance death benefits regulated by the commissioner.

2. *Definitions.* As used in this section, unless the context otherwise requires:

a. "Account owner" means the owner of a retained asset account who is a resident of this state.

b. "Annuity" means an annuity contract issued in this state. "Annuity" does not include any annuity contract used to fund an employment-based retirement plan or program where the insurer takes direction from the plan sponsor or plan administrator.

c. "Authorized person" means a policy owner, insured, annuity owner, annuitant, or account holder, as applicable under a policy, annuity, or retained asset account.

d. "Death master file" means the United States social security administration's death master file or any other database or service that is at least as comprehensive as the United States social security administration's death master file for determining that a person has died.

e. "Death master file match" means a search of the death master file that results in a match of an authorized person's name and social security number or an authorized person's name and date of birth.

f. "Insurer" means a life insurance company regulated under chapter 508.

g. "Policy" means any policy or certificate of life insurance issued in this state. "Policy" does not include any of the following:

(1) A policy or certificate of life insurance which provides a death benefit under an employee benefit plan subject to the federal Employee Retirement Income Security Act of 1974, Pub. L. No. 93-406, as codified at 29 U.S.C. §1002 et seq.

(2) A policy or certificate of life insurance which provides a death benefit under an employee benefit plan subject to a federal employee benefit program.

(3) A policy or certificate of life insurance which is used to fund a preneed plan for cemetery merchandise, funeral merchandise, funeral services, or a combination thereof.

(4) A policy or certificate of credit life or accidental death insurance.

(5) A policy issued to a group master policyowner for which the insurer does not provide recordkeeping services.

h. "Recordkeeping services" means services provided by an insurer who has entered into an agreement with a group policy customer to be responsible for obtaining, maintaining, and administering in the insurer's own recordkeeping systems at least all of the following information about each individual insured under the insured's group insurance contract or a line of coverage thereunder:

- (1) Social security number or name and date of birth.
- (2) Beneficiary designation information.
- (3) Coverage eligibility.
- (4) Benefit amount.
- (5) Premium payment status.

i. "Retained asset account" means an interest-bearing account set up by an insurer in the name of the beneficiary of a policy or annuity upon the death of the insured.

3. *Insurer duties.*

a. For any in-force policy, annuity, or retained asset account issued for delivery in this state for which the insurer has not previously been notified of a claim, an insurer shall perform a comparison of such policy, annuity, or retained asset account against the death master file, on at least a semiannual basis, to identify potential death master file matches.

(1) An insurer may comply with the requirements of this subsection by using the full death master file for the initial comparison and thereafter using the death master file update files for subsequent comparisons.

(2) Nothing in this section shall be interpreted to limit the right of an insurer to request a valid death certificate as part of any claims validation process.

b. If an insurer learns of the possible death of an authorized person through a death master file match or otherwise, the insurer shall, within ninety days, do all of the following:

(1) Complete a good faith effort, which shall be documented by the insurer, to confirm the death of the authorized person against other available records and information.

(2) Review the insurer's records to determine whether the deceased authorized person had purchased any other products from the insurer.

(3) Determine whether benefits may be due in accordance with the applicable policy, annuity, or retained asset account.

(4) If the beneficiary or an authorized person has not communicated with the insurer within the ninety-day period, take reasonable steps, which shall be documented by the insurer, to locate and contact any beneficiary or other authorized person on the policy, annuity, or retained asset account, including sending the beneficiary or other authorized person information regarding the insurer's claims process and regarding the need to provide an official death certificate, if applicable under the policy, annuity, or retained asset account.

c. Every insurer shall implement procedures to account for all of the following:

(1) Common nicknames, initials used in lieu of a first or middle name, use of a middle name, compound first and middle names, and interchanged first and middle names.

(2) Compound last names, maiden or married names, and hyphens, blank spaces, or apostrophes in last names.

(3) Transposition of the month and date portions of the date of birth.

(4) Incomplete social security numbers.

d. An insurer may disclose minimum necessary personal information about a beneficiary or authorized person to an individual or entity whom the insurer reasonably believes may be able to assist the insurer in locating the beneficiary or authorized person entitled to payment of the claims proceeds.

e. An insurer or its service provider shall not charge a beneficiary or authorized person any fees or costs associated with a death master file search conducted pursuant to this section.

f. The benefits from a policy, annuity, or retained asset account, plus any applicable accrued interest, shall first be payable to designated beneficiaries or authorized persons, and in the event that the beneficiaries or authorized persons cannot be found, shall be reported and remitted to the state as unclaimed property pursuant to chapters 556 and 633.

4. *Rules.* The commissioner shall adopt rules to administer the provisions of this section.

5. *Orders.* The commissioner may issue an order doing any of the following:

a. Limiting the death master file comparisons required under subsection 3, paragraph "a", to an insurer's electronic

searchable files or approving a plan and timeline for conversion of an insurer's files to electronic searchable files.

b. Exempting an insurer from the death master file comparisons required under subsection 3, paragraph "a", or permitting an insurer to perform such comparisons less frequently than semiannually upon a demonstration of financial hardship by the insurer.

c. Phasing in requirements for compliance with this section according to a plan and timeline approved by the commissioner.

6. Unfair trade practice. Failure to meet any requirement of this section with such frequency as to constitute a general business practice is an unfair method of competition and an unfair or deceptive act or practice in the business of insurance under this chapter.

7. Insurer unclaimed property reporting.

a. If an insurer identifies a person as deceased through a death master file match as described in subsection 3, paragraph "a", or other information source, and validates such information through a secondary information source, the insurer may report and remit the proceeds of the policy, annuity, or retained asset account due to the state prior to the dates required for such reporting and remittance under chapter 556, without further notice to or consent by the state, after attempting to contact any beneficiary under either of the following circumstances:

(1) The insurer is unable to locate a beneficiary who is located in this state under the policy, annuity contract, or retained asset account, after conducting reasonable search efforts of up to one year after the insurer's validation of the death master file match.

(2) No beneficiary or person, as applicable for unclaimed property reporting purposes under chapter 556, has a last known address in this state.

b. Once the insurer has reported upon and remitted the proceeds of the policy, annuity, or retained asset account to the state pursuant to chapter 556, the insurer is relieved from any and all additional liability to any beneficiary or authorized person relating to the proceeds reported upon and remitted.

Sec. 24. EFFECTIVE DATE. This division of this Act takes effect July 1, 2015.

IOWA PRODUCTS

Sec. 25. IOWA PRODUCTS. As a condition of receiving an appropriation, any agency appropriated moneys pursuant to this 2014 Act shall give first preference when purchasing a product to an Iowa product or a product produced by an Iowa-based business. Second preference shall be given to a United States product or a product produced by a business based in the United States.

DIVISION IV

PERSONNEL SETTLEMENT AGREEMENTS

Sec. 26. PERSONNEL SETTLEMENT AGREEMENT PAYMENTS. As a condition of the appropriations in this Act, the moneys appropriated and any other moneys available shall not be used for payment of a personnel settlement agreement that contains a confidentiality provision intended to prevent public disclosure of the agreement or any terms of the agreement.

Sec. 27. EFFECTIVE UPON ENACTMENT. This division of this Act, being deemed of immediate importance, takes effect upon enactment.


PAM JOCHEM

President of the Senate


KRAIG PAULSEN

Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2342, Eighty-fifth General Assembly.


MICHAEL E. MARSHALL

Secretary of the Senate

Approved May 30, 2014


TERRY E. BRANSTAD

Governor