

February 18, 1955.
Insurance.

House File 378
By HALLING, WATSON, HAGEDORN,
VAN ZWOL, KUESTER, COVER-
DALE.

Passed House, Date.....
Vote: Ayes..... Nays.....
Passed Senate, Date.....
Vote: Ayes..... Nays.....
Approved

A BILL FOR

An Act to regulate advertising of health and accident
insurance companies doing business in Iowa.

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

1 Section 1. Chapter five hundred fourteen A (514A), Code
2 1954, is hereby amended by adding thereto the following: "No
3 insurance carrier doing business in this state subject to the
4 provisions of this chapter shall advertise in this state by
5 publishing, distributing, circulating or causing to be
6 published, distributed or circulated, any pamphlet, paper,
7 illustrated or printed matter, or advertise by radio or
8 television reaching this state, the benefits of any insurance
9 policy sold in this state unless all of the conditions of any
10 benefit so advertised are stated in detail together with all
11 qualifications or restrictions thereon. If upon investigation
12 or examination by the insurance department it is determined
13 that any company has violated the provisions of this section,
14 such violation shall be deemed doing an illegal business
15 under the provisions of section five hundred seven point ten
16 (507.10), of the code."

EXPLANATION OF H. F. 378

Advertising methods of some health and accident insurance companies are very misleading. A number of such companies have recently been attacked by the federal government for their misleading advertising, for example, that a policy will pay up to a certain amount for one injury. The prospect is led to believe that if he is injured he will receive up to that amount according to the length of disability and expense involved. In fact this sum in many instances relates only to one specific type of injury the probability of which may be very remote. The first time the policyholder may learn the truth is after he has purchased the policy. He probably will not at that time sit down and read the fine print, and the shocking truth comes after he is injured. It may be that the rate is not excessive for the coverage, but the fact remains that the policyholder would not in many instances have purchased the policy regardless of the equitableness of the rate if he had known the truth as to the protection he was receiving under the policy. This bill will prohibit such blanket statements and requires insurance companies advertising that a policy will pay up to a certain amount, etc., to state exactly what such payment covers. This bill does not prevent insurance carriers from using interstate channels of advertising in any manner they see fit. It only makes it a condition of their doing business in this state that they do not mislead the residents of this state either by intra-state or interstate advertising.

- 1 Amend House File 378 by striking all after the enacting
- 2 clause and substituting hereof the following:
- 3 "Section 1. Chapter five hundred fourteen A (514A), Code
- 4 1954, is hereby amended by adding thereto the following:
- 5 "No insurance carrier doing business in this state shall
- 6 describe the accident and sickness benefits of its policies
- 7 by advertisement, circular, or other printed matter published
- 8 or distributed in this state, or by radio, television, or other
- 9 media normally reaching residents of this state, unless it
- 10 shall state in conjunction therewith all limitations, exclusions,
- 11 restrictions, or special conditions applicable to such benefits.
- 12 If upon investigation or examination by the insurance department
- 13 it is determined that any company has violated the provisions
- 14 of this section, such violation shall be deemed doing an illegal
- 15 business under the provisions of section five hundred seven
- 16 point ten (507.10), of the Code "

Filed

March 23, 1955.

HALLING of Adair.