

FILED MAR 3 1977

Reprinted 3/77

SENATE FILE 180

By COMMITTEE ON COMMERCE  
*Approved 3/1/77 (p. 535)*

Passed Senate, Date 3-16-77 (p. 455) Passed House, Date \_\_\_\_\_  
Vote: Ayes 31 Nays 13 Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved June 3, 1977

### A BILL FOR

1 An Act relating to the regulation of premium rates for  
2 credit life and credit accident and health insurance.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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D.F. 180

1 Section 1. Section five hundred nine point seventeen  
2 (509.17), subsection three (3), Code 1977, is amended to read  
3 as follows:

4 3. The commissioner shall, after a public hearing, approve  
5 a reasonable charge or premium for credit accident and health  
6 insurance as ~~he~~ the commissioner deems appropriate and  
7 necessary for the implementation of this section. A charge  
8 or premium of not more than ~~seventy-five~~ sixty cents per annum  
9 per one hundred dollars of the initial amount of decreasing  
10 term credit life insurance, or its actuarial equivalent for  
11 credit life insurance written on other than the decreasing  
12 term basis, shall be conclusively presumed to meet the  
13 requirements of this section.

14 EXPLANATION

15 This bill amends section 509.17 of the Code which is the  
16 authority for the regulation of premiums charged for credit  
17 life and credit accident and health insurance. Subsection  
18 1 of that section prohibits rates which are excessive,  
19 inadequate or unfairly discriminatory, and subsection 2  
20 specifies that rates shall be deemed reasonable if they  
21 reasonably may be expected to produce a loss ratio of fifty  
22 percent. Subsection 3 requires the commissioner of insurance  
23 to approve a charge found to be reasonable upon hearing, but  
24 provides that a premium of not more than 75 cents per year  
25 per \$100 of the initial amount of decreasing term insurance  
26 is conclusively presumed to be lawful. This bill would reduce  
27 the presumption from a level of 75 cents per \$100 to a level  
28 of 60 cents per \$100, as suggested by the commissioner of  
29 insurance.

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LSB 1299S  
lb/rh/8A

SENATE FILE 180

S-3166

- 1 Amend Senate File 180 as follows:
- 2 1. Page 1, line 8, by inserting after the word
- 3 "sixty" the word "-five".

S-3166 FILED & ADOPTED (655) BY WARREN E. CURTIS  
MARCH 16, 1977 WILLIAM D. PALMER

SENATE FILE 180

S-3167

- 1 Amend Senate File 180 as follows:
- 2 1. By striking everything after the enacting
- 3 clause and inserting in lieu thereof the following:
- 4 "Section 1. Section five hundred nine point
- 5 seventeen (509.17), is amended by adding thereto the
- 6 following new subsection:
- 7 NEW SUBSECTION. No insurer shall pay any
- 8 compensation to any creditor for the sale of any
- 9 policy, certificate, or other contract of credit life
- 10 or credit accident and health insurance which exceeds
- 11 forty percent of the charges or premium. Creditor as
- 12 used in this subsection means the lender of money or
- 13 vendor or lessor of goods, services or property for
- 14 which payment is arranged through a credit transaction,
- 15 or any successor to the interest of any such lender,
- 16 vendor or lessor, and any affiliate, associate, sub-
- 17 sidiary or holding company of any of them, or any
- 18 director, officer, or employee of any of them."

S-3167 FILED BY ROLF V. CRAFT  
MARCH 16, 1977  
RULED OUT OF ORDER (654)

SENATE FILE 180

S-3170

- 1 Amend the Craft amendment, S-3167, to Senate
- 2 File 180 as follows:
- 3 1. Page 1, line 5, by inserting after the
- 4 figure "(509.17)," the word and figure "Code 1977,"

S-3170 FILED & ADOPTED (654) BY ROLF V. CRAFT  
MARCH 16, 1977

Senate File 180  
Commerce  
Dieleman, chair  
Bina  
Koozler  
Schroeder  
Tauke

SENATE FILE 180  
BY COMMITTEE ON COMMLRCE

(AS AMENDED AND PASSED BY THE SENATE MARCH 16, 1977)

Passed Senate, Date 3/16/77 Passed House, Date 5-12-77 (p. 2113)  
Vote: Ayes 31 Nays 13 Vote: Ayes 68 Nays 25  
Approved JUN 3, 1977

### A BILL FOR

- 1 An Act relating to the regulation and premium rates for
  - 2 credit life and credit accident and health insurance.
  - 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
- SENATE FILE 180

H-4131

- 1 Amend Senate File 180 as amended, passed and
- 2 reprinted by the Senate page 1 as follows:
- 3 1. Line 8, by striking "sixty-five" and in-
- 4 serting in lieu thereof "seventy-five."
- 5 2. Line 13, by striking the period and in-
- 6 serting after "section": "if the total amount of
- 7 the original indebtedness owed to the creditor
- 8 for which policy or certificate of credit life in-
- 9 surance is written is five thousand dollars (\$5000.00)
- 10 or less. In the event that the total amount of
- 11 the original indebtedness owed to the creditor for
- 12 which the policy or certificate of credit life
- 13 insurance is written is more than five thousand
- 14 dollars (\$5000.00), then a charge or premium
- 15 of not more than sixty-five cents per annum per
- 16 one hundred dollars of the initial amount of
- 17 decreasing term credit life insurance, or its
- 18 actuarial equivalent for credit life insurance
- 19 written on other than the decreasing basis,
- 20 shall be conclusively presumed to meet the re-
- 21 quirements of this section."

H-4131 FILED, LOST (p. 2113) BY SCHROEDER of Pottawattamie  
MAY 12, 1977

SENATE FILE 180

H-4130

- 1 Amend Senate File 180 as follows:
- 2 1. Page 1, line 4, by striking the following:
- 3 ", after a public hearing,".
- 4 2. Page 1, line 8, by adding after the word
- 5 "premium" the following: ", to be paid in full
- 6 by the lending institution,".

H-4130 FILED, LOST (2112) BY KOOGLER of Mahaska  
MAY 12, 1977

1 Section 1. Section five hundred nine point seventeen  
2 (509.17), subsection three (3), Code 1977, is amended to read  
3 as follows:

4 3. The commissioner shall, after a public hearing, approve  
5 a reasonable charge or premium for credit accident and health  
6 insurance as ~~he~~ the commissioner deems appropriate and  
7 necessary for the implementation of this section. A charge  
8 or premium of not more than ~~seventy-five~~ sixty-five cents  
9 per annum per one hundred dollars of the initial amount of  
10 decreasing term credit life insurance, or its actuarial  
11 equivalent for credit life insurance written on other than  
12 the decreasing term basis, shall be conclusively presumed  
13 to meet the requirements of this section.

14 EXPLANATION

15 This bill amends section 509.17 of the Code which is the  
16 authority for the regulation of premiums charged for credit  
17 life and credit accident and health insurance. Subsection  
18 1 of that section prohibits rates which are excessive,  
19 inadequate or unfairly discriminatory, and subsection 2  
20 specifies that rates shall be deemed reasonable if they  
21 reasonably may be expected to produce a loss ratio of fifty  
22 percent. Subsection 3 requires the commissioner of insurance  
23 to approve a charge found to be reasonable upon hearing, but  
24 provides that a premium of not more than 75 cents per year  
25 per \$100 of the initial amount of decreasing term insurance  
26 is conclusively presumed to be lawful. This bill would reduce  
27 the presumption from a level of 75 cents per \$100 to a level  
28 of 60 cents per \$100, as suggested by the commissioner of  
29 insurance.

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SF 180  
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Senate File 180, P. 2

the decreasing term basis, shall be conclusively presumed to meet the requirements of this section.

SENATE FILE 180

AN ACT

RELATING TO THE REGULATION OF PREMIUM RATES FOR CREDIT LIFE AND CREDIT ACCIDENT AND HEALTH INSURANCE.

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

Section 1. Section five hundred nine point seven two (509.17), subsection three (1), Code 1977, is amended to read as follows:

3. The commissioner shall, after a public hearing, approve a reasonable charge or premium for credit accident and health insurance as he the commissioner deems appropriate and necessary for the implementation of this section. A charge or premium of not more than seventy-five ~~sixty-five~~ cents per annum per one hundred dollars of the initial amount of increasing term credit life insurance, or its actuarial equivalent for credit life insurance written on other than

ALBERT A. REID  
President of the Senate

DONALD M. CONRAD  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 180, Sixty-seventh General Assembly.

Approved  \_\_\_\_\_, 1977  
ROBERT D. RAY  
Secretary of the Senate  
Governor