

COMMERCE: Kinley, Chair; Priebe and Tieden

FILED FEB 11 1987

SENATE FILE 168
BY TAYLOR

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

A BILL FOR

1 An Act relating to the disclosure of information on professional
2 liability and products liability insurance.

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

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SF 168

1 Section 1. NEW SECTION. 507E.1 SHORT TITLE.

2 This Act shall be known as the "Insurance Disclosure Act".

3 Sec. 2. NEW SECTION. 507E.2 INSURANCE DISCLOSURE.

4 An insurer authorized by the insurance division to write
5 professional liability insurance in this state or to write
6 insurance to protect manufacturers, wholesalers, or retailers
7 from liability arising out of the manufacture or sale of
8 certain products, shall file with the insurance division by
9 March 1 of each year all of the following information
10 regarding that insurance for the previous calendar year:

11 1. The amount of direct premiums written for each type of
12 insurance written.

13 2. The amount of direct premiums earned for each type of
14 insurance written.

15 3. The amount of net investment income, including net
16 realized capital gain and losses. The insurer may use
17 appropriate estimates where necessary.

18 4. Incurred claims determined by adding the following
19 dollar amounts:

20 a. Claims closed with payment.

21 b. Reserves for reported claims at the end of the calendar
22 year minus the reserves for reported claims at the end of the
23 previous calendar year.

24 c. Reserves for incurred but not reported claims at the
25 end of the calendar year minus the reserves for incurred but
26 not reported claims for the previous calendar year.

27 d. Reserves for loss adjustment expenses at the end of the
28 calendar year minus the reserves for loss adjustment expenses
29 at the end of the previous calendar year.

30 5. Actual incurred expenses allocated separately to loss
31 adjustment, commissions, other acquisition costs, advertising,
32 general office expenses, taxes, licenses, and fees, and any
33 other expenses.

34 6. Net underwriting gain or loss.

35 7. Net operation gain or loss, including net investment

1 income.

2 8. The number and dollar amount of claims closed with
3 payment, by the year the claims were incurred and the amount
4 reserved for the claims.

5 9. The number of claims closed without payment and the
6 dollar amount reserved for those claims.

7 10. Other information required by rule by the insurance
8 commissioner.

9 Sec. 3. NEW SECTION. 507E.3 USE OF INFORMATION.

10 The insurance commissioner shall use the information
11 submitted pursuant to this chapter in reviewing insurance
12 premium rates.

13 Sec. 4. NEW SECTION. 507E.4 RULES.

14 The insurance division shall adopt rules to carry out this
15 chapter.

16 Sec. 5. Insurers required to provide information pursuant
17 to section 507E.2 shall provide the initial report by March 1,
18 1988 for the calendar year 1987.

19 Sec. 6. In addition to information required for calendar
20 year 1987, an insurer required to provide information pursuant
21 to section 507E.2 shall provide the information required
22 retroactively for calendar years 1975 through 1987 by March 1,
23 1988.

24 EXPLANATION

25 This bill requires that insurers writing professional
26 liability or products liability insurance shall annually file
27 a report with the insurance department relating to their
28 claims and expense experience in relation to the insurance.
29 The commissioner of insurance shall use the information in
30 reviewing premium rates. The insurers are also to provide the
31 information retroactively to calendar year 1975.

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