CHAPTER 514D

ACCIDENT AND SICKNESS INSURANCE POLICIES

Referred to in §87.4, 296.7, 331.301, 364.4, 505.28, 505.29, 509.13, 514A.14, 669.14, 670.7

514D.1 Purpose.

The purpose of this chapter is to provide reasonable standardization, simplification, and disclosure of the terms and coverages of individual accident and sickness insurance policies issued under chapter 514A and individual subscriber contracts issued under chapter 514, in order to facilitate public understanding and comparison and to eliminate provisions which may be misleading or unreasonably confusing in connection with the purchase of coverage or the settlement of claims.

[C81, §514D.1]

514D.2 Definitions.

As used in this chapter, unless the context otherwise requires:

1. *"Accident and sickness insurance"* means individual accident and sickness insurance within the meaning of section 514A.1. *"Accident and sickness insurance"* also means individual subscriber contracts for hospital service, or medical and surgical service, or individual pharmaceutical or optometric service issued under chapter 514, and for purposes of this chapter, corporations issuing contracts under chapter 514 are deemed to be engaged in the business of insurance.
2. *"Form"* means and includes policies, contracts, riders, endorsements and applications used in connection with the sale of accident and sickness insurance under chapter 514 or chapter 514A.
3. *"Medicare"* means the Health Insurance for the Aged Act, Tit. XVIII of the United States Social Security Act added by the amendment of 1965 as amended on or before July 1, 1980.
4. *"Policy"* means the entire contract between the insurer and the insured, including the policy riders, endorsements, and the application, if attached, and includes individual subscriber contracts issued under chapter 514.

[C81, §514D.2]
2013 Acts, ch 90, §154

514D.3 Standards for policies established.

1. The commissioner shall issue rules to establish specific standards, including standards of full and fair disclosure, that set forth the manner, content, and required disclosure for the sale of policies of individual accident and sickness insurance and individual subscriber contracts which shall be in addition to and in accordance with applicable laws of this state, including but not limited to sections 514A.1 through 514A.8 and sections 514A.10 through 514A.12. These rules may include but shall not be limited to any of the following subjects:

a. Terms of renewability.
b. Initial and subsequent conditions of eligibility.
c. Nonduplication of coverage provisions.
d. Coverage of dependents.
e. Coverage of persons eligible for Medicare by reason of age.
f. Preexisting conditions.
g. Termination of insurance.
h. Probationary periods.
i. Limitations.

j. Exceptions.
k. Reductions.
l. Elimination periods.
m. Requirements for replacement.
n. Recurrent conditions.
o. The definition of terms, including but not limited to the following: Hospital, accident, sickness, injury, physician, accidental means, total disability, partial disability, nervous disorder, guaranteed renewable, and noncancelable.

2. The commissioner may issue rules with respect to policies of individual accident and sickness insurance and individual subscriber contracts that specify prohibited policies or subscriber contracts, or prohibited policy or contract provisions which the commissioner finds to be unjust, unfair, or unfairly discriminatory to the policyholder or any person insured under the policy or any beneficiary. This subsection does not authorize the commissioner to prohibit a policy or policy provision or subscriber contract or contract provision which is specifically authorized by statute.

3. A rule issued by the commissioner under this section shall not apply to a conversion policy issued pursuant to a contractual conversion privilege under a group or individual policy of accident and sickness insurance when such group or individual contract contains provisions that are inconsistent with the requirements of this chapter or any rule issued under this chapter.

4. A rule issued by the commissioner under this section shall not apply to policies being issued to employees or members being added to a franchise plan, as defined in section 509.14, which is in existence on the effective date of the rule.

[C81, §514D.3]
2021 Acts, ch 80, §322
Subsection 1, unnumbered paragraph 1 amended

514D.4 Standards for benefits established.

1. The commissioner shall issue rules to establish minimum standards for benefits under each of the following categories of coverage contained in policies of individual accident and sickness insurance or subscriber contracts:
a. Basic hospital expense coverage.
b. Basic medical-surgical expense coverage.
c. Hospital confinement indemnity coverage.
d. Major medical expense coverage.
e. Disability income protection coverage.
f. Accident-only coverage.
g. Specified disease or specified accident coverage.
h. Medicare supplement coverage.
i. Limited benefit health coverage.

2. This section does not prohibit the issuance of a policy which combines two or more of the categories of coverage enumerated in paragraphs "*a*" through "*f*" of subsection 1. A category of coverage referred to in paragraph "*g*", "*h*", or "*i*" of subsection 1 shall not be combined in a policy or contract either with another category of coverage referred to in paragraph "*g*", "*h*", or "*i*" of subsection 1 or with a category of coverage referred to in any of paragraphs "*a*" through "*f*" of subsection 1 unless a rule issued by the commissioner specifically authorizes that combination of coverages.

3. The commissioner shall prescribe the method of identification of policies and contracts based upon coverages provided.

4. A policy of accident and sickness insurance or subscriber contract shall not be delivered or issued for delivery in this state unless the policy or contract meets the minimum standards prescribed under this section.

5. The commissioner may upon notice and hearing at any time after the initial filing or approval of any individual accident and sickness policy or subscriber contract form, withdraw approval or suspend further sale of the form if the benefits provided are unreasonable in relation to the premium charge. The commissioner shall establish reasonable and creditable

anticipated minimum loss ratios for Medicare supplement and other accident and sickness insurance policies.

6. A rule issued by the commissioner under this section shall not apply to a conversion policy issued pursuant to a contractual conversion privilege under a group or individual policy of accident and sickness insurance when such group or individual contract contains provisions which are inconsistent with the requirements of this chapter or any rule issued under this chapter.

7. A rule issued by the commissioner under this section shall not apply to policies being issued to employees or members being added to a franchise plan, as defined in section 509.14, which is in existence on the effective date of the rule.

[C81, §514D.4; 81 Acts, ch 167, §2]
92 Acts, ch 1162, §34; 2021 Acts, ch 80, §323
Referred to in §508C.3, 514D.5
Subsection 2 amended

514D.5 Disclosure, Medicare information, and advertising.

1. Except as otherwise provided in subsection 3, in order to provide for full and fair disclosure in the sale of individual accident and sickness insurance policies or subscriber contracts a policy or contract shall not be delivered or issued for delivery in this state unless the outline of coverage described in subsection 2 either accompanies the policy or contract or is delivered to the applicant at the time application is made and unless an acknowledgment of receipt or certificate of delivery of the outline is provided the insurer. In the event the policy or contract is issued on a basis other than that applied for, the outline of coverage properly describing the policy or contract must accompany the policy or contract when it is delivered and must clearly state that it is not the policy or contract for which application was made.

2. *a.* The commissioner shall prescribe the format and content of the outline of coverage required by subsection 1. *"Format"* means style, arrangement, and overall appearance, including such items as the size, color, and prominence of type and the arrangement of text and captions. The outline of coverage shall include all of the following:

(1) A statement identifying the applicable category or categories of coverage provided by the policy or contract as prescribed in section 514D.4.

(2) A description of the principal benefits and coverage provided in the policy or contract.

(3) A statement of the exceptions, reductions, and limitations contained in the policy or contract.

(4) A statement of the renewal provisions including any reservation by the insurer of a right to change premiums.

(5) A statement that the outline is a summary of the policy or contract issued or applied for and that the policy or contract should be consulted to determine governing contractual provisions.

b. If payment will not be made for services performed by a chiropractor acting within the scope of the chiropractor's license when those services would be compensable if performed by a medical doctor, then a statement that services performed by a chiropractor are not compensable shall be included in the outline of coverage.

3. The commissioner shall prescribe disclosure rules for Medicare supplement coverage which are determined to be in the public interest and which are designed to adequately inform the prospective insured of the need for and extent of coverage offered as Medicare supplement coverage. For Medicare supplement coverage, the outline of coverage required by subsection 2 shall be furnished to the prospective insured with the application form.

4. The commissioner shall further prescribe by rule a standard form for and the contents of an informational brochure for persons eligible for Medicare by reason of age, which is intended to improve the buyer's ability to select the most appropriate coverage and to improve the buyer's understanding of Medicare. Except in the case of direct response insurance policies, the commissioner may require by rule that this informational brochure be provided to prospective insureds eligible for Medicare concurrently with delivery of the outline of coverage. With respect to direct response insurance policies, the commissioner may require

by rule that this brochure must be provided to prospective insureds eligible for Medicare by reason of age upon request, but not later than at the time of delivery of the policy or contract.

5. The commissioner shall adopt rules prohibiting the advertising of forms titled as "nursing home" forms or inferring coverage for custodial care in a nursing facility as defined in section 135C.1 unless such forms provide coverage for custodial care in a nursing facility as defined in section 135C.1.

[C81, §514D.5]

86 Acts, ch 1045, §2; 90 Acts, ch 1039, §17; 2003 Acts, ch 141, §15; 2012 Acts, ch 1023, §157

514D.6 Limitation on defenses.

Notwithstanding section 514A.3, subsection 1, paragraph *"b"*, subparagraph 2, or any contrary provision of chapter 514, if the issuer of the policy of accident and sickness insurance or subscriber contract elects to use a simplified application form, with or without a question as to the applicant's health at the time of application, but without any questions concerning the insured's health history or medical treatment history, the policy or contract must cover any loss occurring after twelve months from the date of issue of the policy or contract from any preexisting condition not specifically excluded from coverage by terms of the policy or contract, and, except as so provided, the policy or contract shall not include wording that would permit a defense based upon preexisting conditions.

[C81, §514D.6]

514D.7 Exclusions.

This chapter does not apply to any of the following:

1. A policy of credit accident and health or credit accident and sickness insurance.
2. A policy of accident and sickness insurance which is exempt from the provisions of sections 514A.1 through 514A.8 and sections 514A.10 through 514A.12 by virtue of an exemption set forth in section 514A.1 or 514A.8.
3. Any evidence of coverage issued to an enrollee of a health maintenance organization under chapter 514B.

[C81, §514D.7]

2021 Acts, ch 80, §324

Subsection 2 amended

514D.8 Title and effective date of chapter.

This chapter may be cited as the *"Uniform Individual Accident and Health Insurance Minimum Standards Act"*. This chapter takes effect July 1, 1980. Rules issued by the commissioner of insurance pursuant to this chapter shall be subject to the provisions of chapter 17A, and all rules issued by the commissioner of insurance shall give the issuers of policies and contracts a reasonable time to achieve compliance.

[C81, §514D.8]

514D.9 Regulations regarding limitation on compensation.

The commissioner shall issue rules to establish minimum standards to assure fair and reasonable benefits, claim payment, marketing practices, and compensation arrangements and reporting practices for the following classes of policies:

1. Medicare supplement insurance.
2. Nursing home insurance.
3. Long-term care insurance.

90 Acts, ch 1234, §32