

508E.7 Examination or investigations.**1. Authority, scope, and scheduling of examinations.**

a. (1) The commissioner may conduct an examination under [this chapter](#) of a licensee as often as the commissioner in the commissioner's discretion deems appropriate after considering the factors set forth in this paragraph "a".

(2) In scheduling and determining the nature, scope, and frequency of the examinations, the commissioner shall consider such matters as the consumer complaints, results of financial statement analyses and ratios, changes in management or ownership, actuarial opinions, reports of independent certified public accountants, and other relevant criteria as determined by the commissioner.

b. For purposes of completing an examination of a licensee under [this chapter](#), the commissioner may examine or investigate any person, or the business of any person, insofar as the examination or investigation is, in the sole discretion of the commissioner, necessary or material to the examination of the licensee.

c. In lieu of an examination under [this chapter](#) of any foreign or alien licensee licensed in this state, the commissioner may, at the commissioner's discretion, accept an examination report on the licensee as prepared by the commissioner for the licensee's state of domicile or port-of-entry state.

d. As far as practical, the examination of a foreign or alien licensee shall be made in cooperation with the insurance supervisory officials of other states in which the licensee transacts business.

2. Record retention requirements.

a. A person required to be licensed pursuant to [section 508E.3](#) shall for five years retain copies of all of the following:

(1) Proposed, offered, or executed contracts, purchase agreements, underwriting documents, policy forms, and applications from the date of the proposal, offer, or execution of the contract or purchase agreement, whichever is later.

(2) All checks, drafts, or other evidence and documentation related to the payment, transfer, deposit, or release of funds from the date of the transaction.

(3) All other records and documents related to the requirements of [this chapter](#).

b. [This section](#) does not relieve a person of the obligation to produce documents described in paragraph "a" to the commissioner after the retention period has expired if the person has retained the documents.

c. Records required to be retained by paragraph "a" must be legible and complete and may be retained in paper, photograph, microprocess, magnetic, mechanical, or electronic media, or by any process that accurately reproduces or forms a durable medium for the reproduction of a record.

3. Conduct of examinations.

a. Upon determining that an examination should be conducted, the commissioner shall issue an examination warrant appointing one or more examiners to perform the examination and instructing them as to the scope of the examination. In conducting the examination, the examiner shall observe those guidelines and procedures set forth in the examiners handbook adopted by the national association of insurance commissioners. The commissioner may also adopt rules for such other guidelines or procedures as the commissioner may deem appropriate.

b. Every licensee or person from whom information is sought, its officers, directors, and agents shall provide to the examiners timely, convenient, and free access at all reasonable hours at its offices to all books, records, accounts, papers, documents, assets, and computer or other recordings relating to the property, assets, business, and affairs of the licensee being examined. The officers, directors, employees, and agents of the licensee or person shall facilitate the examination and aid in the examination so far as it is in their power to do so. The refusal of a licensee, by its officers, directors, employees, or agents, to submit to examination or to comply with any reasonable written request of the commissioner shall be grounds for suspension or refusal of, or nonrenewal of, any license or authority held by the licensee to engage in the viatical settlement business or other business subject to the

commissioner's jurisdiction. Any proceedings for suspension, revocation, or refusal of any license or authority shall be conducted pursuant to [section 507B.6A](#).

c. The commissioner shall have the power to issue subpoenas, to administer oaths, and to examine under oath any person as to any matter pertinent to the examination. Upon the failure or refusal of a person to obey a subpoena, the commissioner may petition a court of competent jurisdiction, and upon proper showing, the court may enter an order compelling the witness to appear and testify or produce documentary evidence. A failure to obey the court order shall be punishable as contempt of court.

d. When making an examination under [this chapter](#), the commissioner may retain attorneys, appraisers, independent actuaries, independent certified public accountants, or other professionals and specialists as examiners, the reasonable cost of which shall be borne by the licensee that is the subject of the examination.

e. Nothing contained in [this chapter](#) shall be construed to limit the commissioner's authority to terminate or suspend an examination in order to pursue other legal or regulatory action pursuant to the insurance laws of this state. Findings of fact and conclusions made pursuant to any examination shall be prima facie evidence in any legal or regulatory action.

f. The commissioner's authority to use and, if appropriate, to make public any final or preliminary examination report, any examiner or licensee workpapers, or other documents, or any other information discovered or developed during the course of any examination in the furtherance of any legal or regulatory action shall be permitted consistent with [section 507.14](#).

4. Examination reports.

a. Examination reports shall be comprised of only facts appearing upon the books, records, or other documents of the licensee, its agents, or other persons examined, or as ascertained from the testimony of its officers, agents, or other persons examined concerning its affairs, and such conclusions and recommendations as the examiners find reasonably warranted from the facts.

b. Not later than sixty days following completion of the examination, the examiner in charge shall file with the commissioner a verified written report of examination under oath. Upon receipt of the verified report, the commissioner shall transmit the report to the licensee examined, together with a notice that shall afford the licensee examined a reasonable opportunity of not more than thirty days to make a written submission or rebuttal with respect to any matters contained in the examination report.

c. In the event the commissioner determines that regulatory action is appropriate as a result of an examination, the commissioner may initiate any proceedings or actions provided by law.

5. Confidentiality of examination information.

a. Notwithstanding [chapter 22](#), the names and individual identification data for all viators shall be considered private and confidential information and shall not be disclosed by the commissioner, unless required by law.

b. Except as otherwise provided in [this chapter](#), all examination reports, working papers, recorded information, documents, and copies thereof produced by, obtained by, or disclosed to the commissioner or any other person in the course of an examination made under [this chapter](#), or in the course of an analysis or investigation by the commissioner of the financial condition or market conduct of a licensee, shall be confidential by law and privileged, shall not be subject to [chapter 22](#), shall not be subject to subpoena, and shall not be subject to discovery or admissible in evidence in any private civil action. The commissioner is authorized to use the documents, materials, or other information in the furtherance of any regulatory or legal action brought as part of the commissioner's official duties. All examination reports, working papers, recorded information, documents, and their copies produced by, obtained by, or disclosed to the commissioner or any other person in the course of an examination made under [this chapter](#), or in the course of an analysis or investigation by the commissioner of the financial condition or market conduct of a licensee shall be privileged and confidential in any judicial or administrative proceeding except for any of the following:

- (1) An administrative proceeding brought by the insurance division under [chapter 17A](#).

(2) A judicial review proceeding under [chapter 17A](#) brought by an insurer to whom the records relate.

(3) An action or proceeding which arises out of the criminal provisions of the laws of this state or the United States.

c. Documents, materials, or other information, including but not limited to all working papers and copies, in the possession or control of the national association of insurance commissioners and its affiliates and subsidiaries shall be confidential by law and privileged, shall not be subject to [chapter 22](#), shall not be subject to subpoena, and shall not be subject to discovery or admissible in evidence in any private civil action if they are any of the following:

(1) Created, produced, or obtained by or disclosed to the national association of insurance commissioners and its affiliates and subsidiaries in the course of assisting an examination made under [this chapter](#), or assisting the commissioner in the analysis or investigation of the financial condition or market conduct of a licensee.

(2) Disclosed to the national association of insurance commissioners and its affiliates and subsidiaries under paragraph “d” by the commissioner.

(3) For the purposes of paragraph “b”, “chapter” includes the law of another state or jurisdiction that is substantially similar to [this chapter](#).

d. In order to assist in the performance of the commissioner’s duties, the commissioner may do all of the following:

(1) Share documents, materials, or other information, including the confidential and privileged documents, materials, or information subject to paragraph “a”, with other state, federal, and international regulatory agencies, with the national association of insurance commissioners and its affiliates and subsidiaries, and with state, federal, and international law enforcement authorities, provided that the recipient agrees to maintain the confidentiality and privileged status of the documents, materials, communications, or other information.

(2) Receive documents, materials, communications, or information, including otherwise confidential and privileged documents, materials, or information, from the national association of insurance commissioners and its affiliates and subsidiaries, notwithstanding [chapter 22](#), and from regulatory and law enforcement officials of other foreign or domestic jurisdictions, and shall maintain as confidential or privileged any documents, materials, or information received with notice or the understanding that it is confidential or privileged under the laws of the jurisdiction that is the source of the documents, materials, or information.

(3) Enter into agreements governing sharing and use of information consistent with [section 507.14, subsection 4](#).

e. No waiver of any applicable privilege or claim of confidentiality in the documents, materials, or information shall occur as a result of disclosure to the commissioner under [this section](#) or as a result of sharing as authorized in paragraph “c”.

f. A privilege established under the law of any state or jurisdiction that is substantially similar to the privilege established under [this subsection](#) shall be available and enforced in any proceeding in, and in any court of, this state.

g. Nothing contained in [this chapter](#) shall prevent or be construed as prohibiting the commissioner from disclosing the content of an examination report, preliminary examination report or results, or any matter relating thereto, to the commissioner of any other state or country, or to law enforcement officials of this or any other state or agency of the federal government at any time or to the national association of insurance commissioners, so long as such agency or office receiving the report or matters relating thereto agrees in writing to hold it confidential and in a manner consistent with [this chapter](#).

6. *Conflict of interest.*

a. An examiner may not be appointed by the commissioner if the examiner, either directly or indirectly, has a conflict of interest or is affiliated with the management of or owns a pecuniary interest in any person subject to examination under [this chapter](#). [This section](#) shall not be construed to automatically preclude an examiner from being any of the following:

(1) A viator.

(2) An insured in a viaticated insurance policy.

(3) A beneficiary in an insurance policy that is proposed to be viaticated.

b. Notwithstanding the requirements of paragraph “a”, the commissioner may retain from time to time, on an individual basis, qualified actuaries, certified public accountants, or other similar individuals who are independently practicing their professions, even though these persons may from time to time be similarly employed or retained by persons subject to examination under [this chapter](#).

7. *Cost of examinations.*

a. The commissioner may appoint insurance examiners who, while conducting examinations, shall possess all the powers conferred upon the commissioner for such purposes. The entire time of the examiners shall be under the control of the commissioner, and shall be employed as the commissioner may direct.

b. The commissioner may, when in the commissioner’s judgment it is advisable, appoint assistants to aid in making examinations. The examiners shall be compensated on the basis of the normal workweek of the insurance division at a salary to be fixed by the commissioner subject, however, to the provisions of [section 505.14](#). The compensation shall be paid from appropriations for such purposes upon certification of the commissioner, which shall be reimbursed as provided in [sections 507.8](#) and [507.9](#).

c. When making an examination under [this chapter](#), the commissioner may retain attorneys, appraisers, independent actuaries, independent certified public accountants, or other professionals and specialists as examiners, the reasonable cost of which shall be borne by the company which is the subject of the examination.

d. The commissioner shall, upon the completion of an examination, or at such regular intervals prior to completion as the commissioner determines, prepare an account of the costs incurred in performing and preparing the report of such examinations which shall be charged to and paid by the company examined, and upon failure or refusal of a company examined to pay such costs, the same may be recovered by the commissioner or the attorney general in an action brought in the name of the state, and the commissioner may also revoke the certificate of authority of such company to transact business within this state.

8. *Immunity from liability.*

a. No cause of action shall arise, nor shall any liability be imposed, against the commissioner, the commissioner’s authorized representatives, or any examiner appointed by the commissioner for any statements made or conduct performed reasonably and in good faith while carrying out the provisions of [this chapter](#).

b. No cause of action shall arise, nor shall any liability be imposed, against any person for the act of communicating or delivering information or data to the commissioner or the commissioner’s authorized representative or examiner pursuant to an examination made under [this chapter](#), if the act of communication or delivery was performed reasonably and in good faith and without fraudulent intent or the intent to deceive. This paragraph does not abrogate or modify in any way any common law or statutory privilege or immunity heretofore enjoyed by any person identified in paragraph “a”.

9. *Investigative authority of the commissioner.* The commissioner may investigate suspected fraudulent viatical settlement acts and persons engaged in the business of viatical settlements.

[2008 Acts, ch 1155, §7](#)