

LIFE AND HEALTH INSURANCE
CHAPTER 30
LIFE INSURANCE POLICIES
[Prior to 10/22/86, Insurance Department[510]]

191—30.1(508) Purpose. In the best interest of the citizens of Iowa and to maintain a fair and honest life insurance market, certain types of life policy forms and certain policy provisions shall be either prohibited, altered or clarified as set out herein.

191—30.2(508) Scope. These rules shall apply to all insurance policies issued by insurance companies holding a certificate of authority under the provisions of Iowa Code chapter 508.

191—30.3(508) Definitions. Certain life insurance policy forms and provisions referred to herein shall have the following meaning:

30.3(1) Founders policy. The term or name assigned to a policy of insurance offered to the public by a newly organized stock life insurance company, issued on a participating basis with the representations that the purchasers will share preferentially in the future divisible surplus earnings of the company arising from all classes of business, both participating and nonparticipating, and all plans of insurance.

30.3(2) Profit-sharing policy. It is any policy form which contains provisions or is represented in such a way that the policyholder will be eligible to preferentially participate in any future distribution of general corporate profits.

30.3(3) Coupon policy. It is any policy or contract of life insurance, other than annuity, which contains in addition to basic life insurance benefits a series of annual pure endowment benefits evidenced in the policy contract by a series of coupons each of which matures on the maturation date of an annual pure endowment. For the purposes of these rules, policies containing annual pure endowments evidenced by coupons, passbooks or other devices generally acquainted with savings, banking or investment institutions shall be considered coupon policies.

30.3(4) Pure endowment benefit. It is a guaranteed insurance benefit, actuarially determined, the payment of which is contingent upon the survival of the insured to a specific point in time.

191—30.4(508) Prohibitions, regulations and disclosure requirements. In accordance with the purpose expressed in 30.1(508) and in conjunction with the intent of Iowa Code section 508.28, the use of certain types of policy forms and policy provisions shall be subject to the following prohibitions and regulations:

30.4(1) Policy names. Any insurance policy labeled or described as a founders, charter or coupon policy or names of similar connotation shall not be approved for use in this state on or after the effective date of these rules, and furthermore no policies so named or labeled heretofore approved shall be issued or delivered in this state on or after March 1, 1964.

30.4(2) Founders policy. No founders policy as herein defined shall be approved for use in this state on or after the effective date of these rules, and furthermore no founders policy as herein defined heretofore approved shall be issued or delivered in this state on or after March 1, 1964.

30.4(3) Profit-sharing policy. No profit-sharing policy shall be approved for use in this state on or after the effective date of these rules, and furthermore no profit-sharing policy heretofore approved shall be issued or delivered in this state on or after March 1, 1964. This subrule does not intend to restrict or prohibit the sale in this state of any participating life insurance policy where the dividend or abatement of premium is derived solely from the profits of that class of participating business.

30.4(4) Coupon policy. No coupon policy shall be approved or issued in this state after the effective date of these rules, and furthermore no coupon policy heretofore approved shall be issued or delivered in this state on or after March 1, 1964.

30.4(5) Guaranteed pure endowment benefits. No policy containing a series of guaranteed pure endowment benefits shall be approved for use after the effective date of these rules unless it meets the following requirements:

- a.* The gross premium charged for this benefit shall be separately stated in a size and style of type equal in prominence to that stating the gross premium for the other benefits contained in the policy.
- b.* The payment of any guaranteed pure endowment benefit shall not be made contingent upon the payment of premiums falling due on or after the time the pure endowment benefit has matured.
- c.* The amount of the guaranteed series of pure endowment benefits shall be expressed in dollar amounts and shall not be presented or defined, either in the policy or any sales and advertising material, as a “percentage” of any of the premiums or benefits contained therein.
- d.* No participating policy shall include as part of its benefits a guaranteed pure endowment benefit.
- e.* The language and terminology of the policy or any of the sales and advertising materials used in connection with any policy, which has a series of pure endowment benefits therein, shall not purport to represent the pure endowment benefit of the policy to be anything other than a guaranteed insurance benefit for which a premium is being paid by the policyholder.

191—30.5(508) General filing requirements.

30.5(1) Insurance companies required to file rates or forms with the division shall submit required rate and form filings pursuant to rule 191—20.1(505,509,514A,515,515A,515F).

30.5(2) Each filing must be submitted to the division of insurance not less than 60 days prior to the effective date of the filing, unless the 60-day period is waived by the division for good cause. Any deficiencies or discrepancies in the filing will delay final approval. In case of disapproval, the company will be notified by the division.

30.5(3) A filing which has not been previously approved, disapproved or questioned shall be deemed approved on or after 30 days from its receipt by the division.

30.5(4) Any insured or established organization with one or more insureds among its members may object to a form or rate filing pursuant to rule 191—20.2(505).

191—30.6(508) Back dating of life policies. Upon the specific written request of an applicant for life insurance, an insurer may issue a policy with an effective date not more than six months prior to the date of the policy application. This regulation shall not be construed to prohibit the exercise of any exchange or conversion privileges in any policy or contract.

191—30.7(508,515) Expiration date of policy vs. charter expiration date. The mere fact that a corporate contract may extend beyond the term of the life of the corporation does not destroy it. We believe as a matter of public policy, insurance corporations frequently enter into such contracts. This is graphically illustrated in the case of a life insurance contract issued by a company with a limited corporate period. It has been held that the renewal of articles of incorporation is a continuation of the original corporate period which lends support to the proposition that it is within the public interest that contracts of this nature be permitted.

191—30.8(509) Electronic delivery of group life insurance certificates.

30.8(1) Purpose. The purpose of this rule is to authorize the electronic delivery of group life insurance certificates in an efficient manner by insurers and group policyholders, while guaranteeing that individual plan members still receive the important information contained in such group insurance certificates, as required by Iowa Code section 509.2(7), and as allowed by the uniform electronic transactions Act, Iowa Code chapter 554D.

30.8(2) Scope. This rule shall apply to all insurance companies holding a certificate of authority to transact the business of insurance under the provisions of Iowa Code chapters 508 and 515.

30.8(3) Electronic delivery—insurance companies. The insurer will be deemed to comply with the requirements of Iowa Code section 509.2(7) if the group insurance certificate is delivered to the group policyholder electronically and if:

- a.* The insurer takes appropriate and necessary measures to ensure that the system for furnishing group insurance certificates results in actual receipt of transmitted information by group policyholders, which can be done by:

- (1) Using return-receipt electronic mail features;
- (2) Periodic reviews or surveys to confirm receipt of the transmitted information; or
- (3) Any other method approved by the insurance commissioner.

b. The electronic documents contain the same content and appear in reasonably the same format as the certificates previously approved by the insurance commissioner.

c. Each group policyholder is provided notice, through electronic means or in writing, apprising the group policyholder of the fact that the certificate will be furnished electronically, of the significance of the certificate and the group policyholder's obligations under this rule, and of the group policyholder's right to request and receive a paper copy of the document for each participant.

d. Upon request of any group policyholder, the insurer furnishes paper copies of the group insurance certificate that was delivered to the group policyholder electronically, so that the group policyholder may provide them to participants that have requested paper copies.

30.8(4) *Electronic delivery—group policyholders.* The group policyholder will be deemed to comply with the requirements of Iowa Code section 509.2(7) if the group insurance certificate is delivered to the individual plan member electronically and if:

a. The group policyholder takes appropriate and necessary measures to ensure that the system for furnishing group insurance certificates results in actual receipt of transmitted information by participants, which may be done by:

- (1) Using return-receipt electronic mail features;
- (2) Periodic reviews or surveys to confirm receipt of the transmitted information; or
- (3) Any other method approved by the insurance commissioner.

b. The electronic documents contain the same content and appear in reasonably the same format as the certificates previously approved by the insurance commissioner.

c. Each participant is provided notice, through electronic means or in writing, apprising the participant of the fact that the certificate will be furnished electronically, of the significance of the certificate, and of the participant's right to request and receive, free of charge, a paper copy of the document.

d. Upon request of any participant, the group policyholder furnishes, free of charge, a paper copy of the group insurance certificate that was delivered to the participant electronically.

191—30.9(505,508) Notice of cancellation, forfeiture, lapse, nonrenewal or termination of life insurance and annuities.

30.9(1) *Purpose.* The purpose of this rule is to clarify the authorized methods of delivery for notices of cancellation, forfeiture, lapse, nonrenewal and termination by an insurer, so as to require reasonable procedures for providing notice to policyholders of the consequences of cancellation, forfeiture, lapse, nonrenewal or termination of life insurance and annuity contracts. In universal life contracts, specific advance notice is required by rule 191—92.6(508). The Uniform Electronic Transactions Act, in Iowa Code section 554D.110(4) "*b,*" provides that a requirement under a law to send, communicate, or transmit a record by first-class mail postage prepaid may be varied by agreement to the extent permitted by the other law. Notification regulation should effectively require reasonable advance notice to life insurance and annuity policyholders that insurance coverage will cease or be placed under a nonforfeiture benefit on a date certain. Presumption of receipt in the context of a postal service mailing is a well-settled principle of Iowa law (see *Montgomery Ward v. Davis*, 398 N.W.2d 869, 870-871 (Iowa 1982)), but Iowa courts have not yet recognized a presumption of receipt for electronic transmissions. Notwithstanding Iowa Code section 554D.110(4) "*b,*" delivery by electronic transmission, for the purposes of this rule, does not provide for satisfactory verification or acknowledgment of receipt, as required by Iowa Code section 505B.1(6).

30.9(2) *Scope.* This rule shall apply to all insurance companies that issue contracts subject to approval by the commissioner pursuant to Iowa Code section 508.25.

30.9(3) *Delivery and receipt.* For any notice of cancellation, forfeiture, lapse, nonrenewal or termination by an insurer in contracts subject to approval by the commissioner pursuant to Iowa Code section 508.25 to be effective, an insurer must, within the time frame established by law, or such

reasonable time in advance and as governed by contract, either deliver the notice to the named insured in person or mail the notice through the U.S. Postal Service to the last-known address of the named insured. The use of U.S. Postal Service Intelligent Mail® fulfills any requirement for the contracts subject to approval by the commissioner pursuant to Iowa Code section 508.25 for certified mail or certificate of mailing as proof of mailing.

30.9(4) *Electronic transmissions.* Electronic transmissions do not currently satisfy the requirements of this rule or of rule 191—92.6(508). However, additional communication of notices by electronic means may be provided by an insurer as a service to a policyholder.

[ARC 1999C, IAB 5/27/15, effective 7/1/15]

These rules are intended to implement Iowa Code sections 505.8, 508.25, 508.28 and 508A.4 and Iowa Code chapters 505B and 509.

[Filed November 21, 1963]

[Filed 7/3/80, Notice 5/14/80—published 7/23/80, effective 8/29/80]

[Filed 7/11/86, Notice 6/4/86—published 7/30/86, effective 9/3/86]

[Editorially transferred from [510] to [191], IAC Supp. 10/22/86; see IAB 7/30/86]

[Filed 7/18/03, Notice 6/11/03—published 8/6/03, effective 9/10/03]

[Filed 10/5/06, Notice 8/30/06—published 10/25/06, effective 11/29/06]

[Filed 3/9/07, Notice 1/31/07—published 3/28/07, effective 5/2/07]

[Filed ARC 1999C (Notice ARC 1943C, IAB 4/1/15), IAB 5/27/15, effective 7/1/15]

¹ See IAB Insurance Division