

191—55.10(522C) Evidence of financial responsibility.

55.10(1) Prior to the issuance of a license as an adjuster and for the duration of the license, an applicant shall secure evidence of financial responsibility in a format prescribed by the commissioner. Evidence of financial responsibility must provide coverage for damages resulting from an adjuster's erroneous act, failure to act, fraud, acts in violation of Iowa Code chapter 522C, or unfair or deceptive act or practice as determined pursuant to Iowa Code chapter 507B. An independent contractor or an Internal Revenue Service 1099 staff adjuster must maintain the independent contractor's or the Internal Revenue Service 1099 staff adjuster's own individual bond or other qualifying financial responsibility unless specifically employed and covered by the adjuster business entity's qualifying bond or certificate of insurance. The bond or certificate of insurance must be issued by an insurer authorized to transact business in Iowa. Financial responsibility may be satisfied through one of the following options:

a. Surety bonds.

(1) Individual bond. The bond must be individually written in an amount of no less than \$50,000 and issued in favor of the state of Iowa.

(2) Business entity bond. A scheduled or blanket bond provided for an adjuster business entity employing multiple licensed adjusters with a per occurrence limit of \$50,000 and a total aggregate exposure limit in any one policy period. Bond amounts according to the number of adjusters are as follows:

Number of Adjusters	Bond Amount
2-20	\$250,000, or no less than five times the required individual bond of \$50,000
21-40	\$500,000, or no less than ten times the required individual bond of \$50,000
41 or more	\$1 million, or no less than 20 times the required individual bond of \$50,000

b. Professional liability or errors and omissions certificate of insurance. The coverage provides sufficient coverage for professional liability or acts or omissions in the performance of adjusting services for all affiliated adjusters performing activities pursuant to Iowa Code chapter 522C, individually or on behalf of the business entity, in an amount of no less than \$50,000 per adjuster and with an aggregate limit of \$1 million.

c. Irrevocable letter of credit. The irrevocable letter of credit must:

(1) Be issued by a qualified financial institution chartered under federal or state law, regulated and supervised by federal or state authorities, and authorized to transact business in the state of Iowa;

(2) Be in the minimum amount of \$50,000;

(3) Be subject to lawful levy of execution on behalf of any person to whom the adjuster has been found to be legally liable as the result of an adjuster's erroneous act, failure to act, fraud, acts in violation of Iowa Code chapter 522C, or unfair or deceptive act or practice as determined pursuant to Iowa Code chapter 507B; and

(4) Provide written notice of termination to the licensee at least 30 days prior to termination.

55.10(2) The division may request evidence of financial responsibility at any time the division deems relevant.

55.10(3) An adjuster shall immediately notify the division if evidence of financial responsibility terminates or becomes impaired. The authority to act as an adjuster shall automatically terminate if the evidence of financial responsibility terminates or becomes impaired.

This rule is intended to implement Iowa Code chapter 522C.

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