

House File 2555 - Enrolled

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HOUSE FILE 2555

AN ACT

RELATING TO VARIOUS MATTERS UNDER THE PURVIEW OF THE INSURANCE DIVISION OF THE DEPARTMENT OF COMMERCE INCLUDING UNIFORM SECURITIES; DUTIES OF THE INSURANCE DIVISION INCLUDING A CONSUMER ADVOCATE AND RATE REVIEWS; CONFIDENTIAL INFORMATION; EXAMINATIONS; INSURANCE TRADE PRACTICES; INSURANCE FRAUD; THE IOWA LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION; VIATICAL SETTLEMENT CONTRACTS; GENERAL AGENTS AND THIRD-PARTY ADMINISTRATORS; LIFE INSURANCE COMPANIES; HEALTH MAINTENANCE ORGANIZATIONS; UTILIZATION AND COST CONTROL; THE IOWA COMPREHENSIVE HEALTH INSURANCE ASSOCIATION; WORKERS' COMPENSATION LIABILITY INSURANCE; CONSOLIDATION, MERGER, AND REINSURANCE; LICENSING OF INSURANCE PRODUCERS; CEMETERY AND FUNERAL MERCHANDISE AND FUNERAL SERVICES; AND CEMETERIES, MAKING APPROPRIATIONS, AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Section 502.201, subsection 9E, Code 2007, is amended to read as follows:

9E. VIATICAL SETTLEMENT INVESTMENT CONTRACTS. A viatical settlement investment contract, or fractional or pooled interest in such contract, provided any of the following conditions are satisfied:

a. The assignment, transfer, sale, devise, or bequest of a death benefit of a life insurance policy or contract is made by the viator to an insurance company as provided under Title XIII, subtitle 1.

b. The assignment, transfer, sale, devise, or bequest of a life insurance policy or contract, for any value less than the expected death benefit, is made by the viator to a family member or other person who enters into no more than one such agreement in a calendar year.

c. A life insurance policy or contract is assigned to a bank, savings bank, savings and loan association, credit union, or other licensed lending institution as collateral for a loan.

d. Accelerated benefits are exercised as provided in the life insurance policy or contract and consistent with applicable law.

e. The assignment, transfer, sale, devise, or bequest of the death benefit or ownership of a life insurance policy or contract made by the policyholder or contract owner to a viatical settlement provider, if the viatical settlement transaction complies with chapter 508E, including rules adopted pursuant to that chapter.

Sec. 2. Section 502.202, subsection 9, Code 2007, is amended to read as follows:

9. SPECIFIED EXCHANGE TRANSACTIONS. A transaction in a security, whether or not the security or transaction is otherwise exempt, in exchange for one or more bona fide outstanding securities, claims, or property interests, or partly in such exchange and partly for cash, if the terms and conditions of the issuance and exchange or the delivery and exchange and the fairness of the terms and conditions have been approved ~~by the administrator~~ after a hearing by a court; by an official or agency of the United States; by a state securities, banking, or insurance agency; or by any other government authority expressly authorized by law to grant such approvals.

Sec. 3. Section 502.402, subsection 2, paragraph a, Code 2007, is amended to read as follows:

a. An individual who represents a broker-dealer in effecting transactions in this state limited to those described in section 15(h)(2) of the Securities Exchange Act of 1934, 15 U.S.C. } ~~78(e)(2)~~ 78(h)(2).

Sec. 4. Section 502.410, subsection 2, Code 2007, is amended to read as follows:

2. AGENTS. The fee for an individual is ~~thirty~~ forty dollars when filing an application for registration as an

3 4 agent, a fee of thirty ~~forty~~ dollars when filing a renewal of
3 5 registration as an agent, and a fee of ~~thirty forty~~ dollars
3 6 when filing for a change of registration as an agent. Of each
3 7 forty-dollar fee collected, ten dollars is appropriated to the
3 8 securities investor education and financial literacy training
3 9 fund established under section 502.601, subsection 5. If the
3 10 filing results in a denial or withdrawal, the administrator
3 11 shall retain the fee.

3 12 Sec. 5. Section 502.601, subsection 4, Code 2007, is
3 13 amended to read as follows:

3 14 4. INVESTOR EDUCATION AND FINANCIAL LITERACY. The
3 15 administrator may develop and implement investor education and
3 16 financial literacy initiatives to inform the public about
3 17 investing in securities, with particular emphasis on the
3 18 prevention and detection of securities fraud. In developing
3 19 and implementing these initiatives, the administrator may
3 20 collaborate with public and nonprofit organizations with an
3 21 interest in investor education and financial literacy. The
3 22 administrator may accept a grant or donation from a person
3 23 ~~that~~ who is not affiliated with the securities industry or
3 24 from a nonprofit organization, regardless of whether the
3 25 organization is affiliated with the securities industry, to
3 26 develop and implement investor education and financial
3 27 literacy initiatives. This subsection does not authorize the
3 28 administrator to require participation or monetary
3 29 contributions of a registrant in an investor education or
3 30 financial literacy program.

3 31 Sec. 6. Section 502.601, subsection 5, Code 2007, is
3 32 amended to read as follows:

3 33 5. THE SECURITIES INVESTOR EDUCATION AND FINANCIAL
3 34 LITERACY TRAINING FUND. A securities investor education and
3 35 financial literacy training fund is created in the state
4 1 treasury under the control of the administrator to provide
4 2 moneys for the purposes specified in subsection 4. All moneys
4 3 received by the state by reason of civil penalties pursuant to
4 4 this chapter and the moneys appropriated to the fund pursuant
4 5 to section 502.410, subsection 2, shall be deposited in the
4 6 securities investor education and financial literacy training
4 7 fund. Notwithstanding section 12C.7, interest or earnings on
4 8 moneys deposited into the fund shall be credited to the fund.
4 9 Notwithstanding section 8.33, unencumbered or unobligated
4 10 moneys remaining in the fund shall not revert but shall be
4 11 available for expenditure for the following fiscal year.
4 12 However, if, on June 30, unencumbered or unobligated moneys
4 13 remaining in the fund exceed ~~two~~ five hundred thousand
4 14 dollars, moneys in excess of that amount shall revert to the
4 15 general fund of the state in the same manner as provided in
4 16 section 8.33.

4 17 Sec. 7. Section 505.8, Code Supplement 2007, is amended by
4 18 adding the following new subsection:

4 19 NEW SUBSECTION. 5A. a. The commissioner shall establish
4 20 a bureau, to be known as the "consumer advocate bureau", which
4 21 shall be responsible for ensuring fair treatment of consumers
4 22 by persons in the business of insurance and for preventing
4 23 unfair or deceptive trade practices in the insurance
4 24 marketplace.

4 25 b. The commissioner, with the advice of the governor,
4 26 shall appoint a consumer advocate who shall be knowledgeable
4 27 in the area of insurance and particularly in the area of
4 28 consumer protection.

4 29 c. The consumer advocate bureau shall receive and may
4 30 investigate consumer complaints and inquiries from the public,
4 31 and shall conduct investigations to determine whether any
4 32 person has violated any provision of the insurance code,
4 33 including chapters 507B and 522B, and any provisions related
4 34 to the establishment of insurance rates.

4 35 d. When necessary or appropriate to protect the public
5 1 interest or consumers, the consumer advocate may request that
5 2 the commissioner conduct administrative hearings as provided
5 3 in section 505.29.

5 4 e. The consumer advocate bureau shall perform other
5 5 functions as may be assigned to it by the commissioner related
5 6 to consumer advocacy.

5 7 f. The consumer advocate bureau shall work in conjunction
5 8 with other areas of the insurance division on matters of
5 9 mutual interest. The insurance division shall cooperate with
5 10 the consumer advocate in fulfilling the duties of the consumer
5 11 advocate bureau. The consumer advocate may also seek
5 12 assistance from other federal or state agencies or private
5 13 entities for the purpose of assisting consumers.

5 14 g. The commissioner, in cooperation with the consumer

5 15 advocate, shall prepare and deliver a report to the general
5 16 assembly by January 15 of each year that contains findings and
5 17 recommendations regarding the activities of the consumer
5 18 advocate bureau including but not limited to all of the
5 19 following:

- 5 20 (1) An overview of the functions of the bureau.
- 5 21 (2) The structure of the bureau including the number and
5 22 type of staff positions.
- 5 23 (3) Statistics showing the number of complaints handled by
5 24 the bureau, the nature of the complaints including the line of
5 25 business involved and their disposition, and the disposition
5 26 of similar issues in other states.
- 5 27 (4) Actions commenced by the consumer advocate.
- 5 28 (5) Studies performed by the consumer advocate.
- 5 29 (6) Educational and outreach efforts of the consumer
5 30 advocate bureau.

5 31 (7) Recommendations from the commissioner and the consumer
5 32 advocate about additional consumer protection functions that
5 33 would be appropriate and useful for the bureau or the
5 34 insurance division to fulfill based on observations and
5 35 analysis of trends in complaints and information derived from
6 1 national or other sources.

6 2 (8) Recommendations from the commissioner and the consumer
6 3 advocate about any needs for additional funding, staffing,
6 4 legislation, or administrative rules.

6 5 Sec. 8. Section 505.8, subsection 6, Code Supplement 2007,
6 6 is amended to read as follows:

6 7 6. a. Notwithstanding chapter 22, the commissioner shall
6 8 keep confidential the information submitted to the insurance
6 9 division or obtained by the insurance division in the course
6 10 of an investigation or inquiry pursuant to subsection 5A,
6 11 including all notes, work papers, or other documents related
6 12 to the investigation. Information obtained by the
6 13 commissioner in the course of investigating a complaint or
6 14 inquiry may, in the discretion of the commissioner, be
6 15 provided to the insurance company or insurance producer that
6 16 is the subject of the complaint or inquiry, to the consumer
6 17 who filed the complaint or inquiry, and to the individual
6 18 insured who is the subject of the complaint or inquiry,
6 19 without waiving the confidentiality afforded to the
6 20 commissioner or to other persons by this subsection. The
6 21 commissioner may disclose or release information that is
6 22 otherwise confidential under this subsection, in the course of
6 23 an administrative or judicial proceeding.

6 24 ~~a. b.~~ Notwithstanding chapter 22, the commissioner shall
6 25 keep confidential both information obtained in the course of
6 26 ~~an investigation and information by or~~ submitted to the
6 27 insurance division pursuant to chapters 514J and 515D.

6 28 ~~b. c.~~ The commissioner shall adopt rules protecting the
6 29 privacy of information held by an insurer or an agent
6 30 consistent with the federal Gramm-Leach-Bliley Act, Pub. L.
6 31 No. 106=102.

6 32 ~~c. d.~~ However, notwithstanding ~~Notwithstanding~~ paragraphs
6 33 "a", ~~and "b", and "c"~~, if the commissioner determines that it
6 34 is necessary or appropriate in the public interest or for the
6 35 protection of the public, the commissioner may share
7 1 information with other regulatory authorities or governmental
7 2 agencies or may publish information concerning a violation of
7 3 this chapter or a rule or order under this chapter. Such
7 4 information may be redacted so that personally identifiable
7 5 information is not made available.

7 6 ~~d. e.~~ The commissioner may adopt rules protecting the
7 7 privacy of information submitted to the insurance division
7 8 consistent with this section.

7 9 Sec. 9. Section 505.8, subsection 10, Code Supplement
7 10 2007, is amended to read as follows:

7 11 10. For the purpose of an investigation made under any
7 12 chapter of this subtitle, the commissioner or the
7 13 commissioner's designee may administer oaths and affirmations,
7 14 subpoena witnesses, seek compulsory attendance, take evidence,
7 15 require the filing of statements, and require the production
7 16 of any records that the commissioner considers relevant or
7 17 material to the investigation, pursuant to rules adopted under
7 18 chapter 17A. The confidentiality provisions of subsection 6,
7 19 shall apply to information and material obtained pursuant to
7 20 this subsection.

7 21 Sec. 10. Section 505.15, Code 2007, is amended to read as
7 22 follows:

7 23 505.15 ACTUARIAL, PROFESSIONAL, AND SPECIALIST STAFF.

7 24 1. The commissioner may appoint a staff of actuaries as
7 25 necessary to carry out the duties of the division. The

7 26 actuarial staff shall do all of the following:

7 27 ~~1- a.~~ Perform analyses of rate filings.

7 28 ~~2- b.~~ Perform audits of submitted loss data.

7 29 ~~3- c.~~ Conduct rate hearings and serve as expert

7 30 witnesses.

7 31 ~~4- d.~~ Prepare, review, and dispense data on the insurance

7 32 business.

7 33 ~~5- e.~~ Assist in public education concerning the insurance

7 34 business.

7 35 ~~6- f.~~ Identify any impending problem areas in the

8 1 insurance business.

8 2 ~~7- g.~~ Assist in examinations of insurance companies.

8 3 2. The commissioner may retain attorneys, appraisers,

8 4 independent actuaries, independent certified public

8 5 accountants, or other professionals or specialists to assist

8 6 the division in carrying out its duties in regard to rate

8 7 filing reviews. The reasonable cost of retaining such

8 8 professionals and specialists shall be borne by the insurer

8 9 which is the subject of the rate filing review.

8 10 Sec. 11. Section 507.4, Code 2007, is amended to read as

8 11 follows:

8 12 507.4 EXAMINERS == SALARIES.

8 13 1. The commissioner of insurance is hereby authorized to

8 14 may appoint insurance examiners, at least one of whom shall be

8 15 an experienced actuary, and at least one of whom shall be an

8 16 experienced and competent fire insurance accountant, and who,

8 17 while conducting examinations, shall possess all the powers

8 18 conferred upon the commissioner of insurance for such

8 19 purposes. The entire time of the examiners shall be under the

8 20 control of the ~~said~~ commissioner, and shall be employed as the

8 21 commissioner may direct.

8 22 2. The ~~said~~ commissioner may, when in the commissioner's

8 23 judgment it is advisable, appoint assistants to aid in making

8 24 conducting examinations. ~~Said examiners shall be compensated~~

8 25 on the basis of the normal workweek of the insurance division

8 26 at a salary to be fixed by the commissioner subject, however,

8 27 to the provisions of section 505.14. The commissioner shall

8 28 employ rates of compensation consistent with current standards

8 29 in the industry for certified public accountants, attorneys,

8 30 and skilled insurance examiners. The commissioner may use

8 31 compensation rates suggested by the national association of

8 32 insurance commissioners. Insurance examiners employed under

8 33 this section shall be exempt from the merit system provisions

8 34 of chapter 8A, subchapter IV, under section 8A.412, subsection

8 35 17. ~~Said compensation~~ Compensation shall be paid from

9 1 appropriations for such purposes upon certification of the

9 2 commissioner, which shall be reimbursed as provided in

9 3 sections 507.8 and 507.9.

9 4 Sec. 12. Section 507B.3, Code 2007, is amended to read as

9 5 follows:

9 6 507B.3 UNFAIR COMPETITION OR UNFAIR AND DECEPTIVE ACTS OR

9 7 PRACTICES PROHIBITED.

9 8 ~~1-~~ A person shall not engage in this state in any trade

9 9 practice which is defined in this chapter as, or determined

9 10 pursuant to section 507B.6 to be, an unfair method of

9 11 competition, or an unfair or deceptive act or practice in the

9 12 business of insurance. The issuance of a qualified charitable

9 13 gift annuity as provided in chapter 508F does not constitute a

9 14 trade practice in violation of this chapter.

9 15 2. The commissioner shall have power to examine and

9 16 investigate into the affairs of every person engaged in the

9 17 business of insurance in this state in order to determine

9 18 whether such person has been or is engaged in any unfair

9 19 method of competition or in any unfair or deceptive act or

9 20 practice prohibited by this section. The commissioner shall

9 21 keep confidential the information submitted to the insurance

9 22 division, or obtained by the insurance division in the course

9 23 of an investigation pursuant to section 505.8, subsection 6.

9 24 3. Information obtained by the commissioner in the course

9 25 of investigating a consumer complaint may, in the discretion

9 26 of the commissioner, be provided to the insurance company or

9 27 insurance producer which is the subject of the complaint or to

9 28 the consumer who filed the complaint or the individual insured

9 29 who is the subject of the complaint without waiving the

9 30 confidentiality afforded by this section to the commissioner

9 31 or other persons.

9 32 Sec. 13. Section 507E.6, Code 2007, is amended to read as

9 33 follows:

9 34 507E.6 DUTIES OF INSURER.

9 35 An insurer which believes that a claim or application for

10 1 insurance coverage is being made which is a violation of

10 2 section 507E.3 shall provide, within sixty days of the receipt
10 3 of such claim or application, written notification to the
10 4 bureau of the claim or application on a form prescribed by the
10 5 bureau, including any additional information requested by the
10 6 bureau related to the claim or application or the party making
10 7 the claim or application. The fraud bureau shall review each
10 8 notification and determine whether further investigation is
10 9 warranted. If the bureau determines that further
10 10 investigation is warranted, the bureau shall conduct an
10 11 independent investigation of the facts surrounding the claim
10 12 or application for insurance coverage to determine the extent,
10 13 if any, to which fraud occurred in the submission of the claim
10 14 or application. The bureau shall report any alleged violation
10 15 of law disclosed by the investigation to the appropriate
10 16 licensing agency or prosecuting authority having jurisdiction
10 17 with respect to such violation.

10 18 Sec. 14. Section 508C.3, subsection 2, Code 2007, is
10 19 amended to read as follows:

10 20 2. This chapter shall provide coverage to the persons
10 21 specified in subsection 1 under direct life insurance
10 22 policies, health insurance policies including long-term care
10 23 insurance and disability insurance policies, annuity
10 24 contracts, supplemental contracts, certificates under group
10 25 policies or contracts, and unallocated annuity contracts
10 26 issued by member insurers.

10 27 Sec. 15. Section 508C.6, subsection 1, paragraphs c and d,
10 28 Code 2007, are amended to read as follows:

10 29 c. An annuity account. A plan established under section
10 30 401, 403(b), or 457 of the United States Internal Revenue Code
10 31 shall be covered by the annuity account.

10 32 d. An unallocated annuity contract account, excluding
10 33 plans established under section 401, 403(b), or 457 of the
10 34 United States Internal Revenue Code.

10 35 Sec. 16. Section 508C.8, subsection 8, Code 2007, is
11 1 amended by striking the subsection and inserting in lieu
11 2 thereof the following:

11 3 8. a. The benefits that the association may become
11 4 obligated to cover shall in no event exceed the lesser of
11 5 either of the following:

11 6 (1) The contractual obligations for which the insurer is
11 7 liable or would have been liable if it were not an impaired or
11 8 insolvent insurer.

11 9 (2) Any of the following:

11 10 (a) With respect to one life, regardless of the number of
11 11 policies or contracts:

11 12 (i) Three hundred thousand dollars in life insurance death
11 13 benefits, but not more than one hundred thousand dollars in
11 14 net cash surrender and net cash withdrawal values for life
11 15 insurance, or three hundred fifty thousand dollars in the
11 16 aggregate.

11 17 (ii) Three hundred thousand dollars for health insurance
11 18 benefits including any net cash surrender and net cash
11 19 withdrawal values.

11 20 (iii) Two hundred fifty thousand dollars in the present
11 21 value of annuity benefits, including net cash surrender and
11 22 net cash withdrawal values.

11 23 (b) (i) With respect to each individual benefit plan
11 24 established under section 401, 403(b), or 457 of the United
11 25 States Internal Revenue Code, or each unallocated annuity
11 26 contract account, excluding a plan established under section
11 27 401, 403(b), or 457 of the United States Internal Revenue
11 28 Code, not more than two hundred fifty thousand dollars in the
11 29 aggregate, in present value annuity benefits, including net
11 30 cash surrender and net cash withdrawal values for the
11 31 beneficiaries of the deceased individual.

11 32 (ii) However, the association shall not in any event be
11 33 obligated to cover more than an aggregate of three hundred
11 34 fifty thousand dollars in benefits with respect to any one
11 35 life under subparagraph subdivision (a) and this subparagraph
12 1 subdivision (b), or more than five million dollars in benefits
12 2 to one owner of multiple nongroup policies of life insurance
12 3 regardless of whether the policy owner is an individual, firm,
12 4 corporation, or other person, and whether the persons insured
12 5 are officers, managers, employees, or other persons, and
12 6 regardless of the number of policies and contracts held by the
12 7 owner.

12 8 (c) With respect to a plan sponsor whose plan owns,
12 9 directly or in trust, one or more unallocated annuity
12 10 contracts not included under subparagraph subdivision (b), not
12 11 more than five million dollars in benefits, regardless of the
12 12 number of contracts held by the plan sponsor. However, where

12 13 one or more such unallocated annuity contracts are covered
12 14 contracts under this chapter and are owned by a trust or other
12 15 entity for the benefit of two or more plan sponsors, the
12 16 association shall provide coverage if the largest interest in
12 17 the trust or entity owning the contract is held by a plan
12 18 sponsor whose principal place of business is in the state but
12 19 in no event shall the association be obligated to cover more
12 20 than five million dollars in benefits in the aggregate with
12 21 respect to all such unallocated contracts.

12 22 b. The limitations on the association's obligation to
12 23 cover benefits that are set forth under this subsection do not
12 24 take into account the association's subrogation and assignment
12 25 rights or the extent to which such benefits could be provided
12 26 out of the assets of the impaired or insolvent insurer that
12 27 are attributable to covered policies. The association's
12 28 obligations under this chapter may be met by the use of assets
12 29 attributable to covered policies or reimbursed to the
12 30 association pursuant to the association's subrogation and
12 31 assignment rights.

12 32 Sec. 17. Section 508C.8, subsection 9, Code 2007, is
12 33 amended to read as follows:

12 34 9. The association has no obligation ~~for either of the~~
12 35 ~~following:~~

13 1 ~~a. To continue coverage, or to pay a claim for benefits to~~
13 2 ~~any person under an individual accident, health, or disability~~
13 3 ~~policy accruing more than three years following the date the~~
13 4 ~~member insurer is adjudicated to be insolvent.~~

13 5 b. ~~To~~ issue a group conversion policy of any nature to
13 6 a person or to continue a group coverage in force for more
13 7 than sixty days following the date the member insurer was
13 8 adjudicated to be insolvent.

13 9 Sec. 18. NEW SECTION. 508E.5 PUBLIC RECORDS.

13 10 All information filed with the commissioner pursuant to the
13 11 requirements of this chapter and its implementing rules shall
13 12 constitute a public record that is open for public inspection.

13 13 Sec. 19. Section 510.5, subsection 1, paragraph d, Code
13 14 2007, is amended to read as follows:

13 15 d. Separate records of business written by a managing
13 16 general agent shall be maintained. An insurer shall have
13 17 access and a right to copy all accounts and records related to
13 18 the insurer's business in a form usable by the insurer and the
13 19 commissioner shall have access to all books, bank accounts,
13 20 and records of a managing general agent in a form usable by
13 21 the commissioner. Such records shall be retained at least
13 22 until after completion by the insurance division of the next
13 23 ~~triennial~~ examination of the insurer.

13 24 Sec. 20. Section 511.8, subsection 6, paragraph a,
13 25 subparagraph (2), unnumbered paragraph 1, Code 2007, is
13 26 amended to read as follows:

13 27 The net earnings available for fixed charges and preferred
13 28 dividends of the issuing corporation shall have been, for each
13 29 of the five fiscal years immediately preceding the date of
13 30 acquisition, not less than one and one-half times the sum of
13 31 the annual fixed charges and contingent interest, if any, and
13 32 the annual preferred dividend requirements as of the date of
13 33 acquisition; or at the date of acquisition the preferred stock
13 34 has investment qualities and characteristics wherein
13 35 speculative elements are not predominant.

14 1 Sec. 21. Section 511.8, subsection 9, paragraphs a, b, c,
14 2 e, and g, Code 2007, are amended to read as follows:

14 3 a. (1) Bonds, notes, obligations, or other evidences of
14 4 indebtedness secured by mortgages or deeds of trust which are
14 5 a first or second lien upon otherwise unencumbered real
14 6 property and appurtenances thereto within the United States of
14 7 America, or any insular or territorial possession of the
14 8 United States, or the Dominion of Canada, and upon leasehold
14 9 estates in real property where fifty years or more of the term
14 10 including renewals is unexpired, provided that at the date of
14 11 acquisition the total indebtedness secured by the first or
14 12 second lien shall not exceed ninety percent of the value of
14 13 the property upon which it is a lien. However, a company or
14 14 organization shall not acquire an indebtedness secured by a
14 15 first or second lien upon a single parcel of real property, or
14 16 upon a leasehold interest in a single parcel of real property,
14 17 in excess of two percent of its legal reserve. These
14 18 limitations do not apply to obligations described in
14 19 paragraphs "b", "c", "d", "e", ~~and~~ "f", and "g" of this
14 20 subsection.

14 21 (2) Improvements and appurtenances to real property shall
14 22 not be considered in estimating the value of the property
14 23 unless the owner contracts to keep the property adequately

14 24 insured during the life of the loan in some reliable fire
14 25 insurance companies, or associations, the insurance to be made
14 26 payable in case of loss to the mortgagee, trustee, or assignee
14 27 as its interest appears at the time of the loss.

14 28 (3) For the purpose of this subsection a mortgage or deed
14 29 of trust is not other than a first or second lien upon
14 30 property by reason of the existence of taxes or assessments
14 31 that are not delinquent, instruments creating or reserving
14 32 mineral, oil, or timber rights, rights of way, joint
14 33 driveways, sewer rights, rights in walls or by reason of
14 34 building restrictions or other like restrictive covenants, or
14 35 when the real estate is subject to lease in whole or in part
15 1 whereby rents or profits are reserved to the owner.

15 2 b. Bonds, notes, or other evidences of indebtedness
15 3 representing loans and advances of credit that have been
15 4 issued, guaranteed, or insured, in accordance with the terms
15 5 and provisions of an Act of Congress of the United States of
15 6 America approved June 27, 1934, entitled the "National Housing
15 7 Act", 48 Stat. 1246, 12 U.S.C. } 1701, et seq., as ~~heretofore~~
~~15 8 and hereafter~~ amended to and including January 1, 2008, or of
~~15 9 an Act of Congress of the United States of America approved~~
~~15 10 July 24, 1970, entitled the "Federal Home Loan Mortgage~~
~~15 11 Corporation Act", 84 Stat. 451, 12 U.S.C. } 1451, et seq., as~~
~~15 12 amended to and including January 1, 2008.~~

15 13 c. Bonds, notes, or other evidences of indebtedness
15 14 representing loans and advances of credit that have been
15 15 issued or guaranteed, in whole or in part, in accordance with
15 16 the terms and provisions of Title III of an Act of Congress of
15 17 the United States of America approved June 22, 1944, known as
15 18 Public Law 346, Pub. L. No. 78-268, cited as the "Servicemen's
15 19 Readjustment Act of 1944", 58 Stat. 284, recodified at 72
15 20 Stat. 1105, 1273, 38 U.S.C. } 3701, et seq., as ~~heretofore~~ and
~~15 21 hereafter~~ amended to and including January 1, 2008.

15 22 e. Bonds, notes, or other evidences of indebtedness
15 23 representing loans and advances of credit that have been
15 24 issued or guaranteed, in whole or in part, in accordance with
15 25 Title I of the Bankhead-Jones Farm Tenant Act, an Act of the
15 26 Congress of the United States, cited as the "Farmers Home
15 27 Administration Act of 1946", 60 Stat. 1062, as ~~heretofore~~ or
~~15 28 hereafter~~ amended to and including the effective date or dates
~~15 29 of its repeal as set forth in 76 Stat. 318, or with Title III~~
~~15 30 of an Act of Congress of the United States of America approved~~
~~15 31 August 8, 1961, entitled the "Consolidated Farm and Rural~~
~~15 32 Development Act", 75 Stat. 307, 7 U.S.C. } 1921, et seq., as~~
~~15 33 amended to and including January 1, 2008.~~

15 34 g. Bonds, notes or other evidences of indebtedness
15 35 representing loans and advances of credit that have been
16 1 issued, guaranteed, or insured, in accordance with the terms
16 2 and provisions of an Act of the federal Parliament of the
16 3 Dominion of Canada approved March 18, 1954, cited as the
16 4 "National Housing Act, 1954" Act", R.S.C. 1985, c. N-11 as
16 5 ~~heretofore~~ and ~~hereafter~~ amended to and including January 1,
16 6 2008.

16 7 Sec. 22. Section 511.8, subsection 22, paragraph a, Code
16 8 2007, is amended by adding the following new subparagraph:
16 9 NEW SUBPARAGRAPH. (4) "United States government-sponsored
16 10 enterprise" means the federal national mortgage corporation
16 11 under 12 U.S.C. } 1716-23i of the National Housing Act and the
16 12 federal home loan marketing association under the Federal Home
16 13 Loan Mortgage Act, 12 U.S.C. } 1451-59.

16 14 Sec. 23. Section 511.8, subsection 22, paragraphs c, d,
16 15 and e, Code 2007, are amended to read as follows:

16 16 c. Investments in financial instruments used in hedging
16 17 transactions are not eligible in excess of two percent of the
16 18 legal reserve in the financial instruments of any one
16 19 corporation, less any securities of that corporation owned by
16 20 the company or association and in which its legal reserve is
16 21 invested, except insofar as the financial instruments are
16 22 collateralized by cash, ~~or~~ United States government
16 23 obligations as authorized by subsection 1, ~~or obligations of~~
~~16 24 or guaranteed by a United States government-sponsored~~
~~16 25 enterprise which on the date they are pledged as collateral~~
~~16 26 are adequately secured and have investment qualities and~~
~~16 27 characteristics wherein the speculative elements are not~~
~~16 28 predominant, which are deposited with a custodian bank as~~
16 29 defined in subsection 21, and held under a written agreement
16 30 with the custodian bank that complies with subsection 21 and
16 31 provides for the proceeds of the collateral, subject to the
16 32 terms and conditions of the applicable collateral or other
16 33 credit support agreement, to be remitted to the legal reserve
16 34 deposit of the company or association and to vest in the state

16 35 in accordance with section 508.18 whenever proceedings under
17 1 that section are instituted.
17 2 d. Investments in financial instruments used in hedging
17 3 transactions are not eligible in excess of ten percent of the
17 4 legal reserve, except insofar as the financial instruments are
17 5 collateralized by cash, ~~or~~ United States government
17 6 obligations as authorized by subsection 1, ~~or obligations of~~
17 7 ~~or guaranteed by a United States government=sponsored~~
17 8 ~~enterprise which on the date they are pledged as collateral~~
17 9 ~~are adequately secured and have investment qualities and~~
17 10 ~~characteristics wherein the speculative elements are not~~
17 11 ~~predominant, which are deposited with a custodian bank as~~
17 12 defined in subsection 21, and held under a written agreement
17 13 with the custodian bank that complies with subsection 21 and
17 14 provides for the proceeds of the collateral, subject to the
17 15 terms and conditions of the applicable collateral or other
17 16 credit support agreement, to be remitted to the legal reserve
17 17 deposit of the company or association and to vest in the state
17 18 in accordance with section 508.18 whenever proceedings under
17 19 that section are instituted.

17 20 e. (1) Investments in financial instruments of foreign
17 21 governments or foreign corporate obligations, other than
17 22 Canada, used in hedging transactions shall be included in the
17 23 limitation contained in subsection 19 that allows only twenty
17 24 percent of the legal reserve of the company or association to
17 25 be invested in such foreign investments, except insofar as the
17 26 financial instruments are collateralized by cash, ~~or~~ United
17 27 States government obligations as authorized by subsection 1,
17 28 ~~or obligations of or guaranteed by a United States~~

17 29 ~~government=sponsored enterprise which on the date they are~~
17 30 ~~pledged as collateral are adequately secured and have~~
17 31 ~~investment qualities and characteristics wherein the~~
17 32 ~~speculative elements are not predominant, which are~~ deposited
17 33 with a custodian bank as defined in subsection 21, and held
17 34 under a written agreement with the custodian bank that
17 35 complies with subsection 21 and provides for the proceeds of
18 1 the collateral, subject to the terms and conditions of the
18 2 applicable collateral or other credit support agreement, to be
18 3 remitted to the legal reserve deposit of the company or
18 4 association and to vest in the state in accordance with
18 5 section 508.18 whenever proceedings under that section are
18 6 instituted.

18 7 (2) This paragraph "e" does not authorize the inclusion of
18 8 financial instruments used in hedging transactions in an
18 9 insurer's legal reserve that are in excess of the eligibility
18 10 limitation provided in paragraph "d" unless the financial
18 11 instruments are collateralized as provided in this paragraph
18 12 "e".

18 13 Sec. 24. NEW SECTION. 514B.17A RECISION.

18 14 1. A health maintenance organization may rescind an
18 15 enrollee's membership in the health maintenance organization
18 16 if the enrollee makes a material false statement or
18 17 misrepresentation in the enrollee's application for
18 18 membership. A written notice of rescision shall be sent to the
18 19 enrollee by certified mail addressed to the enrollee and sent
18 20 to the enrollee's last address known to the health maintenance
18 21 organization and shall state the reason for the rescision. The
18 22 enrollee may appeal the rescision to the commissioner as
18 23 provided by the commissioner by rules adopted under chapter
18 24 17A.

18 25 2. An enrollee's membership in a health maintenance
18 26 organization shall not be rescinded as provided in subsection
18 27 1 more than two years after the date of the enrollee's
18 28 enrollment in the health maintenance organization.

18 29 Sec. 25. Section 514E.1, subsection 12, paragraph a, Code
18 30 2007, is amended to read as follows:

18 31 a. "Health insurance coverage" means health insurance
18 32 coverage offered to individuals, including group conversion
18 33 coverage.

18 34 Sec. 26. Section 514E.1, subsection 14, Code 2007, is
18 35 amended to read as follows:

19 1 14. "Involuntary termination" includes, but is not limited
19 2 to, termination of group conversion coverage ~~when a conversion~~
19 3 ~~policy is not available~~ or where benefits under a state or
19 4 federal law providing for continuation of coverage upon
19 5 termination of employment will cease or have ceased.

19 6 Sec. 27. Section 514E.7, subsection 4, paragraph c,
19 7 subparagraph (2), Code 2007, is amended to read as follows:

19 8 (2) The applicant is not eligible for continuation ~~or~~
19 9 ~~conversion~~ rights that would provide coverage substantially
19 10 similar to plan coverage.

19 11 Sec. 28. NEW SECTION. 514F.6 CREDENTIALING ==

19 12 RETROSPECTIVE PAYMENT.

19 13 The commissioner shall adopt rules to provide for the
19 14 retrospective payment of clean claims for covered services
19 15 provided by a physician during the credentialing period, once
19 16 the physician is credentialed. For purposes of this section,
19 17 "physician" means a licensed doctor of medicine and surgery or
19 18 a licensed doctor of osteopathic medicine and surgery, and
19 19 "credentialing period" means the time period between the
19 20 health insurer's receipt of a physician's application for
19 21 credentialing and approval of that application by the health
19 22 insurer. "Credentialing" means a process through which a
19 23 health insurer makes a determination based on criteria
19 24 established by the health insurer concerning whether a
19 25 physician is eligible to provide health care services to an
19 26 insured and to receive reimbursement for the health care
19 27 services provided under an agreement entered into between the
19 28 physician and the health insurer. "Clean claim" means the
19 29 same as defined in section 507B.4A, subsection 2, paragraph
19 30 "b".

19 31 Sec. 29. Section 515A.2, subsection 1, Code 2007, is
19 32 amended by adding the following new paragraph:

19 33 NEW PARAGRAPH. g. "Schedule rating plan" means a rating
19 34 plan by which an insurer increases or decreases workers'
19 35 compensation rates to reflect the individual risk
20 1 characteristics of the subject of the insurance.

20 2 Sec. 30. Section 515A.3, subsection 1, paragraph b, Code
20 3 2007, is amended to read as follows:

20 4 b. Due consideration shall be given to past and
20 5 prospective loss experience within and outside this state, to
20 6 ~~the conflagration and catastrophe hazards, to a reasonable~~
20 7 ~~margin for underwriting profit and contingencies, to~~
20 8 ~~dividends, savings, or unabsorbed premium deposits allowed or~~
20 9 ~~returned by insurers to their policyholders, members or~~
20 10 ~~subscribers, to past and prospective expenses both countrywide~~
20 11 ~~and those specially applicable to this state, and to all other~~
20 12 ~~relevant factors within and outside this state; and in the~~
20 13 ~~case of fire insurance rates consideration shall be given to~~
20 14 ~~the experience of the fire insurance business during a period~~
20 15 ~~of not less than the most recent five-year period for which~~
20 16 ~~such experience is available.~~

20 17 Sec. 31. Section 515A.4, Code 2007, is amended to read as
20 18 follows:

20 19 515A.4 RATE FILINGS.

20 20 1. a. Every insurer shall file with the commissioner,
20 21 ~~except as to inland marine risks which by general custom of~~
20 22 ~~the business are not written according to manual rates or~~
20 23 ~~rating plans, every manual, minimum, class rate, rating~~
20 24 ~~schedule or rating plan and every other rating rule, and every~~
20 25 ~~modification of any of the foregoing which it proposes to use.~~
20 26 Every such filing shall state the proposed effective date
20 27 thereof, and shall indicate the character and extent of the
20 28 coverage contemplated.

20 29 b. When a filing is not accompanied by the information
20 30 upon which the insurer supports such filing, and the
20 31 commissioner does not have sufficient information to determine
20 32 whether such filing meets the requirements of this chapter,
20 33 the commissioner shall require such insurer to furnish the
20 34 information upon which it supports such filing and in such
20 35 event the waiting period shall commence as of the date such
21 1 information is furnished. Until the required information is
21 2 furnished, the filing shall not be deemed complete or
21 3 available for use by the insurer.

21 4 c. The information furnished in support of a filing may
21 5 include the experience or judgment of the insurer or rating
21 6 organization making the filing, its interpretation of any
21 7 statistical data it relies upon, the experience of other
21 8 insurers or rating organizations, or any other relevant
21 9 factors. A When a filing is deemed complete, the filing and
21 10 any supporting information shall be open to public inspection
21 11 upon filing. Specific inland marine rates on risks specially
21 12 rated, made by a rating organization, shall be filed with the
21 13 commissioner.

21 14 2. An insurer may satisfy its obligation to make such
21 15 filings by becoming a member of, or a subscriber to, a
21 16 licensed rating organization which makes such filings, and by
21 17 authorizing the commissioner to accept such filings on its
21 18 behalf; provided that nothing contained in this chapter shall
21 19 be construed as requiring any insurer to become a member of or
21 20 a subscriber to any rating organization.

21 21 3. The commissioner shall review filings as soon as

21 22 reasonably possible after they have been made in order to
21 23 determine whether they meet the requirements of this chapter.

~~21 24 4. Subject to the exception specified in subsection 5 of
21 25 this section, each Each complete filing shall be on file for a
21 26 waiting period of thirty days before it becomes effective,
21 27 which period may be extended by the commissioner for an
21 28 additional period not to exceed fifteen days if the
21 29 commissioner gives written notice within the waiting period to
21 30 the insurer or rating organization which made the filing that
21 31 the commissioner needs additional time for the consideration
21 32 of the filing. Upon written application by the insurer or
21 33 rating organization, the commissioner may authorize a filing
21 34 which the commissioner has reviewed to become effective before
21 35 the expiration of the waiting period or any extension of the
22 1 period. A filing shall be deemed to meet the requirements of
22 2 this chapter unless disapproved by the commissioner within
22 3 thirty days of receipt by the commissioner before the
22 4 expiration of the waiting period or an extension of the
22 5 waiting period.~~

~~22 6 5. Specific inland marine rates on risks specially rated
22 7 by a rating organization, or any specific filing with respect
22 8 to a surety or guaranty bond required by law or by court or
22 9 executive order, rule or regulation of a public body and not
22 10 covered by a previous filing, shall become effective when
22 11 filed and shall be deemed to meet the requirements of this
22 12 chapter until such time as the commissioner reviews the filing
22 13 and so long thereafter as the filing remains in effect.~~

~~22 14 6. 5. Under such rules and regulations as the
22 15 commissioner shall adopt the commissioner may, by written
22 16 order, suspend or modify the requirement of filing as to any
22 17 kind of insurance, subdivision or combination thereof, or as
22 18 to classes of risks, the rates for which cannot practicably be
22 19 filed before they are used. Such order, rules and regulations
22 20 shall be made known to insurers and rating organizations
22 21 affected thereby. The commissioner may make such examination
22 22 as the commissioner may deem advisable to ascertain whether
22 23 any rates affected by such order meet the standards set forth
22 24 in paragraph "b" of subsection 1 of section 515A.3.~~

~~22 25 7. 6. Upon the written application of the insured,
22 26 stating the insured's reasons therefor, filed with and
22 27 approved by the commissioner a rate in excess of that provided
22 28 by a filing otherwise applicable may be used on any specific
22 29 risk.~~

~~22 30 8. 7. No insurer shall make or issue a contract or policy
22 31 except in accordance with the filings which are in effect for
22 32 said the insurer as provided in this chapter or in accordance
22 33 with subsections 6 subsection 5 or 7 of this section 6. This
22 34 subsection shall not apply to contracts or policies for inland
22 35 marine risks as to which filings are not required.~~

~~23 1 9. 8. If a hearing is requested pursuant to section
23 2 515A.6, subsection 7, a filing shall not take effect until
23 3 thirty days after formal approval is given by the
23 4 commissioner.~~

~~23 5 Sec. 32. Section 515A.5, Code 2007, is amended to read as
23 6 follows:~~

~~23 7 515A.5 DISAPPROVAL OF FILINGS.~~

~~23 8 1. If within the waiting period or any extension thereof
23 9 as provided in subsection 4 of section 515A.4, the
23 10 commissioner finds that a filing does not meet the
23 11 requirements of this chapter, the commissioner shall send to
23 12 the insurer or rating organization which made such filing,
23 13 written notice in a printed or electronic format of
23 14 disapproval of such filing specifying therein in what respects
23 15 the commissioner finds such filing fails to meet the
23 16 requirements of this chapter and stating that such filing
23 17 shall not become effective.~~

~~23 18 2. If within thirty days after a specific inland marine
23 19 rate on a risk especially rated by a rating organization
23 20 subject to subsection 5 of section 515A.4 has become effective
23 21 or, if within thirty days after a special surety or guaranty
23 22 filing subject to subsection 5 of section 515A.4 has become
23 23 effective, the commissioner finds that such filing does not
23 24 meet the requirements of this chapter, the commissioner shall
23 25 send to the rating organization or insurer which made such
23 26 filing written notice of disapproval of such filing specifying
23 27 therein in what respects the commissioner finds that such
23 28 filing fails to meet the requirements of this chapter and
23 29 stating when, within a reasonable period thereafter, such
23 30 filing shall be deemed no longer effective. Said disapproval
23 31 shall not affect any contract made or issued prior to the
23 32 expiration of the period set forth in said notice.~~

23 33 3- 2. ~~If at At~~ any time subsequent to the applicable
23 34 review period provided for in subsection 1 ~~or 2~~ of this
~~23 35 section, the commissioner finds that a filing does not meet~~
~~24 1 the requirements of this chapter, the may hold a hearing to~~
~~24 2 determine whether a filing meets the requirements of this~~
~~24 3 chapter. The commissioner shall, after provide notice of a~~
~~24 4 hearing held upon not less than ten days' written notice,~~
~~24 5 specifying the matters to be considered at such hearing, days~~
~~24 6 prior to the hearing to every insurer and rating organization~~
~~24 7 which made such the filing, specifying the matters to be~~
~~24 8 considered at the hearing. If the commissioner finds that a~~
~~24 9 filing does not meet the requirements of this chapter, the~~
~~24 10 commissioner shall~~ issue an order specifying in what respects
24 11 the commissioner finds that ~~such the~~ filing fails to meet the
24 12 requirements of this chapter, and stating when, within a
24 13 reasonable period thereafter, ~~such the~~ filing shall be deemed
24 14 no longer effective. Copies of ~~said the~~ order shall be sent
24 15 to every ~~such~~ insurer and rating organization which made the
24 16 filing. ~~Said The~~ order shall not affect any contract or
24 17 policy made or issued prior to the expiration of the period
24 18 set forth in ~~said the~~ order.

24 19 4- 3. a. Any person or organization aggrieved with
24 20 respect to any filing which is in effect may make written
24 21 application to the commissioner for a hearing thereon,
24 22 provided, however, that the insurer or rating organization
24 23 that made or uses the filing shall not be authorized to
24 24 proceed under this subsection. Such application shall specify
24 25 the grounds to be relied upon by the applicant and such
24 26 application must show that the person or organization making
24 27 such application has a specific economic interest affected by
24 28 the filing. If the commissioner ~~shall find~~ finds that the
24 29 application is made in good faith, that the applicant has a
24 30 specific economic interest, that the applicant would be so
24 31 aggrieved if the applicant's grounds are established, and that
24 32 such grounds otherwise justify holding such a hearing, the
24 33 commissioner shall within thirty days after receipt of such
24 34 application hold a hearing, upon not less than ten days'
24 35 written notice to the applicant and to every insurer and
25 1 rating organization which made ~~such the~~ filing. No rating or
25 2 advisory organization shall have any status under this chapter
25 3 to make application for a hearing on any filing made by an
25 4 insurer with the commissioner.

25 5 b. If, after such hearing, the commissioner finds that the
25 6 filing does not meet the requirements of this chapter, the
25 7 commissioner shall issue an order specifying in what respects
25 8 the commissioner finds that such filing fails to meet the
25 9 requirements of this chapter, and stating when, within a
25 10 reasonable period thereafter, such filing shall be deemed no
25 11 longer effective. Copies of ~~said the~~ order shall be sent to
25 12 the applicant and to every such insurer and rating
25 13 organization. ~~Said The~~ order shall not affect any contract or
25 14 policy made or issued prior to the expiration of the period
25 15 set forth in ~~said the~~ order.

25 16 5- 4. No filing shall be disapproved if the rates thereby
25 17 produced meet the requirements of this chapter.

25 18 Sec. 33. Section 515A.6, subsection 1, paragraph c, Code
25 19 Supplement 2007, is amended to read as follows:

25 20 c. Licenses issued pursuant to this section shall remain
25 21 in effect for three years unless sooner suspended or revoked
25 22 by the commissioner. The fee for ~~said the~~ license shall be
25 23 ~~twenty-five~~ one hundred dollars.

25 24 Sec. 34. Section 515A.6, subsection 7, paragraph a, Code
25 25 Supplement 2007, is amended to read as follows:

25 26 a. The commissioner shall provide notice of the filing of
25 27 the proposed rates at least thirty days before the effective
25 28 date of the proposed rates by publishing a notice ~~in the Iowa~~
~~25 29 administrative bulletin on the internet web site of the~~
25 30 insurance division of the department of commerce.

25 31 Sec. 35. Section 515A.6, subsection 7, Code Supplement
25 32 2007, is amended by adding the following new paragraphs:

25 33 NEW PARAGRAPH. g. Absent a request for a hearing as
25 34 provided in paragraph "b", the commissioner shall issue an
25 35 order approving or disapproving the proposed rates.

26 1 NEW PARAGRAPH. h. The waiting period for a workers'
26 2 compensation insurance rate filing shall commence no earlier
26 3 than the date that notice of the insurance rate filing is
26 4 published.

26 5 Sec. 36. Section 515A.7, Code 2007, is amended to read as
26 6 follows:

26 7 515A.7 UNIFORM RATING PLANS AND DEVIATIONS.

26 8 1. a. Every ~~member of or~~ subscriber to a rating

~~26 9 organization insurer shall adhere to the filings made on its
26 10 behalf by such a rating organization except that any such
26 11 insurer may make written application to the commissioner to
26 12 file a deviation from the class rates, schedules, rating
26 13 plans, or rules respecting any kind of insurance, or class of
26 14 risk within a kind of insurance, or a combination thereof for
26 15 approval by the commissioner. Such application The deviation
26 16 filed shall specify the basis for the modification and a copy
26 17 shall also be sent simultaneously to such rating organization.
26 18 In considering the application to file such deviation filed,
26 19 the commissioner shall give consideration to the available
26 20 statistics and the principles for rate making as provided in
26 21 section 515A.3. The commissioner shall issue an order
26 22 permitting approve the deviation filed for such insurer to be
26 23 filed if the commissioner finds it to be justified and it
26 24 shall thereupon become effective. The commissioner shall
26 25 issue an order denying such application disapprove the
26 26 deviation filed if the commissioner finds that the deviation
26 27 applied for does not meet the requirements of this chapter.
26 28 Each deviation permitted to be filed shall remain in effect
26 29 for a period of not less than one year from the effective date
26 30 unless sooner withdrawn by the insurer with the approval of
26 31 the commissioner or until terminated in accordance with the
26 32 provisions of section 515A.5.~~

~~26 33 b. A deviation may be filed for approval by the
26 34 commissioner as follows:~~

~~26 35 (1) An insurer may file for approval by the commissioner
27 1 of a uniform percentage rate deviation to be applied to the
27 2 class rates of the rating organization's filing subject to
27 3 limitations as set forth by the commissioner by rule. A rate
27 4 deviation from the approved class rates of a rating
27 5 organization shall not cause the rate charged a policyholder
27 6 to exceed the approved assigned risk rates.~~

~~27 7 (2) A rating organization or insurer may offer
27 8 retrospective plans in policies which generate at least one
27 9 hundred thousand dollars in annual countrywide premiums on
27 10 workers' compensation liability insurance.~~

~~27 11 (3) An insurer may offer large deductible programs on
27 12 policies which generate at least one hundred thousand dollars
27 13 in annual countrywide premiums on workers' compensation
27 14 liability insurance. The minimum large deductible which may
27 15 be offered is twenty-five thousand dollars, which may be
27 16 applied to indemnity and medical losses.~~

~~27 17 (4) An insurer may offer small deductible programs with
27 18 deductibles in a range of up to ten thousand dollars and which
27 19 apply only to medical losses. Losses shall be reported on a
27 20 net basis in accordance with the statistical plan filed by a
27 21 rating organization.~~

~~27 22 (5) An insurer may adopt a scheduled or rating plan
27 23 providing for credits or debits in an amount not exceeding the
27 24 maximum modification allowed as set forth by the commissioner
27 25 by rule. This amount shall be in addition to the permitted
27 26 deviations set forth in subparagraphs (1) through (4).~~

~~27 27 (6) The commissioner may authorize other types of
27 28 deviations by rule when there is no approved rate, schedule,
27 29 rating plan, or rule applicable to the deviation filed, on
27 30 file with the insurance division for a rating organization.~~

~~27 31 2. The commissioner may adopt rules pursuant to chapter
27 32 17A to limit deviations and maximum schedule or rating plan
27 33 modifications.~~

~~27 34 3. All dividends shall be paid based upon loss
27 35 sensitivity. Dividends are deemed a return of profit to
28 1 insureds. Accordingly, dividends shall not be guaranteed by
28 2 an insurer without regard to profits. Dividends may be
28 3 offered in conjunction with deviated rates or with scheduled
28 4 rates or in combination therewith. For the purposes of this
28 5 subsection, "loss sensitivity" means the profitability of the
28 6 policyholder individually or as a member of a homogenous
28 7 group.~~

~~28 8 Sec. 37. Section 515A.8, Code 2007, is amended to read as
28 9 follows:~~

~~28 10 515A.8 APPEAL BY MINORITY MEMBER OR SUBSCRIBER.~~

~~28 11 1. Any member or subscriber to a rating organization may
28 12 appeal to the commissioner from the action or decision of such
28 13 rating organization in approving or rejecting any proposed
28 14 change in or addition to the filings of such rating
28 15 organization and the commissioner shall, after a hearing held
28 16 upon not less than ten days' written notice to the appellant,
28 17 and to such rating organization, issue an order approving the
28 18 action or decision of such rating organization or directing it
28 19 to give further consideration to such proposal, or, if such~~

28 20 appeal is from the action or decision of the rating
28 21 organization in rejecting a proposed addition to its filings,
28 22 the commissioner may, in the event the commissioner finds that
28 23 such action or decision was unreasonable, issue an order
28 24 directing the rating organization to make an addition to its
28 25 filings, on behalf of its members and subscribers, in a manner
28 26 consistent with the findings, within a reasonable time after
28 27 the issuance of such order.

28 28 2. If such appeal is based upon the failure of the rating
28 29 organization to make a filing on behalf of such member or
28 30 subscriber, which is based on a system of expense provisions
28 31 which differs, in accordance with the right granted in
28 32 paragraph "c" of subsection 1 of section 515A.3, from the
28 33 system of expense provisions included in a filing made by the
28 34 rating organization, the commissioner shall, if the
28 35 commissioner grants the appeal, order the rating organization
29 1 to make the requested filing for use by the appellant. In
29 2 deciding such appeal the commissioner shall apply the
29 3 standards set forth in section 515A.3.

29 4 Sec. 38. Section 515A.13, Code 2007, is amended to read as
29 5 follows:

29 6 515A.13 RATE ADMINISTRATION.

29 7 ~~1. RECORDING AND REPORTING OF LOSS AND EXPENSE EXPERIENCE.~~

29 8 The commissioner shall promulgate reasonable rules and
29 9 statistical plans, reasonably adapted to each of the rating
29 10 systems on file with the commissioner, which may be modified
29 11 from time to time and which shall be used thereafter by each
29 12 insurer in the recording and reporting of its loss and
29 13 countrywide expense experience, in order that the experience
29 14 of all insurers may be made available at least annually in
29 15 such form and detail as may be necessary to aid the
29 16 commissioner in determining whether rating systems comply with
29 17 the standards set forth in section 515A.3. Such rules and
29 18 plans may also provide for the recording and reporting of
29 19 expense experience items which are specially applicable to
29 20 this state and are not susceptible of determination by a
29 21 prorating of countywide expense experience. In promulgating
29 22 such rules and plans, the commissioner shall give due
29 23 consideration to the rating systems on file and, in order that
29 24 such rules and plans may be as uniform as is practicable among
29 25 the several states, to the rules and to the form of the plans
29 26 used for such rating systems in other states. No insurer
29 27 shall be required to record or report its loss experience on a
29 28 classification basis that is inconsistent with the rating
29 29 system filed by it. The commissioner may designate one or
29 30 more rating organizations or other agencies to assist in
29 31 gathering such experience and making compilations thereof, and
29 32 such compilations shall be made available, subject to
29 33 reasonable rules promulgated by the commissioner, to insurers
29 34 and rating organizations.

29 35 ~~2. INTERCHANGE OF RATING PLAN DATA.~~ Reasonable rules and
30 1 plans may be promulgated by the commissioner for the
30 2 interchange of data necessary for the application of rating
30 3 plans.

30 4 ~~3. CONSULTATION WITH OTHER STATES.~~ In order to further
30 5 uniform administration of rate regulatory laws, the
30 6 commissioner and every insurer and rating organization may
30 7 exchange information and experience data with insurance
30 8 supervisory officials, insurers and rating organizations in
30 9 other states and may consult with them with respect to rate
30 10 making and the application of rating systems.

30 11 ~~4. RULES AND REGULATIONS.~~ The commissioner may make
30 12 reasonable rules necessary to effect the purposes of this
30 13 chapter.

30 14 ~~5. PROHIBITED RELEASE.~~ A person other than the
30 15 commissioner or the commissioner's designee shall not release
30 16 to another person, other than to the servicing insurer of the
30 17 policy or to the commissioner or the commissioner's designee,
30 18 experience, payroll, loss data, expiration date of a policy,
30 19 or classification information without the prior written
30 20 approval of the policyholder. A violation of this section
30 21 shall be considered an unfair trade practice pursuant to
30 22 chapter 507B.

30 23 Sec. 39. Section 515A.17, Code 2007, is amended to read as
30 24 follows:

30 25 515A.17 PENALTIES.

30 26 1. The commissioner may, if the commissioner finds that
30 27 any person or organization has violated any provision of this
30 28 chapter, impose a penalty of not more than fifty one thousand
30 29 dollars for each such violation, but if the commissioner finds
30 30 such violation to be willful the commissioner may impose a

30 31 penalty of not more than five ~~hundred thousand~~ dollars for
30 32 each such violation. Such penalties may be in addition to any
30 33 other penalty provided by law.

30 34 2. The commissioner may suspend the license of any rating
30 35 organization or insurer which fails to comply with an order of
31 1 the commissioner within the time limited by such order, or any
31 2 extension thereof which the commissioner may grant. The
31 3 commissioner shall not suspend the license of any rating
31 4 organization or insurer for failure to comply with an order
31 5 until the time prescribed for an appeal therefrom has expired
31 6 or if an appeal has been taken, until such order has been
31 7 affirmed. The commissioner may determine when a suspension of
31 8 license shall become effective and it shall remain in effect
31 9 for the period fixed by the commissioner, unless the
31 10 commissioner modifies or rescinds such suspension, or until
31 11 the order upon which such suspension is based is modified,
31 12 rescinded, or reversed.

31 13 3. ~~No~~ A penalty shall not be imposed and ~~no~~ a license
31 14 shall not be suspended or revoked except upon a written order
31 15 of the commissioner, stating the commissioner's findings, made
31 16 after a hearing held upon not less than ten days' written
31 17 notice to such person or organization specifying the alleged
31 18 violation.

31 19 Sec. 40. NEW SECTION. 515A.19A RULES.

31 20 The commissioner may adopt rules pursuant to chapter 17A as
31 21 necessary and convenient to administer this chapter.

31 22 Sec. 41. Section 521.16, Code 2007, is amended to read as
31 23 follows:

31 24 521.16 APPLICABILITY OF SECTION 521A.3.

31 25 ~~The For an insurer subject to chapter 521A, the provisions~~
31 26 of section 521A.3 shall also be applicable to a merger or
31 27 consolidation subject to this chapter. As used in this
31 28 section, "insurer" means the same as defined in section
31 29 521A.1.

31 30 Sec. 42. Section 522B.11, subsection 1, Code 2007, is
31 31 amended by adding the following new paragraph:

31 32 NEW PARAGRAPH. r. Using an insurance producer's license
31 33 for the principal purpose of procuring, receiving, or
31 34 forwarding applications for insurance of any kind, or placing,
31 35 or effecting such insurance directly or indirectly upon or in
32 1 connection with the property of the licensee or the property
32 2 of a relative, employer, or employee of the licensee, or upon
32 3 or in connection with property for which the licensee or a
32 4 relative, employer, or employee of the licensee is an agent,
32 5 custodian, vendor, bailee, trustee, or payee.

32 6 Sec. 43. Section 523A.206, subsection 5, paragraphs a and
32 7 b, Code Supplement 2007, are amended to read as follows:

32 8 a. The refusal of a seller, by its officers, directors,
32 9 employees, or agents, to submit to an examination or to comply
32 10 with a reasonable written request of an examiner shall
32 11 constitute grounds for the suspension, revocation, or
32 12 ~~nonrenewal of denial of an application to renew~~ any license
32 13 held by the seller to engage in business subject to the
32 14 commissioner's jurisdiction.

32 15 b. If a seller declines or refuses to submit to an
32 16 examination as provided in this chapter, the commissioner
32 17 shall immediately suspend, revoke, or ~~nonrenew deny an~~
32 18 application to renew any license held by the seller or
32 19 business to engage in business subject to the commissioner's
32 20 jurisdiction, and shall report the commissioner's action to
32 21 the attorney general, who shall immediately apply to the
32 22 district court for the appointment of a receiver to administer
32 23 the final affairs of the seller.

32 24 Sec. 44. Section 523A.401, subsection 7, Code Supplement
32 25 2007, is amended to read as follows:

32 26 7. The seller of a purchase agreement subject to this
32 27 chapter which is to be funded by insurance proceeds shall
32 28 obtain all ~~permits licenses~~ required to be obtained and comply
32 29 with all reporting requirements under this chapter. A parent
32 30 company, provider, or seller shall not pledge, borrow from, or
32 31 otherwise encumber an insurance policy funding a purchase
32 32 agreement.

32 33 Sec. 45. Section 523A.402, subsection 7, Code Supplement
32 34 2007, is amended to read as follows:

32 35 7. The seller of a purchase agreement subject to this
33 1 chapter which is to be funded by annuity proceeds shall obtain
33 2 all ~~permits licenses~~ required to be obtained and comply with
33 3 all reporting requirements under this chapter. A parent
33 4 company, provider, or seller shall not pledge, borrow from, or
33 5 otherwise encumber an annuity funding a purchase agreement.

33 6 Sec. 46. Section 523A.405, subsection 8, Code Supplement

33 7 2007, is amended to read as follows:

33 8 8. The amount of the surety bond shall equal eighty
33 9 percent of the payments received pursuant to purchase
33 10 agreements, or the applicable portion thereof, for cemetery
33 11 merchandise, funeral merchandise, funeral services, or a
33 12 combination thereof and the amount needed to adjust the amount
33 13 of the surety bond for inflation as set by the commissioner
33 14 based on the consumer price index. The seller shall review
33 15 the amount of the surety bond no less than annually and shall
33 16 increase the bond as necessary to reflect additional payments.
33 17 The amount needed to adjust for inflation shall be added
33 18 annually to the surety bond during the first quarter of the
33 19 ~~establishment's~~ seller's fiscal year.

33 20 Sec. 47. Section 523A.501, subsection 3, paragraphs a and
33 21 b, Code Supplement 2007, are amended to read as follows:

33 22 a. The commissioner shall request and obtain,
33 23 notwithstanding section 692.2, subsection 5, criminal history
33 24 data for any applicant for an initial license issued pursuant
33 25 to this section, any applicant for reinstatement of a license
33 26 issued pursuant to this section, or any licensee who is being
33 27 monitored as a result of ~~a commission order~~ an order of the
33 28 commissioner or agreement resolving an administrative
33 29 disciplinary action, for the purpose of evaluating the
33 30 applicant's or licensee's eligibility for licensure or
33 31 suitability for continued practice as a preneed seller. The
33 32 commissioner shall adopt rules pursuant to chapter 17A to
33 33 implement this section. The commissioner shall inform the
33 34 applicant or licensee of the criminal history requirement and
33 35 obtain a signed waiver from the applicant or licensee prior to
34 1 submitting a criminal history data request.

34 2 b. A request for criminal history data shall be submitted
34 3 to the department of public safety, division of criminal
34 4 investigation, pursuant to section 692.2, subsection 1. The
34 5 commissioner may also require such applicants or licensees to
34 6 provide a full set of fingerprints, in a form and manner
34 7 prescribed by the ~~commissioner~~ commissioner. Such fingerprints
34 8 may be submitted to the federal bureau of investigation
34 9 through the state criminal history repository for a national
34 10 criminal history check. The commissioner may authorize
34 11 alternate methods or sources for obtaining criminal history
34 12 record information. The commissioner may, in addition to any
34 13 other fees, charge and collect such amounts as may be incurred
34 14 by the commissioner, the department of public safety, or the
34 15 federal bureau of investigation in obtaining criminal history
34 16 information. Amounts collected shall be considered repayment
34 17 receipts as defined in section 8.2.

34 18 Sec. 48. Section 523A.501, subsection 4, Code Supplement
34 19 2007, is amended to read as follows:

34 20 4. The commissioner shall request and obtain a financial
34 21 history for any applicant for an initial license issued
34 22 pursuant to this section, any applicant for reinstatement of a
34 23 license issued pursuant to this section, or any licensee who
34 24 is being monitored as a result of ~~a commission order~~ an order
34 25 of the commissioner or agreement resolving an administrative
34 26 disciplinary action, for the purpose of evaluating the
34 27 applicant's or licensee's eligibility for licensure or
34 28 suitability for continued practice as a preneed seller.
34 29 "Financial history" means the record of a person's current
34 30 loans, the date of a person's loans, the amount of the loans,
34 31 the person's payment record on the loans, current liens
34 32 against the person's property, and the person's most recent
34 33 financial statement setting forth the assets, liabilities, and
34 34 the net worth of the person.

34 35 Sec. 49. Section 523A.502, subsection 4, paragraphs a and
35 1 b, Code Supplement 2007, are amended to read as follows:

35 2 a. The commissioner shall request and obtain,
35 3 notwithstanding section 692.2, subsection 5, criminal history
35 4 data for any applicant for an initial license issued pursuant
35 5 to this section, any applicant for reinstatement of a license
35 6 issued pursuant to this section, or any licensee who is being
35 7 monitored as a result of ~~a commission order~~ an order of the
35 8 commissioner or agreement resolving an administrative
35 9 disciplinary action, for the purpose of evaluating the
35 10 applicant's or licensee's eligibility for licensure or
35 11 suitability for continued practice as a sales agent. The
35 12 commissioner shall adopt rules pursuant to chapter 17A to
35 13 implement this section. The commissioner shall inform the
35 14 applicant or licensee of the criminal history requirement and
35 15 obtain a signed waiver from the applicant or licensee prior to
35 16 submitting a criminal history data request.

35 17 b. A request for criminal history data shall be submitted

35 18 to the department of public safety, division of criminal
35 19 investigation, pursuant to section 692.2, subsection 1. The
35 20 commissioner may also require such applicants or licensees, to
35 21 provide a full set of fingerprints, in a form and manner
35 22 prescribed by the ~~commissioner~~ commissioner. Such fingerprints
35 23 may be submitted to the federal bureau of investigation
35 24 through the state criminal history repository for a national
35 25 criminal history check. The commissioner may authorize
35 26 alternate methods or sources for obtaining criminal history
35 27 record information. The commissioner may, in addition to any
35 28 other fees, charge and collect such amounts as may be incurred
35 29 by the commissioner, the department of public safety, or the
35 30 federal bureau of investigation in obtaining criminal history
35 31 information. Amounts collected shall be considered repayment
35 32 receipts as defined in section 8.2.

35 33 Sec. 50. Section 523A.502, subsection 5, Code Supplement
35 34 2007, is amended to read as follows:

35 35 5. ~~The A~~ sales license shall be renewed every four years
36 1 by filing the form prescribed by the commissioner under
36 2 subsection 3, accompanied by a renewal fee in an amount set by
36 3 the commissioner by rule.

36 4 Sec. 51. Section 523A.603, subsection 2, Code Supplement
36 5 2007, is amended to read as follows:

36 6 2. If a purchase agreement is funded by a surety bond, the
36 7 purchaser shall receive a notice from the surety company that
36 8 evidences coverage under the bond, the name of the purchaser
36 9 or beneficiary, and the amount of coverage. If the purchase
36 10 agreement is paid with a single payment, the purchaser shall
36 11 receive notice of the surety bond within sixty days of making
36 12 the payment. If the purchase agreement is being paid with
36 13 multiple, periodic payments, the purchaser shall receive
36 14 notice of the surety bond within sixty days of making the
36 15 first payment and within sixty days of making the last
36 16 payment. Compliance with this notice requirement does not
36 17 require a seller to purchase individual surety bonds for each
36 18 purchaser and beneficiary. A seller may file a single bond
36 19 with the commissioner.

36 20 Sec. 52. Section 523A.807, subsection 3, paragraph a, Code
36 21 Supplement 2007, is amended to read as follows:

36 22 a. Payment of a civil penalty of not more than one
36 23 thousand dollars for each violation, but not exceeding an
36 24 aggregate of ten thousand dollars during any six-month period,
36 25 except that if the commissioner finds that the person knew or
36 26 reasonably should have known that the person was in violation
36 27 of such provisions or rules adopted pursuant thereto, the
36 28 penalty shall be not more than five thousand dollars for each
36 29 violation, but not exceeding an aggregate of fifty thousand
36 30 dollars during any six-month period. The commissioner shall
36 31 assess the penalty on the employer of an individual and not on
36 32 the individual, if the commissioner finds that the violations
36 33 committed by the individual were directed, encouraged,
36 34 condoned, ignored, or ratified by the individual's employer.

36 35 Sec. 53. Section 523A.901, subsection 9, paragraph a,
37 1 subparagraph (2), subparagraph subdivision (d), Code
37 2 Supplement 2007, is amended to read as follows:

37 3 (d) The creditor receiving the transfer was an officer, or
37 4 an employee, attorney, or other person who was in fact in a
37 5 position of comparable influence in the business of the seller
37 6 to an officer whether or not the person held the position of
37 7 an officer, owner, or other person, firm, corporation,
37 8 association, or aggregation of persons with whom the seller
37 9 did not deal at arm's length.

37 10 Sec. 54. Section 523I.102, subsection 8, Code Supplement
37 11 2007, is amended to read as follows:

37 12 8. "Commissioner" means the commissioner of insurance ~~or~~
37 13 ~~the commissioner's designee authorized in section 523A.801.~~

37 14 Sec. 55. Section 523I.201, subsection 1, Code Supplement
37 15 2007, is amended to read as follows:

37 16 1. This chapter shall be administered by the commissioner.
37 17 The commissioner ~~shall~~ may employ officers, attorneys,
37 18 accountants, and other employees as needed for administering
37 19 this chapter.

37 20 Sec. 56. Section 508.30, Code 2007, is repealed.

37 21 Sec. 57. EFFECTIVE DATE. The section of this Act amending
37 22 section 515A.7, Code 2007, being deemed of immediate
37 23 importance, takes effect upon enactment.

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PATRICK J. MURPHY
Speaker of the House

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JOHN P. KIBBIE
President of the Senate

I hereby certify that this bill originated in the House and
is known as House File 2555, Eighty-second General Assembly.

MARK BRANDSGARD
Chief Clerk of the House

Approved _____, 2008

CHESTER J. CULVER
Governor