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COMMERCE

SENATE FILE 2152

BY MADDOX

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act restricting the reduction in benefits under certain
2 disability insurance coverage as a result of quadriplegia.

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

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S.F. 2152

1 Section 1. NEW SECTION. 509.3A GROUP DISABILITY POLICIES
2 -- RESTRICTION ON REDUCTION IN BENEFITS.

3 1. If the total monthly amount of loss of time benefits
4 promised for the same loss under all valid loss of time
5 disability insurance coverage upon an insured, whether payable
6 on a weekly or monthly basis, exceeds the monthly earnings of
7 the insured at the time disability commenced or the insured's
8 average monthly earnings for the period of two years
9 immediately preceding a disability for which claim is made,
10 whichever is the greater, the insurer is liable only for such
11 proportionate amount of such benefits under the insurer's
12 policy as the amount of such monthly earnings or such average
13 monthly earnings of the insured bears to the total amount of
14 monthly benefits for the same loss under all such coverage
15 upon the insured at the time such disability commences and for
16 the return of such part of the premiums paid during such two
17 years as shall exceed the pro rata amount of the premiums for
18 the benefits actually paid under this section.

19 2. This section shall not reduce the total monthly amount
20 of benefits payable under all such coverage upon the insured
21 below the sum of two hundred dollars or the sum of the monthly
22 benefits specified in such coverages, whichever is the lesser,
23 nor shall it operate to reduce benefits other than those
24 payable for loss of time.

25 3. For purposes of this section and with respect to
26 benefits paid for total disability as a result of
27 quadriplegia, disability benefits paid to a dependent of an
28 insured pursuant to the federal Social Security Act, 42 U.S.C.
29 § 423 et seq., as a result of such disability shall not be
30 considered for determining the total monthly amount of loss of
31 time benefits promised for the same loss under all valid loss
32 of time coverage or for determining the liability of any
33 insurer for benefits to be paid under the insurer's policy.
34 This subsection also applies as follows:

35 a. In determining the total monthly amount of loss of time

1 benefits under section 514A.3, subsection 2, paragraph "f".

2 b. In determining primary and family social security under
3 section 70A.20.

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EXPLANATION

5 This bill provides that if the total monthly benefit amount
6 under all group disability coverage of an insured exceeds the
7 monthly earnings of the insured at the time disability
8 commenced or the insured's average monthly earnings for the
9 period of two years immediately preceding a disability for
10 which claim is made, whichever is the greater, the insurer is
11 liable only for a proportionate amount of the benefits under
12 the insurer's policy as compared to the total benefits under
13 all coverage.

14 The bill provides that the reduction in total monthly
15 benefits shall not be below \$200 or the total of all
16 coverages, whichever is less. The bill provides that with
17 respect to benefits paid for total disability as a result of
18 quadriplegia, disability benefits paid to a dependent of an
19 insured pursuant to the federal Social Security Act, 42 U.S.C.
20 § 423 et seq., as a result of such disability shall not be
21 considered for determining the total monthly amount of
22 benefits promised for the same loss under all valid coverage
23 or for determining the liability of any insurer for benefits
24 to be paid under the insurer's policy. The bill provides that
25 the provision relating to quadriplegia also applies in
26 determining the total monthly amount of loss of time benefits
27 under Code section 514A.3, subsection 2, paragraph "f"
28 (accident and health insurance); and in determining primary
29 and family social security under Code section 70A.20 (state
30 employees disability insurance program).

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