

FILED JAN 10 2006

COMMERCE

SENATE FILE 2017  
BY COURTNEY

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act prohibiting inducements to purchase certain insurance  
2 contracts, providing penalties, and providing an applicability  
3 date.

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

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COMMERCE  
SF 2017

1 Section 1. Section 507B.4, subsection 8, paragraph a, Code  
2 2005, is amended to read as follows:

3 a. Except as otherwise expressly provided by law,  
4 knowingly permitting or offering to make or making any  
5 contract of life insurance, life annuity or accident and  
6 health insurance, or agreement as to such contract other than  
7 as plainly expressed in the contract issued thereon, or paying  
8 or allowing, or giving or offering to pay, allow, or give,  
9 directly or indirectly, as inducement to such insurance, or  
10 annuity, any rebate of premiums payable on the contract, or  
11 any special favor or advantage in the dividends or other  
12 benefits thereon, or any valuable consideration or inducement  
13 ~~whatever-not-specified-in-the-contract~~ whatsoever; or giving,  
14 or selling, or purchasing or offering to give, sell, or  
15 purchase as inducement to such insurance or annuity or in  
16 connection therewith, any stocks, bonds, or other securities  
17 of any insurance company or other corporation, association, or  
18 partnership, or any dividends or profits accrued thereon, or  
19 any thing of value whatsoever ~~not-specified-in-the-contract~~.

20 Sec. 2. Section 507B.4, subsection 8, paragraph b, Code  
21 2005, is amended by adding the following new subparagraph:

22 NEW SUBPARAGRAPH. (4) In the case of any contract of  
23 group health insurance offered by an insurance company or  
24 organized delivery system establishing premium discounts or  
25 rebates or modifying otherwise applicable copayments or  
26 deductibles in return for adherence to programs of health  
27 promotion and disease prevention.

28 Sec. 3. APPLICABILITY. The bill applies to contracts of  
29 life insurance, life annuity, and accident and health  
30 insurance delivered, issued for delivery, continued, or  
31 renewed in this state on or after July 1, 2006.

32 EXPLANATION

33 This bill prohibits insurance carriers who offer life  
34 insurance, life annuities, or accident and health insurance  
35 from offering anything of value or valuable consideration as

1 an inducement to purchase the insurance. Currently, such  
2 inducements can be offered if they are specified in the  
3 insurance contract or, in the case of insurance other than  
4 life, provided for in an applicable filing with the  
5 commissioner of insurance.

6 The bill does not prohibit an insurance company or  
7 organized delivery system offering group health insurance  
8 coverage from establishing premium discounts or rebates or  
9 modifying otherwise applicable copayments or deductibles in  
10 return for adherence to programs of health promotion and  
11 disease prevention.

12 The penalty for a violation of the bill is a cease and  
13 desist order served upon the violator and may include civil  
14 penalties of not more than \$1,000 per act up to an aggregate  
15 of \$10,000, or not more than \$5,000 per act up to an aggregate  
16 of \$50,000 in a six-month period, where the violator knew or  
17 should have known of the violation. A violation may also  
18 result in suspension of the violator's license and in a  
19 separate assessment of fines to the employer of the violator  
20 or the insurer.

21 The bill is applicable to contracts of life insurance, life  
22 annuity, and accident and health insurance delivered, issued  
23 for delivery, continued, or renewed in this state on or after  
24 July 1, 2006.

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