

**House Study Bill 620 - Introduced**

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE  
ON COMMERCE BILL BY  
CHAIRPERSON PETERSEN)

**A BILL FOR**

1 An Act relating to certain employer-owned life insurance  
2 contracts on the lives of employees and making penalties  
3 applicable.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 507B.4, Code 2009, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 19. *Employer-owned life insurance*  
4 *contracts.* Issuing an employer-owned life insurance contract  
5 on the life of an employee for which the employer is the named  
6 beneficiary, unless an equivalent employer-owned life insurance  
7 policy is issued at the same time on the life of the employee  
8 with the employee's dependents named as beneficiaries. If an  
9 employer-owned life insurance contract is issued on the life  
10 of an employee in violation of this subsection, the employee's  
11 dependents shall be treated as beneficiaries under the life  
12 insurance contract by operation of law.

13 EXPLANATION

14 This bill creates new Code section 507B.4(19) which  
15 establishes as an unfair or deceptive act or practice in the  
16 business of insurance the purchase of certain employer-owned  
17 life insurance contracts on the lives of employees.

18 The bill provides that it is an unfair or deceptive  
19 act or practice for a life insurance company to issue an  
20 employer-owned life insurance contract on the life of an  
21 employee for which the employer is the named beneficiary unless  
22 an equivalent employer-owned life insurance policy is issued at  
23 the same time on the life of the employee with the employee's  
24 dependents named as beneficiaries. If an employer-owned life  
25 insurance contract is issued on the life of an employee in  
26 violation of the new provision, the employee's dependents shall  
27 be treated as beneficiaries under the employer-owned life  
28 insurance contract by operation of law, regardless of who is  
29 named as the beneficiary under the contract.

30 A person who violates the new provision may be subject to  
31 cease and desist orders, license suspension or revocation, and  
32 civil penalties.