

**House Study Bill 607 - Introduced**

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

**A BILL FOR**

1 An Act relating to the provision of evidence of insurance to  
2 insureds and related real property lenders, and providing  
3 penalties.

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

1 Section 1. Section 507B.4, Code 2011, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 20. *Evidence of insurance.* Any violation  
4 of section 515.139A.

5 Sec. 2. NEW SECTION. 515.139A **Evidence of insurance.**

6 1. As used in this section, unless the context otherwise  
7 requires:

8 a. "*Evidence*" or "*evidence of insurance*" means a binder  
9 or certificate of insurance that does not expire prior to,  
10 or is otherwise automatically renewed until, delivery of the  
11 related policy, and specifies the insurance coverage issued or  
12 to be issued under the policy in reasonable detail as well as  
13 indicating the mortgagee, loss payee, and additional insureds  
14 as applicable. A certificate of insurance containing language  
15 to the effect that the certificate is provided "for information  
16 only" is not "evidence" or "evidence of insurance".

17 b. "*Policy*" means a contract of insurance, inclusive of  
18 all endorsements, amendments, and supplemental information  
19 evidencing any exclusions or conditions which are applicable  
20 to the contract of insurance.

21 c. "*Real property lender*" means a person or a person's  
22 successors or assigns holding a mortgage or instrument creating  
23 a lien with an insurable interest in the insured real property.

24 2. An insurer or an insurance producer shall deliver a  
25 policy to the insured and to the related real property lender  
26 no later than thirty days following the policy effective date,  
27 including each annual renewal effective date, or following  
28 payment of the required premium, whichever occurs earlier. In  
29 lieu of delivering the original policy, the insurer or the  
30 insurance producer may provide the insured and related real  
31 property lender with evidence of insurance, so long as the  
32 evidence remains effective until delivery of the policy.

33 3. An insured and a real property lender may rely on  
34 evidence of insurance, including as admissible proof of  
35 insurance in any private civil action or administrative

1 proceeding.

2 4. This section is applicable to all insureds and insurers  
3 associated with insurance coverage on property, operations, or  
4 risks located in this state, regardless of where the insured  
5 or insurer is located.

6 5. This section shall not be construed to prevent a real  
7 property lender from requiring that a borrower secure and  
8 maintain insurance coverage in connection with a residential or  
9 commercial real estate loan and provide such lender with a copy  
10 of the policy or evidence of insurance as a condition of making  
11 the loan and annually at each policy renewal date.

12 6. The commissioner may adopt rules pursuant to chapter 17A  
13 to carry out the provisions of this section.

14 7. A person who fails to comply with the provisions of this  
15 section or rules adopted pursuant to this section is subject to  
16 the provisions of chapter 507B.

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EXPLANATION

18 This bill relates to the provision of evidence of insurance  
19 to an insured and to a related real property lender that has  
20 a mortgage or lien on the insured's real property. The bill  
21 defines "evidence" or "evidence of insurance" as a binder or  
22 certificate of insurance that does not expire prior to, or is  
23 automatically renewed until, delivery of the related insurance  
24 policy. The evidence of insurance must specify the insurance  
25 coverage issued or to be issued under the policy in reasonable  
26 detail and indicate the parties to the insurance policy. A  
27 certificate of insurance that contains language to the effect  
28 that it is for information only does not constitute evidence  
29 of insurance.

30 The bill requires an insurer or insurance producer to  
31 deliver an insurance policy to the insured and related real  
32 property lender no later than 30 days following the policy  
33 effective or renewal date, or when the required premium is  
34 paid, whichever occurs earlier. In lieu of delivering the  
35 policy, the insurer or insurance producer may provide evidence

1 of insurance, so long as the evidence remains effective until  
2 delivery of the insurance policy.

3 An insured and a real property lender may rely on evidence of  
4 insurance, including as admissible proof of insurance in any  
5 private civil action or administrative proceeding.

6 The bill is applicable to all insureds and insurers  
7 associated with insurance coverage on property, operations, or  
8 risks located in this state regardless of where the insured or  
9 insurer is located.

10 A violation of the provisions of the bill constitutes an  
11 illegal insurance trade practice under Code chapter 507B  
12 and may be punishable with a cease and desist order, civil  
13 penalties, and license suspension or revocation as provided in  
14 that Code chapter.