

Senate File 409 - Introduced

SENATE FILE 409
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 1150)

A BILL FOR

1 An Act relating to value-added products or services offered by
2 insurers or producers.

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

1 Section 1. Section 507B.4, subsection 2, Code 2023, is
2 amended to read as follows:

3 2. a. For purposes of subsection 3, paragraphs “k”, “l”,
4 and “m”, “*personal lines property and casualty insurance*” means
5 insurance sold to individuals and families primarily for
6 noncommercial purposes as provided in chapter 522B.

7 b. For purposes of subsection 3, paragraph “i”, subparagraph
8 (2), subparagraph division (d), “customer” means a policyholder,
9 potential policyholder, certificate holder, potential
10 certificate holder, an insured, potential insured, or an
11 applicant.

12 Sec. 2. Section 507B.4, subsection 3, paragraph i,
13 subparagraph (2), unnumbered paragraph 1, Code 2023, is amended
14 to read as follows:

15 ~~Nothing in paragraph “g” or subparagraph Subparagraphs (1)~~
16 ~~of this and (3), and paragraph “i” “g”, shall not be construed~~
17 ~~as including within the definition of to include any of the~~
18 ~~following practices in the definition of unfair discrimination~~
19 ~~or rebates any of the following practices:~~

20 Sec. 3. Section 507B.4, subsection 3, paragraph i,
21 subparagraph (2), Code 2023, is amended by adding the following
22 new subparagraph division:

23 NEW SUBPARAGRAPH DIVISION. (d) The offer or provision, at
24 no or reduced cost, by an insurer or producer by or through
25 an employee, affiliate, or third-party representative, of a
26 value-added product or service that is not specified in the
27 policy of insurance if the value-added product or service that
28 is offered or provided meets all of the following criteria:

29 (i) The product or service relates to the policy of
30 insurance.

31 (ii) The product or service is designed primarily to
32 accomplish at least one of the following:

33 (A) Provide loss mitigation or loss control.

34 (B) Reduce the customer’s claim costs or claim settlement
35 costs.

1 (C) Provide the customer with education regarding liability
2 risks, or the risk of loss to persons or property.

3 (D) Monitor or assess risk, identify sources of risk, or
4 develop strategies for eliminating or reducing risk.

5 (E) Enhance the customer's health.

6 (F) Enhance the customer's financial wellness through
7 education or financial planning services.

8 (G) Provide the customer with post-loss services.

9 (H) Incentivize behavioral changes to improve the health
10 of, or to reduce the risk of death or disability of, a
11 customer.

12 (I) Assist in the administration of employee or retiree
13 benefit insurance coverage.

14 (iii) The cost to the insurer or producer offering or
15 providing the product or service to a customer must be
16 reasonable in comparison to the customer's premiums and
17 insurance coverage for the policy class.

18 (iv) If the insurer or producer provides the product or
19 service offered, the insurer or producer shall ensure that the
20 customer is provided with contact information for customer
21 service or technical support personnel who can assist the
22 customer with questions regarding the product or service.

23 (v) The availability of the value-added product or service
24 shall be based on documented objective criteria and the
25 value-added product or service must be offered to all customers
26 in a nondiscriminatory manner. The documented objective
27 criteria shall be maintained by the insurer or producer and
28 provided to the commissioner upon request. If an insurer
29 or producer does not have sufficient documented objective
30 criteria, but has a good-faith belief that the product or
31 service meets the criteria under subparagraph subdivision (ii),
32 the insurer or producer may offer or provide the product or
33 service in a nondiscriminatory manner to customers as part of
34 a pilot program or a test program for up to one year. Prior
35 to launching the pilot program or test program, the insurer or

1 producer must notify the commissioner. If the commissioner
2 does not object to the pilot program or test program within
3 twenty-one calendar days from the date of notice, the insurer
4 or producer may proceed with the pilot program or test program.
5 (vi) The commissioner may adopt rules pursuant to chapter
6 17A to administer this subparagraph division.

7 EXPLANATION

8 The inclusion of this explanation does not constitute agreement with
9 the explanation's substance by the members of the general assembly.

10 This bill relates to value-added products or services
11 offered by insurers or producers.

12 The bill excludes value-added products or services (product
13 or service) offered or provided (offered), at no or reduced
14 cost, by an insurer or producer (insurer) that is not specified
15 in the policy of insurance (policy) from the definition of
16 unfair discrimination or of rebate under Code section 507B.4,
17 if the product or service that is offered relates to the policy
18 that is offered and is designed primarily to accomplish at
19 least one of the criteria detailed in the bill.

20 The cost to the insurer of offering the product or service to
21 a customer must be reasonable in comparison to the customer's
22 premiums and insurance coverage for the policy class.

23 "Customer" is defined in the bill as a policyholder, potential
24 policyholder, certificate holder, potential certificate holder,
25 an insured, a potential insured, or an applicant.

26 If the insurer provides the product or service offered, the
27 insurer shall ensure that the customer is provided with contact
28 information for customer service or technical support personnel
29 who can assist the customer with questions. The availability
30 of the product or service shall be based on documented
31 objective criteria and the product or service must be offered
32 to all customers in a nondiscriminatory manner. The documented
33 criteria shall be maintained by the insurer and provided to the
34 commissioner of insurance upon request. If an insurer does
35 not have sufficient objective criteria, but has a good-faith

1 belief that the product or service meets the criteria specified
2 in the bill, the insurer may offer or provide the product or
3 service in a nondiscriminatory manner to customers as part
4 of a pilot or test program for up to one year. Prior to
5 launching the pilot or test program, the insurer must notify
6 the commissioner. If the commissioner does not object to the
7 pilot or test program within 21 calendar days from the date of
8 notice, the insurer may proceed with the pilot or test program.
9 The commissioner of insurance may adopt rules to administer
10 the section of the bill amending Code section 507B.4(3)(i)(2).