

House Study Bill 516 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
INSURANCE AND FINANCIAL
SERVICES BILL)

A BILL FOR

- 1 An Act relating to life insurance, permissible third parties, and
2 financial exploitation of eligible adults.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

1 Section 1. Section 502.806, subsection 3, paragraph b, Code
2 2026, is amended to read as follows:

3 b. Fifteen business days after the date on which the
4 broker-dealer or investment adviser first delayed disbursement of
5 the funds or transaction, ~~unless the administrator requests the~~
6 ~~broker-dealer or investment adviser to extend the delay, in which~~
7 ~~case the delay shall expire no more than twenty-five business~~
8 ~~days after the date on which the broker-dealer or investment~~
9 ~~adviser first delayed the disbursement of the funds or the~~
10 transaction extended pursuant to paragraph "c".

11 Sec. 2. Section 502.806, subsection 3, Code 2026, is amended
12 by adding the following new paragraphs:

13 NEW PARAGRAPH. c. If the internal review under subsection
14 2, paragraph "d", continues to support the broker-dealer,
15 investment adviser, or qualified individual's reasonable belief
16 that the disbursement or transaction will likely result in
17 or contribute to the financial exploitation of an eligible
18 adult, the broker-dealer or investment adviser may extend the
19 delay beyond the initial delay under paragraph "b" for no more
20 than twenty-five business days after the date on which the
21 broker-dealer or investment adviser first delayed disbursement of
22 the funds or transaction, unless extended pursuant to paragraph
23 "d".

24 NEW PARAGRAPH. d. If the internal review under subsection
25 2, paragraph "d", continues to support the broker-dealer,
26 investment adviser, or qualified individual's reasonable belief
27 that the disbursement or transaction will likely result in or
28 contribute to the financial exploitation of an eligible adult,
29 the broker-dealer or investment adviser may extend the delay
30 beyond the delay under paragraph "c" for no more than fifty-five
31 business days after the date on which the broker-dealer or
32 investment adviser first delayed disbursement of the funds or
33 transaction.

34 Sec. 3. Section 507E.8, subsection 1, paragraphs a and b,
35 Code 2026, are amended to read as follows:

1 a. For purposes of an arrest resulting from a criminal
2 violation of any provision of the Code subject to the
3 jurisdiction of the commissioner established as a result of an
4 investigation pursuant to this chapter or chapter 502, 502A,
5 507A, 508, 523A, 523C, 523D, or 523I.

6 b. While conducting an investigation or engaged in an
7 assignment authorized by this chapter or chapter 502, 502A, 507A,
8 508, 523A, 523C, 523D, or 523I.

9 Sec. 4. NEW SECTION. **508.101 Definitions.**

10 As used in this chapter, unless the context otherwise
11 requires:

12 1. "*Disbursement*" means an attempt to withdraw money or
13 access a benefit from a life insurance policy, an annuity, or any
14 other policy, contract, or account, irrespective of whether the
15 request is classified as a surrender, loan, withdrawal, partial
16 withdrawal, accelerated benefit, or otherwise.

17 2. "*Eligible adult*" means the same as defined in section
18 502.801.

19 3. "*Financial exploitation*" means the same as defined in
20 section 502.801.

21 4. "*Permissible third party*" means any of the following:

22 a. An individual the eligible adult previously designated who
23 may be contacted about the eligible adult's policy, contract, or
24 account.

25 b. A person otherwise permitted pursuant to any state or
26 federal law or rule to receive the notification described in
27 section 508.103.

28 5. "*Qualified individual*" means any of the following:

29 a. An insurance producer who has completed at least two hours
30 of continuing education focused on how to identify suspected or
31 attempted exploitation of an eligible adult, including common
32 signs indicating the financial exploitation of an eligible adult,
33 and how to provide notification regarding the suspected or
34 attempted exploitation of an eligible adult.

35 b. An individual who has completed training pursuant to

1 section 508.105.

2 Sec. 5. NEW SECTION. **508.102 Notification to**
3 **commissioner.**

4 1. If an insurer or qualified individual reasonably believes
5 financial exploitation of an eligible adult has occurred, was
6 attempted, or is being attempted, the insurer or qualified
7 individual may notify the commissioner when the insurer or
8 qualified individual makes a determination that financial
9 exploitation may have occurred, been attempted, or is being
10 attempted.

11 2. An insurer or qualified individual who, acting reasonably
12 and in good faith, makes a disclosure of information to the
13 commissioner pursuant to this chapter or under chapter 507E
14 shall be immune from administrative or civil liability that
15 might otherwise arise from such disclosure or from a failure
16 to notify the eligible adult of the disclosure. This section
17 shall not abrogate or modify any existing statutory or common law
18 privileges or immunities.

19 Sec. 6. NEW SECTION. **508.103 Notification to permissible**
20 **third party.**

21 1. If an insurer or qualified individual reasonably believes
22 financial exploitation of an eligible adult has occurred, was
23 attempted, or is being attempted, the insurer or qualified
24 individual may notify a permissible third party. Notification to
25 a permissible third party is not required prior to the insurer's,
26 qualified individual's, commissioner's, or other relevant
27 agency's review or investigation into financial exploitation.

28 2. An insurer or qualified individual shall not notify a
29 permissible third party if the insurer or qualified individual
30 reasonably suspects such permissible third party of financial
31 exploitation or other abuse of the eligible adult.

32 3. An eligible adult may voluntarily provide to an insurer
33 contact information for the eligible adult's permissible third
34 parties. An insurer or qualified individual shall not be
35 held administratively or civilly liable for failing to request

1 the contact information for the eligible adult's permissible
2 third parties. An insurer or qualified individual who, acting
3 reasonably and in good faith, complies with this section shall
4 be immune from administrative or civil liability that may arise
5 from disclosing the eligible adult's information to a permissible
6 third party.

7 Sec. 7. NEW SECTION. **508.104 Disbursements or transactions**
8 **— delay.**

9 1. If an insurer or qualified individual reasonably believes
10 a disbursement or transaction is likely to result in, or
11 contribute to, the financial exploitation of an eligible adult,
12 the insurer or qualified individual may initiate an internal
13 review of the requested disbursement or transaction.

14 2. An insurer may delay a disbursement or transaction from
15 an eligible adult's policy, contract, or account, or a policy,
16 contract, or account on which an eligible adult is a beneficiary,
17 if all of the following apply:

18 a. The insurer or qualified individual reasonably believes,
19 after initiating an internal review under subsection 1, that the
20 requested disbursement or transaction will likely result in or
21 contribute to the financial exploitation of the eligible adult.

22 b. Immediately, but in no event more than seven business days
23 after the disbursement or transaction is delayed, the insurer
24 provides written notification of the delay and the reason for
25 the delay to all persons authorized to transact business on the
26 policy, contract, or account. An insurer or qualified individual
27 shall not notify a person authorized to transact business on
28 the policy, contract, or account if the insurer or qualified
29 individual reasonably believes the person has committed financial
30 exploitation, attempted financial exploitation, committed or
31 attempted insurance fraud, or committed or attempted other abuse
32 of the eligible adult.

33 c. Within seven business days after the disbursement or
34 transaction is delayed, the insurer notifies the commissioner
35 of the delay and provides to the commissioner the reason for

1 the delay, including the status of the internal review initiated
2 under subsection 1.

3 d. The insurer continues the internal review of the suspected
4 or attempted financial exploitation of the eligible adult, as
5 necessary, and provides the commissioner with updates upon
6 request.

7 3. Any delay of a disbursement or transaction authorized by
8 this section will expire upon the first to occur of any of the
9 following:

10 a. A final determination by the insurer that the disbursement
11 or transaction will not result in or contribute to financial
12 exploitation of the eligible adult.

13 b. Fifteen business days after the date on which the insurer
14 first delayed disbursement of the funds or the transaction,
15 unless extended pursuant to paragraph "c".

16 c. Provided the internal review under subsection 2, paragraph
17 "d", continues to support the insurer or qualified individual's
18 reasonable belief that the disbursement or transaction will
19 likely result in or contribute to the financial exploitation of
20 an eligible adult, the insurer may extend the delay beyond the
21 initial delay under paragraph "b" for no more than twenty-five
22 business days after the date on which the insurer first delayed
23 disbursement of the funds or the transaction, unless extended
24 pursuant to paragraph "d".

25 d. Provided the internal review under subsection 2, paragraph
26 "d", continues to support the insurer or qualified individual's
27 reasonable belief that the disbursement or transaction will
28 likely result in or contribute to the financial exploitation
29 of an eligible adult, the insurer may extend the delay beyond
30 the delay under paragraph "c" for no more than fifty-five
31 business days after the date on which the insurer first delayed
32 disbursement of the funds or transaction.

33 4. Notwithstanding subsection 3, upon petition of the
34 commissioner, the insurer who initiated a delay pursuant to
35 this section, or another interested party, a court of competent

1 jurisdiction may enter an order terminating, extending, or
2 modifying the delay of the disbursement or transaction and may
3 order any other protective relief deemed necessary.

4 5. The commissioner may adopt rules pursuant to chapter
5 17A regarding the form and manner of notifications under this
6 section.

7 6. An insurer or qualified individual who, acting reasonably
8 and in good faith, complies with the requirements of this section
9 or chapter 507E shall be immune from administrative or civil
10 liability that may arise from a delay in a disbursement or
11 transaction initiated pursuant to this section.

12 Sec. 8. NEW SECTION. **508.105 Training requirements.**

13 1. An insurer shall provide training to supervisors and
14 employees employed by the insurer who handle or advise on
15 complaints, possible fraud, and investigations no later than June
16 30, 2027. The training shall include instruction on all of the
17 following:

18 a. Identifying suspected or attempted exploitation of an
19 eligible adult, including common signs indicating financial
20 exploitation of an eligible adult and how to provide notification
21 regarding the suspected or attempted exploitation of an eligible
22 adult.

23 b. Privacy and confidentiality requirements.

24 2. An insurer shall provide the training required under
25 subsection 1 as soon as reasonably practicable after the date
26 a supervisor or employee begins employment with or becomes
27 affiliated or associated with the insurer, but no later than one
28 year after that date.

29 3. An insurer shall not be required to provide training under
30 this section to a qualified individual employed by the insurer.

31 4. The commissioner may adopt rules pursuant to chapter 17A
32 specifying the content and method of training required under this
33 section.

34 Sec. 9. NEW SECTION. **508.106 Records.**

35 An insurer shall provide access to or copies of records

1 that are relevant to the suspected or attempted financial
2 exploitation of an eligible adult to the commissioner and to law
3 enforcement, either as part of a referral to the commissioner
4 or law enforcement, or upon the request of the commissioner
5 or law enforcement pursuant to an investigation. The records
6 may include historical records as well as records relating to
7 the most recent transactions and disbursement requests from the
8 policies, contracts, or accounts that may indicate financial
9 exploitation of an eligible adult. All records made available
10 to the commissioner or law enforcement pursuant to this section
11 shall be considered confidential public records under chapter 22
12 and shall not be available for examination by the public pursuant
13 to section 22.2. This section shall not be construed to limit or
14 otherwise impede the authority of the commissioner to access or
15 examine the books and records of insurers as otherwise provided
16 by law.

17 Sec. 10. CODE EDITOR DIRECTIVE. The Code editor is directed
18 to designate sections 508.1 through 508.39, as amended by
19 this Act, as subchapter I of chapter 508 entitled "General
20 Provisions", and to designate sections 508.101 through 508.106,
21 as enacted by this Act, as subchapter II of chapter 508 entitled
22 "Financial Exploitation of Eligible Adults".

23 EXPLANATION

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

26 This bill relates to life insurance, permissible third
27 parties, and financial exploitation of eligible adults.

28 Under current law, a delay of a disbursement or transaction
29 involving the money, assets, or property of an eligible adult
30 will expire upon the first to occur of: (1) a determination
31 by the broker-dealer or investment adviser that the disbursement
32 or transaction will not result in or contribute to financial
33 exploitation of the eligible adult, or (2) 15 days after the
34 first delay, unless extended, in which case the delay shall
35 expire no more than 25 days after the date the disbursement

1 or transaction was first delayed. Under the bill, any delay
2 of a disbursement or transaction will expire upon the first to
3 occur of: (1) a determination by the broker-dealer or investment
4 adviser that the disbursement or transaction will not result in
5 or contribute to financial exploitation, or (2) 15 days after the
6 date the broker-dealer or investment adviser first delayed the
7 disbursement or transaction, unless extended, (3) if the 15-day
8 delay is extended, 25 days after the date of the initial delay,
9 or (4) if the 25-day delay is extended, 55 days after the date of
10 the initial delay. "Eligible adult" and "qualified individual"
11 are defined by the bill.

12 Under the bill, if an insurer or qualified individual
13 reasonably believes financial exploitation of an eligible adult
14 has occurred, was attempted, or is being attempted, the insurer
15 or qualified individual may notify the commissioner of insurance
16 (commissioner) when it is determined that financial exploitation
17 may have occurred, been attempted, or is being attempted.
18 An insurer or qualified individual who makes a disclosure of
19 information to the commissioner under the bill or under Code
20 chapter 507E shall be immune from administrative or civil
21 liability for failure to notify the eligible adult of the
22 disclosure.

23 If an insurer or qualified individual reasonably believes
24 financial exploitation of an eligible adult has occurred, was
25 attempted, or is being attempted, the insurer or qualified
26 individual may notify a permissible third party designated by
27 the eligible adult, but is not required to, prior to a review
28 or investigation into the financial exploitation. An insurer or
29 qualified individual shall not notify a permissible third party
30 that they are suspected of financial exploitation or other abuse
31 of the eligible adult. An eligible adult may voluntarily provide
32 contact information for permissible third parties to an insurer,
33 but an insurer or qualified individual shall not be held liable
34 for failing to request such information.

35 An insurer or qualified individual who, acting reasonably

1 and in good faith, complies with the bill shall be immune from
2 administrative or civil liability that may arise from disclosing
3 the eligible adult's information to a permissible third party.

4 If an insurer or qualified individual reasonably believes a
5 disbursement or transaction is likely to result in, or contribute
6 to, the financial exploitation of an eligible adult, they may
7 initiate an internal review of the requested disbursement or
8 transaction. The insurer may delay a disbursement or transaction
9 from an eligible adult's policy, contract, or account, or a
10 policy, contract, or account on which an eligible adult is a
11 beneficiary, if the insurer or qualified individual reasonably
12 believes the disbursement or transaction will likely result in
13 or contribute to the financial exploitation of an eligible adult;
14 the insurer provides written notification of the delay and the
15 reason for the delay to all persons authorized to transact
16 business on the policy, contract, or account, except if such
17 person is reasonably believed to have committed or attempted
18 financial exploitation, insurance fraud, or other abuse of the
19 eligible adult; the insurer notifies the commissioner of the
20 delay and provides the reason for the delay; and the insurer
21 continues the internal review of the suspected or attempted
22 financial exploitation of the eligible adult and provides the
23 commissioner with updates upon request.

24 Delay of a disbursement or transaction will expire upon the
25 first to occur of a final determination by the insurer that
26 the disbursement or transaction will not result in or contribute
27 to financial exploitation, 15 days after the date on which
28 the insurer first delayed disbursement of the funds or the
29 transaction, unless extended, 25 business days after the date on
30 which the insurer first delayed disbursement, unless extended,
31 or 55 days after the date on which the insurer first delayed
32 disbursement. Upon petition of the commissioner, the insurer,
33 or another interested party, a court of competent jurisdiction
34 may enter an order terminating, extending, or modifying the
35 delay of the disbursement or transaction and may order any other

1 protective relief necessary.

2 The commissioner may adopt rules regarding the form and
3 manner of notifications under the bill. An insurer or qualified
4 individual who complies with the requirements of the bill shall
5 be immune from any liability that may arise from such delay in a
6 disbursement or transaction.

7 An insurer shall provide training to supervisors and employees
8 employed by the insurer, except employees who are qualified
9 individuals, who handle or advise on complaints, possible fraud,
10 and investigations no later than June 30, 2027. The training
11 shall include the requirements detailed in the bill. An insurer
12 shall provide the required training as soon as reasonably
13 practicable, but at least within one year after the date
14 a supervisor or employee begins employment with or becomes
15 affiliated or associated with the insurer. The commissioner may
16 adopt rules specifying the content and method of training.

17 An insurer shall provide access to or copies of records
18 that are relevant to financial exploitation of an eligible
19 adult to the commissioner and to law enforcement, either as
20 part of a referral or upon the request of the commissioner or
21 law enforcement pursuant to an investigation. The records may
22 include historical records as well as records relating to the
23 most recent financial exploitation of an eligible adult. All
24 records made available to the commissioner or law enforcement
25 shall be considered confidential public records and shall not be
26 available for examination by the public.

27 The bill makes conforming changes to Code section 507E.8(1)(a)
28 and (b) (law enforcement authority).