

**House Study Bill 701 - Introduced**

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

**A BILL FOR**

1 An Act relating to investigations of insurance fraud related to  
2 adjusters, appraisers, and umpires, and license and financial  
3 responsibility requirements for adjusters, and including  
4 effective date provisions.

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

unofficial

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

3 a. For purposes of an arrest resulting from a criminal  
4 violation of any provision of the Code subject to the  
5 jurisdiction of the commissioner established as a result of an  
6 investigation pursuant to this chapter or chapter 502, 502A,  
7 507A, 522C, 522F, 523A, 523C, 523D, or 523I.

8 b. While conducting an investigation or engaged in an  
9 assignment authorized by this chapter or chapter 502, 502A, 507A,  
10 522C, 522F, 523A, 523C, 523D, or 523I.

11 Sec. 2. Section 522C.4, subsection 2, Code 2026, is amended  
12 by adding the following new paragraph:

13 NEW PARAGRAPH. d. An insurance producer licensed under  
14 chapter 522B appointed by, and granted claim authority by, an  
15 insurer or self-insurer.

16 Sec. 3. Section 522C.7, Code 2026, is amended to read as  
17 follows:

18 **522C.7 Financial responsibility.**

19 ~~4.~~ Prior to issuance of a license under section 522C.5A,  
20 522C.5B, 522C.5C, or 522C.5D, an applicant shall secure evidence  
21 of financial responsibility ~~through a surety bond as in a form~~  
22 and manner prescribed by the commissioner. ~~The surety bond shall~~  
23 ~~be executed and issued by an insurer authorized to issue surety~~  
24 ~~bonds in this state and meet the following requirements:~~

25 ~~a.~~ The surety bond shall be a minimum of fifty thousand  
26 dollars.

27 ~~b.~~ The surety bond shall be in favor of the state and  
28 specifically authorize recovery by the commissioner on behalf of  
29 any person in this state who sustains damages as the result of  
30 an adjuster's erroneous act, failure to act, fraud, or unfair or  
31 deceptive act or practice under chapter 507B.

32 ~~c.~~ The surety bond shall not be terminated without prior  
33 written notice filed with the division a minimum of thirty  
34 calendar days prior to termination.

35 2. The division may request that an adjuster provide evidence

1 ~~of financial responsibility at any time the division deems~~  
2 ~~relevant.~~

3 ~~3. An adjuster shall immediately notify the division if the~~  
4 ~~adjuster's evidence of financial responsibility terminates in~~  
5 ~~violation of subsection 1, paragraph "c", or becomes impaired,~~  
6 ~~and the adjuster's license shall become inactive until the~~  
7 ~~adjuster provides the division with evidence of financial~~  
8 ~~responsibility.~~

9 Sec. 4. EMERGENCY RULES. The insurance division may adopt  
10 emergency rules under section 17A.4, subsection 3, and section  
11 17A.5, subsection 2, paragraph "b", to implement the provisions  
12 of this Act amending section 522C.7, and the rules shall  
13 be effective immediately upon filing unless a later date is  
14 specified in the rules. Any rules adopted in accordance with  
15 this section shall also be published as a notice of intended  
16 action as provided in section 17A.4.

17 Sec. 5. EFFECTIVE DATE. This Act, being deemed of immediate  
18 importance, takes effect upon enactment.

19 EXPLANATION

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

22 This bill relates to investigations of insurance fraud related  
23 to adjusters, appraisers, and umpires, and license and financial  
24 responsibility requirements for adjusters.

25 Under current law, an individual employed by the insurance  
26 division (division) and designated as a peace officer shall be  
27 considered a law enforcement officer for purposes of an arrest  
28 resulting from a criminal violation of the Code subject to  
29 the jurisdiction of the commissioner of insurance (commissioner)  
30 after an investigation pursuant to, or while conducting an  
31 investigation or engaged in an assignment authorized by,  
32 Code chapter 502, 502A, 507A, 507E, 523A, 523C, 523D, or  
33 523I. The bill also includes an investigation pursuant to, or  
34 an investigation or assignment authorized by, Code chapters 522C  
35 (licensing of adjusters) and 522F (licensing and regulation of

1 appraisers and umpires).

2 Under the bill, a license as an adjuster shall not be required  
3 for a licensed insurance producer appointed by, and granted claim  
4 authority by, an insurer or self-insurer.

5 Under current law, prior to issuance of a license as  
6 an adjuster, an applicant must secure evidence of financial  
7 responsibility through a surety bond as prescribed by the  
8 commissioner, executed and issued by an insurer authorized to  
9 issue surety bonds. Additionally, the division may request  
10 evidence of financial responsibility at any time and an adjuster  
11 shall immediately notify the division if the adjuster's evidence  
12 of financial responsibility terminates, at which time the  
13 adjuster's license shall become inactive. The bill eliminates  
14 these requirements and instead requires that, prior to being  
15 issued a license as an adjuster, an applicant secure evidence of  
16 financial responsibility in a form and manner prescribed by the  
17 commissioner.

18 The division may adopt emergency rules to implement the  
19 provisions of the bill amending Code section 522C.7.

20 The bill, being deemed of immediate importance, takes effect  
21 upon enactment.