

Senate File 2233 - Introduced

SENATE FILE 2233

BY WEBSTER

A BILL FOR

1 An Act relating to insurer's requests for information and
2 claim timelines, and property and casualty insurer's loss
3 calculations, adjustments, payments of claims, and policy
4 terms.

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

unofficial

1 Section 1. Section 507B.4, subsection 3, Code 2026, is
2 amended by adding the following new paragraph:

3 NEW PARAGRAPH. *w. Insured — requests for information.*
4 Refusing to provide requested information to an insured in
5 accordance with section 507B.4D on the basis that the requested
6 information is privileged, if the information is later determined
7 not to be privileged.

8 Sec. 2. NEW SECTION. **507B.4D Insured — requests for**
9 **information.**

10 1. As used in this section, unless the context otherwise
11 requires:

12 a. "Insured" means a person covered under an insurance
13 policy.

14 b. "Insurer" means a person licensed to transact the business
15 of insurance in this state.

16 c. "Person" means an individual, corporation, limited
17 liability company, business trust, estate, trust, partnership or
18 association, or any other legal entity.

19 2. Except as provided under subsection 3, an insurer shall
20 provide, within fifteen calendar days of receipt of a request,
21 the following information to an insured if requested by the
22 insured:

23 a. A certified copy of the insured's insurance policy.

24 b. A copy of a claim application filed by the insured.

25 c. The name and contact information of any person involved on
26 the insurer's behalf with a claim filed by the insured.

27 d. An accounting of the amount paid on a claim filed by the
28 insured.

29 e. An accounting of the reserve set on a claim filed by the
30 insured.

31 f. A copy of internal communications, notes, or memos
32 related to a claim filed by the insured, including internal
33 communications, notes, or memos of a third-party administrator or
34 independent adjusting firm.

35 g. A copy of communications related to a claim filed by the

1 insured between the insurer and any other party.

2 h. A copy of all information in the possession of the insurer
3 related to a claim filed by the insured, including information
4 submitted by the insured to the insurer, and information the
5 insurer independently gathered.

6 i. Other information required to be provided to an insured
7 upon request pursuant to rules adopted by the commissioner.

8 3. An insurer shall not be required to provide privileged
9 information to an insured. If an insurer refuses to provide
10 information to an insured on the basis that the information is
11 privileged, the insurer shall provide the insured with a written
12 explanation for the basis of the privilege. If the information
13 is later determined not to be privileged, the insurer's prior
14 refusal to provide the requested information shall constitute
15 an unfair method of competition and unfair or deceptive act or
16 practice under section 507B.4.

17 Sec. 3. NEW SECTION. **507B.4E Insurance policies —**
18 **prohibited deadlines and statutes of limitation.**

19 An insurer shall not include any of the following in an
20 insurance policy:

21 1. A deadline for an insured to provide notice of a loss to
22 the insurer if the insured could not have reasonably known about
23 the loss, and the insurer will not be prejudiced by a delay in
24 notice.

25 2. If the insurance policy provides for replacement cost, a
26 deadline for the insured to recover the depreciation amount that
27 is less than one year from the date that the insurer made the
28 most recent actual cash value payment to the insured. An insurer
29 shall provide written notice to the insured of the deadline for
30 the insured to recover the depreciation amount no later than
31 ninety calendar days prior to the date of the deadline.

32 3. Language that imposes a statute of limitations for an
33 insured to file a lawsuit against the insurer for wrongfully
34 denying a claim submitted by the insured to less than five years
35 from the date of the loss that is the subject of the claim

1 that the insurer denied, or less than two years from the date
2 of the denial of the claim, whichever is later. An insurer
3 shall provide written notice to the insured of the statute of
4 limitations deadline for the insured to file a lawsuit related to
5 a denied claim no later than ninety calendar days prior to the
6 date of the deadline.

7 Sec. 4. NEW SECTION. **515.116 Loss calculations — property**
8 **insurance claims.**

9 1. *Definitions.* As used in this section, unless the context
10 otherwise requires:

11 a. "Actual cash value" means the replacement cost of property
12 at the time of the loss, less depreciation, if any. If the
13 replacement cost of property at the time of the loss, less
14 depreciation, cannot be ascertained, a person may determine the
15 actual cash value of property using the market value, diminished
16 value, or other evidence or information to determine the actual
17 cash value of property at the time of the loss.

18 b. "Commissioner" means the commissioner of insurance.

19 c. "Insurance policy" means a property insurance policy
20 issued by an insurer.

21 d. "Insured" means a named insured covered under an insurance
22 policy.

23 e. "Insurer" means a person to whom the commissioner of
24 insurance has issued a property insurance producer license.

25 f. "Line of sight" means any location a reasonable person
26 would stand, on the ground or any floor of an insured's damaged
27 structure, to view, without obstruction or the use of aerial
28 tools or technology, the damaged area of the interior or exterior
29 of the damaged structure from a reasonable distance. "Line
30 of sight" is not limited to a view of the insured's damaged
31 structure from the location at which the damage occurred.

32 g. "Reasonable distance" means, for exterior repair or
33 replacement, a vantage point approximately thirty feet from where
34 the repair or replacement is to occur. A "reasonable distance"
35 for interior repair or replacement means a vantage point

1 approximately five feet from where the repair or replacement is
2 to occur. Based on a particular property, "reasonable distance"
3 may be determined to be greater than or less than thirty feet
4 for exterior repair, or greater than or less than five feet for
5 interior repair.

6 h. "Reasonably similar appearance" means if, within a line of
7 sight, a person viewing the repaired or replaced property would
8 find the property to resemble the property's preloss condition,
9 or would find the repaired or replaced property indistinguishable
10 from the remaining original property. Whether a replacement
11 results in a reasonably similar appearance is a fact-specific
12 determination made on a case-by-case basis considering the
13 totality of the circumstances.

14 2. *Replacement cost.* For an insurance policy providing for
15 the adjustment and settlement of first-party losses based on
16 replacement cost, all of the following shall apply:

17 a. When a loss requires repair or replacement of a product
18 or part, consequential physical damage incurred during the repair
19 or replacement of the product or part shall be included in the
20 calculation of loss. The insured shall not be required to
21 pay for betterment or other costs, except for any applicable
22 deductible.

23 b. (1) When a loss requires repair or replacement of a
24 product or part, the insurer shall repair or replace as much
25 of the product or part as is necessary to achieve a reasonably
26 similar appearance.

27 (2) An insurer shall have the burden to prove that a proposed
28 repair or replacement of a product or part will achieve a
29 reasonably similar appearance, after the insurer conducts a
30 comparison of the original product or part to the proposed repair
31 or replacement product or part.

32 (3) As necessary to determine whether a proposed repair
33 or replacement will achieve a reasonably similar appearance,
34 an insurer may compel an insured to complete the repair or
35 replacement at the expense of the insurer. The insured shall not

1 bear any cost over the insured's applicable deductible, if any.

2 (4) An insurer that includes, in an insurance policy
3 providing for the adjustment and settlement of first-party losses
4 based on replacement cost, an endorsement that excludes or limits
5 the requirement for a repair or replacement product or part to
6 achieve a reasonably similar appearance shall not be subject to
7 subparagraphs (1) through (3), provided the endorsement meets all
8 of the following requirements:

9 (a) The endorsement is approved by the commissioner.

10 (b) The endorsement is listed in the insurance policy
11 declarations page.

12 (c) The endorsement results in a premium discount for the
13 insured.

14 (d) The endorsement includes a disclosure statement, in
15 twelve point or larger bold font, informing the insured that the
16 insured is forfeiting the rights provided under subparagraphs (1)
17 through (3).

18 (e) The endorsement is signed by the insured.

19 c. (1) When a loss requires repair or replacement of a
20 building, the insurer shall repair or replace as much of the
21 building as is necessary to bring the building into compliance
22 with the building code adopted by the jurisdiction in which
23 the damaged building is located. If the jurisdiction has not
24 adopted a building code, the insurer shall repair or replace as
25 much of the building as is necessary to bring the building into
26 compliance with the state building code. The insured shall not
27 bear the cost of betterment or any cost except for the applicable
28 deductible, if any.

29 (2) An insurer that includes, in an insurance policy
30 providing for the adjustment and settlement of first-party losses
31 based on replacement cost, an endorsement that excludes or limits
32 the requirement for a repair or replacement of a building to
33 comply with the building code adopted by the jurisdiction in
34 which the damaged building is located or the state building code
35 shall not be subject to subparagraph (1) provided the endorsement

1 meets all of the following requirements:

2 (a) The endorsement is approved by the commissioner.

3 (b) The endorsement is listed in the insurance policy
4 declarations page.

5 (c) The endorsement results in a premium discount for the
6 insured.

7 (d) The endorsement includes a disclosure statement, in
8 twelve point or larger bold font, informing the insured that the
9 insured is forfeiting the rights provided under subparagraph (1).

10 (e) The endorsement is signed by the insured.

11 d. (1) The insurance policy shall not include a roof payment
12 schedule, or a similar provision, intended to reduce the
13 insurer's liability for damage to roof surfaces or to property
14 otherwise insured at a replacement cost.

15 (2) An insurer that includes, in an insurance policy
16 providing for the adjustment and settlement of first-party losses
17 based on replacement cost, an endorsement that excludes or
18 limits the insurer's liability for damage to roof surfaces or
19 to property otherwise insured at a replacement cost shall not be
20 subject to subparagraph (1), provided the endorsement meets all
21 of the following requirements:

22 (a) The endorsement is approved by the commissioner.

23 (b) The endorsement is listed in the insurance policy
24 declarations page.

25 (c) The endorsement results in a premium discount for the
26 insured.

27 (d) The endorsement includes a disclosure statement, in
28 twelve point or larger bold font, informing the insured that the
29 insured is forfeiting the rights provided under subparagraph (1).

30 (e) The endorsement is signed by the insured.

31 e. The replacement cost of damaged property shall be
32 calculated based on the replacement cost on the date that the
33 damaged property is repaired or replaced.

34 3. *Actual cash value.* For an insurance policy providing
35 for adjustment and settlement of first-party losses based on

1 actual cash value, if the actual cash value of a claim is not
2 calculated as the replacement cost less depreciation, the insurer
3 shall provide a copy of the claim file worksheet detailing all
4 deductions for depreciation and a detailed written explanation
5 that describes the manner in which depreciation was calculated
6 and the actual cash value determined.

7 4. *Total loss.* For property covered by an insurance policy
8 that is wholly destroyed or damaged and cannot be repaired,
9 or the cost of repair exceeds the value of the property, the
10 insurer shall pay the insured the limit of the insurance policy.
11 The insurer shall not withhold the cost of depreciation or the
12 insured's deductible.

13 5. *Cosmetic damage.*

14 a. An insurance policy shall not include a provision that
15 requires covered property damage to satisfy certain criteria in
16 order to exclude or limit the insurer's liability for cosmetic or
17 nonfunctional damages.

18 b. An insurer that includes an endorsement insurance policy
19 that establishes criteria that covered property must satisfy
20 in order for the insured to receive cosmetic or nonfunctional
21 damages shall not be subject to this subsection provided the
22 endorsement meets all of the following requirements:

23 (1) The endorsement is approved by the commissioner.

24 (2) The endorsement is listed in the insurance policy
25 declarations page.

26 (3) The endorsement results in a premium discount for the
27 insured.

28 (4) The endorsement includes a disclosure statement, in
29 twelve point or larger bold font, informing the insured that the
30 insured is forfeiting the rights provided under paragraph "a".

31 (5) The endorsement is signed by the insured.

32 Sec. 5. NEW SECTION. **515.117 Adjustment and payment of**
33 **claims.**

34 1. *Definitions.* As used in this section, unless the context
35 otherwise requires:

1 a. "Commissioner" means the commissioner of insurance.

2 b. "Insurance policy" means a property insurance policy
3 issued by an insurer.

4 c. "Insured" means a named insured covered under an insurance
5 policy.

6 d. "Insurer" means a person to whom the commissioner of
7 insurance has issued a property insurance producer license.

8 2. *Acknowledgment of claim.* No later than fifteen business
9 days after the date an insurer receives notice of a claim, or
10 notice that a claim has been received by an agent of the insurer,
11 the insurer shall do all of the following:

12 a. Provide acknowledgment to the insured that the claim has
13 been received. If the acknowledgment is not made in writing,
14 the insurer shall make a record specifying the date, manner, and
15 content of the acknowledgment.

16 b. Commence review or investigation of the claim as
17 necessary.

18 c. Request that the insured provide any item, statement, or
19 form related to the claim, including any proof of loss form
20 required by the insurer, necessary for review or investigation of
21 the claim. The insurer shall provide the insured with any form
22 or instruction necessary for the insured to provide such item,
23 statement, or form. The insurer may request additional items,
24 statements, or forms related to the claim during the course of
25 the review or investigation.

26 3. *Communications.* An insurer shall reply within fifteen
27 business days from the date of receipt to a communication from
28 an insured to which an insured would reasonably expect a response
29 from the insurer. The insurer's response shall address all
30 material parts of the insured's communication.

31 4. *Acceptance or denial of claim.*

32 a. Except as provided by paragraph "b", an insurer shall
33 notify an insured in writing of the acceptance or denial of a
34 claim no later than thirty calendar days from the date of receipt
35 of a properly completed proof of loss form.

1 b. If there is a reasonable basis, supported by specific
2 evidence, for an insurer to believe that an insured fraudulently
3 caused or contributed to a claim, an insurer shall do all of the
4 following:

5 (1) Notify the insured, no later than thirty calendar days
6 from the date of receipt of a properly completed proof of loss
7 form, of the reason additional time is required to investigate
8 the claim.

9 (2) Notify the insured every thirty calendar days following
10 the notice under subparagraph (1) of the reason additional time
11 is required to investigate the claim.

12 (3) Within a reasonable amount of time after completing an
13 investigation of the claim and making a determination whether the
14 insured fraudulently caused or contributed to the claim, notify
15 the insured of the acceptance or denial of the claim.

16 c. If any part of a claim is denied by an insurer, the
17 notice required by paragraph "a" or paragraph "b", subparagraph
18 (3), must include a complete and detailed explanation of the
19 reason for the denial and include a citation to applicable
20 insurance policy language or law that is the basis for the
21 denial. If a denial of a claim, in part or in full, is based
22 on a written report or other documentation of the claim by the
23 insurer or by an agent of the insurer, the written report or
24 other documentation shall be provided to the insured.

25 5. *Inspection of damaged property.*

26 a. If, prior to an insurer accepting or denying a claim,
27 inspection of damaged property that is the subject of a claim is
28 required, the insurer shall schedule and complete the inspection
29 no later than thirty calendar days from the date of receipt of a
30 properly completed proof of loss form.

31 b. An insurer shall complete an inspection of damaged
32 property within the time limit under paragraph "a" unless an act
33 of nature prevents the insurer from completing the inspection.
34 If an inspection is delayed the insurer shall notify the insured
35 within the time limit under paragraph "a", and every thirty

1 calendar days thereafter until an inspection is completed, of the
2 reason the inspection is delayed or continuing to be delayed.

3 6. *Claim payment.*

4 a. Except as otherwise provided by this section, if an
5 insurer accepts liability for all or part of a claim, the insurer
6 shall pay the portion of the claim for which liability has
7 been accepted not later than ten business days after the date
8 liability was accepted.

9 b. If payment of all or part of a claim is conditioned on the
10 performance of an act by the insured, the insurer shall pay the
11 portion of the claim for which liability has been accepted not
12 later than ten business days after the act is performed by the
13 insured.

14 c. This subsection shall not apply if, through litigation,
15 arbitration, mediation, or appraisal, it is discovered that any
16 of the following are true:

17 (1) The damaged property that is the subject of a claim does
18 not belong to the insured that filed the claim, such that the
19 insured did not suffer any loss.

20 (2) The insured's insurance policy does not provide coverage
21 for the damaged property that is the subject of a claim.

22 (3) The claim is otherwise invalid.

23 7. *Penalties.*

24 a. If an insurer that accepts all or part of a claim
25 violates subsection 4, 5, or 6, the insurer shall be liable
26 for, in an action brought by an insured against the insurer
27 in which the insured prevails, the portion of the claim for
28 which the insurer accepted liability plus simple interest at an
29 annual rate of eighteen percent on the portion of the claim not
30 adjusted or paid pursuant to this section, the insured's cost
31 of litigation, including reasonable attorney fees, and any other
32 damages provided by law. Simple interest on a claim shall begin
33 accruing on the date of the insurer's violation and shall accrue
34 until the date the underlying claim and interest is paid in full
35 by the insurer.

1 than 90 days prior to the deadline. An insurer shall not include
2 in a policy language that imposes a statute of limitations for
3 an insured to sue the insurer for wrongfully denying a claim to
4 less than five years from the date of the loss, or two years from
5 the denial of the claim, whichever is later, and shall notify
6 the insured of such deadline no later than 90 days prior to the
7 deadline.

8 For a policy providing for replacement cost for property,
9 and the loss requires repair or replacement of a product or
10 part, consequential physical damage shall be included in the
11 calculation of loss, the insured shall not be required to pay for
12 betterment or costs other than an applicable deductible, and the
13 insurer shall repair or replace as much of the property necessary
14 to achieve a reasonably similar appearance as detailed by the
15 bill. "Reasonably similar appearance" is defined by the bill.
16 If the loss requires repair or replacement of a building, the
17 insurer shall repair or replace as much of the building necessary
18 to bring the building into compliance with the local or state
19 building code, and the insured shall not be required to pay for
20 betterment or costs other than an applicable deductible. The
21 requirement that an insurer bring a building into compliance with
22 a local or state building code may be waived pursuant to an
23 endorsement in a policy as detailed by the bill.

24 A policy shall not include a roof payment schedule or a
25 similar provision, or a provision that requires covered property
26 damage to satisfy certain criteria in order to exclude or limit
27 the insurer's liability for cosmetic or nonfunctional damages,
28 unless an endorsement providing otherwise is included in a policy
29 as detailed by the bill.

30 The replacement cost of damaged property shall be calculated
31 based on the date the damaged property is repaired or replaced.

32 For a policy providing for actual cash value for a claim,
33 and the actual cash value is not calculated as the replacement
34 cost less depreciation, the insurer shall provide the insured
35 a copy of the claim file worksheet and an explanation of the

1 calculation of depreciation and determination of the actual cash
2 value. "Actual cash value" is defined by the bill.

3 For property covered by a policy that is wholly destroyed or
4 damaged and cannot be repaired, or is too expensive to repair,
5 the insurer shall pay the limit of the policy and shall not
6 withhold the cost of depreciation or the deductible.

7 The bill requires an insurer to, within 15 days of receiving
8 notice of a claim, acknowledge receipt of the claim to the
9 insured, commence review or investigation of the claim, and
10 request from the insured any item, statement, or form related
11 to the claim. An insurer shall reply within 15 days to
12 a communication from an insured to which an insured would
13 reasonably expect a response, and shall address all material
14 parts of the insured's communication.

15 An insurer shall notify an insured of the acceptance or denial
16 of a claim no later than 30 days from the date of receipt
17 of a properly completed proof of loss form. If an insurer
18 believes an insured fraudulently caused or contributed to a
19 claim, the insurer shall notify the insured within 30 days of
20 receiving a proof of loss form of the reason additional time
21 is required to investigate the claim, notify the insured every
22 30 calendar days thereafter of the continuing reason additional
23 time is required, and, within a reasonable amount of time after
24 completing an investigation and a determination whether the
25 insured fraudulently caused or contributed to the claim, notify
26 the insured of the acceptance or denial of the claim.

27 If part of a claim is denied by an insurer, the notice
28 must include an explanation of the reason for the denial and
29 a citation to applicable policy language or law that is the
30 basis for the denial. If a denial is based on a written report
31 or other documentation, the report or documentation shall be
32 provided to the insured.

33 If, prior to accepting or denying a claim, inspection of
34 damaged property under a claim is required, the insurer shall
35 schedule and complete the inspection within 30 days of receipt of

1 a proof of loss form. The inspection may only be delayed if an
2 act of nature reasonably prevents the inspection, in which case
3 the insurer shall notify the insured of the reason for delay.

4 If an insurer accepts liability for all or part of a claim,
5 the insurer shall pay the accepted portion of the claim within
6 10 days. If payment is conditioned on the performance of an
7 act by the insured, the insurer shall pay the portion for which
8 liability has been accepted within 10 days of the act being
9 performed. Payment of a claim shall not be required if it
10 is discovered that the damaged property does not belong to the
11 insured, the policy does not provide coverage for the damaged
12 property, or the claim is otherwise invalid.

13 An insurer that violates the bill and has accepted all or part
14 of a claim is liable for, in an action brought by an insured
15 in which the insured prevails, the portion of the claim for
16 which the insurer accepted liability plus simple interest at
17 an annual rate of 18 percent, the insured's reasonable attorney
18 fees, costs of litigation, and any other damages provided by law.
19 The bill shall not be construed to prevent or replace an award of
20 prejudgment interest or any other damages as provided by law.

21 An insurer shall not include a provision in a policy that
22 prohibits an insured from contracting with a public adjuster.