

Senate File 2454 - Introduced

SENATE FILE 2454
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 3094)

(COMPANION TO HF 2232 BY
COMMITTEE ON COMMERCE)

A BILL FOR

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

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
5 of the funds or transaction, ~~unless the administrator requests~~
6 ~~the broker-dealer or investment adviser to extend the delay,~~
7 ~~in which case the delay shall expire no more than twenty-five~~
8 ~~business days after the date on which the broker-dealer or~~
9 ~~investment adviser first delayed the disbursement of the funds~~
10 ~~or the 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
22 of the funds or transaction, unless extended pursuant to
23 paragraph "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,](#)
8 [507A, 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
14 any other policy, contract, or account, irrespective of whether
15 the request is classified as a surrender, loan, withdrawal,
16 partial 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
23 who may be contacted about the eligible adult's policy,
24 contract, or 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
30 hours of continuing education focused on how to identify
31 suspected or attempted exploitation of an eligible adult,
32 including common signs indicating the financial exploitation of
33 an eligible adult, and how to provide notification regarding
34 the suspected or 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 commissioner.

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

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

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

20 1. If an insurer or qualified individual reasonably
21 believes financial exploitation of an eligible adult has
22 occurred, was attempted, or is being attempted, the insurer
23 or qualified individual may notify a permissible third party.
24 Notification to a permissible third party is not required prior
25 to the insurer's, qualified individual's, commissioner's, or
26 other relevant agency's review or investigation into financial
27 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 held
35 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
5 arise from disclosing the eligible adult's information to a
6 permissible third party.

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

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

14 2. An insurer may delay a disbursement or transaction
15 from an eligible adult's policy, contract, or account, or a
16 policy, contract, or account on which an eligible adult is a
17 beneficiary, 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
20 the requested disbursement or transaction will likely result
21 in or contribute to the financial exploitation of the eligible
22 adult.

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

34 c. Within seven business days after the disbursement or
35 transaction is delayed, the insurer notifies the commissioner

1 of the delay and provides to the commissioner the reason
2 for the delay, including the status of the internal review
3 initiated under subsection 1.

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

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

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

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

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

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

34 4. Notwithstanding subsection 3, upon petition of the
35 commissioner, the insurer who initiated a delay pursuant to

1 this section, or another interested party, a court of competent
2 jurisdiction may enter an order terminating, extending, or
3 modifying the delay of the disbursement or transaction and may
4 order any other protective relief deemed necessary.

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

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

14 Sec. 8. NEW SECTION. 508.105 Training requirements.

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

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

25 b. Privacy and confidentiality requirements.

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

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

34 4. The commissioner may adopt rules pursuant to chapter 17A
35 specifying the content and method of training required under

1 this section.

2 Sec. 9. NEW SECTION. 508.106 Records.

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

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

26 EXPLANATION

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

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

31 Under current law, a delay of a disbursement or transaction
32 involving the money, assets, or property of an eligible adult
33 will expire upon the first to occur of: (1) a determination by
34 the broker-dealer or investment adviser that the disbursement
35 or transaction will not result in or contribute to financial

1 exploitation of the eligible adult, or (2) 15 days after the
2 first delay, unless extended, in which case the delay shall
3 expire no more than 25 days after the date the disbursement or
4 transaction was first delayed. Under the bill, any delay of a
5 disbursement or transaction will expire upon the first to occur
6 of: (1) a determination by the broker-dealer or investment
7 adviser that the disbursement or transaction will not result in
8 or contribute to financial exploitation, or (2) 15 days after
9 the date the broker-dealer or investment adviser first delayed
10 the disbursement or transaction, unless extended, (3) if the
11 15-day delay is extended, 25 days after the date of the initial
12 delay, or (4) if the 25-day delay is extended, 55 days after
13 the date of the initial delay. "Eligible adult" and "qualified
14 individual" are defined by the bill.

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

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

1 third parties to an insurer, but an insurer or qualified
2 individual shall not be held liable for failing to request such
3 information.

4 An insurer or qualified individual who, acting reasonably
5 and in good faith, complies with the bill shall be immune
6 from administrative or civil liability that may arise from
7 disclosing the eligible adult's information to a permissible
8 third party.

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

30 Delay of a disbursement or transaction will expire upon
31 the first to occur of a final determination by the insurer
32 that the disbursement or transaction will not result in or
33 contribute to financial exploitation, 15 days after the date on
34 which the insurer first delayed disbursement of the funds or
35 the transaction, unless extended, 25 business days after the

1 date on which the insurer first delayed disbursement, unless
2 extended, or 55 days after the date on which the insurer first
3 delayed disbursement. Upon petition of the commissioner, the
4 insurer, or another interested party, a court of competent
5 jurisdiction may enter an order terminating, extending, or
6 modifying the delay of the disbursement or transaction and may
7 order any other protective relief necessary.

8 The commissioner may adopt rules regarding the form
9 and manner of notifications under the bill. An insurer or
10 qualified individual who complies with the requirements of the
11 bill shall be immune from any liability that may arise from
12 such delay in a disbursement or transaction.

13 An insurer shall provide training to supervisors and
14 employees employed by the insurer, except employees who are
15 qualified individuals, who handle or advise on complaints,
16 possible fraud, and investigations no later than June 30,
17 2027. The training shall include the requirements detailed in
18 the bill. An insurer shall provide the required training as
19 soon as reasonably practicable, but at least within one year
20 after the date a supervisor or employee begins employment with
21 or becomes affiliated or associated with the insurer. The
22 commissioner may adopt rules specifying the content and method
23 of training.

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

34 The bill makes conforming changes to Code section
35 507E.8(1)(a) and (b) (law enforcement authority).