

**House File 986 - Reprinted**

HOUSE FILE 986  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 911)  
(SUCCESSOR TO HSB 256)

(As Amended and Passed by the House April 24, 2025)

**A BILL FOR**

1 An Act relating to matters under the purview of the department  
2 of insurance and financial services, the utilities commission,  
3 and the department of transportation, including financial  
4 literacy and exploitation, tax confidentiality, health  
5 insurance rates, health savings accounts, insurer withdrawals,  
6 property insurance, service contracts, the Iowa individual  
7 health benefit reinsurance association, and the Iowa cemetery  
8 Act, motor vehicle financial liability coverage, and including  
9 penalties and effective date provisions.  
10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

FINANCIAL LITERACY AND FINANCIAL EXPLOITATION

Section 1. Section 502.410, subsection 2, Code 2025, is amended to read as follows:

2. *Agents.* The fee for an individual is forty dollars when filing an application for registration as an agent, a fee of forty dollars when filing a renewal of registration as an agent, and a fee of forty dollars when filing for a change of registration as an agent. Of each forty-dollar fee collected, ten dollars is appropriated to the ~~securities investor education and financial literacy training fund established under~~ financial literacy and investor education fund created in section 502.601, subsection 5 546.14, and ten dollars is appropriated to the financial exploitation prevention fund created in section 546.15. If the filing results in a denial or withdrawal, the administrator shall retain the fee.

Sec. 2. Section 502.601, subsection 4, Code 2025, is amended by striking the subsection and inserting in lieu thereof the following:

4. *Financial literacy and investor education.* Initiatives involving financial literacy and investor education shall comply with the initiatives in section 546.14, subsection 1, and section 546.15, subsection 1.

Sec. 3. Section 502.601, subsection 5, Code 2025, is amended by striking the subsection.

Sec. 4. Section 505.7, subsection 3, Code 2025, is amended to read as follows:

3. ~~Forty percent of the nonexamination~~ Nonexamination revenues payable to the division of insurance or the department of revenue in connection with the regulation of insurance companies or other entities subject to the regulatory jurisdiction of the division shall be deposited in the commerce revolving fund created in section 546.12 and shall be subject to annual appropriation to the division for its operations and is also subject to expenditure under subsection 6. ~~The remaining~~

1 ~~nonexamination revenues payable to the division of insurance or~~  
2 ~~the department of revenue shall be deposited in the general fund~~  
3 ~~of the state.~~

4 Sec. 5. Section 505.8, subsection 17, Code 2025, is amended  
5 to read as follows:

6 17. a. The commissioner shall utilize the senior health  
7 insurance information program to assist in the dissemination of  
8 objective and noncommercial educational material and to raise  
9 awareness of prudent consumer choices in considering the purchase  
10 of various insurance products designed for the health care needs  
11 of older Iowans.

12 b. A senior health insurance information program fund is  
13 created in the state treasury under the control of the  
14 commissioner and moneys in the fund are appropriated to the  
15 division for the purposes specified in paragraph "a".

16 c. Notwithstanding any law to the contrary, moneys shall be  
17 deposited into the senior health insurance information fund as  
18 follows:

19 (1) Any appropriation made by the general assembly from the  
20 general fund for the purpose of paragraph "a".

21 (2) Any moneys available to and obtained or accepted by the  
22 division from the federal government for deposit in the senior  
23 health insurance information fund.

24 (3) Any other moneys or grants secured by the division that  
25 align with the purpose of paragraph "a".

26 d. Notwithstanding section 12C.7, subsection 2, interest or  
27 earnings on moneys deposited in the senior health information  
28 program fund shall be credited to the senior health information  
29 program fund. Notwithstanding section 8.33, moneys in the  
30 senior health information program fund that remain unencumbered  
31 or unobligated at the close of a fiscal year shall not revert  
32 but shall remain available for expenditure for the purposes  
33 designated.

34 Sec. 6. Section 546.2, subsection 4, Code 2025, is amended by  
35 adding the following new paragraph:

1 NEW PARAGRAPH. g. To identify and coordinate appropriate  
2 opportunities for collaboration under sections 546.14 and 546.15  
3 with the chief administrative officers of each division and each  
4 chief administrative officer's respective regulated entities.

5 Sec. 7. NEW SECTION. **546.14 Financial literacy and investor**  
6 **education fund.**

7 1. The director shall develop and implement financial  
8 literacy and investor education initiatives for the public  
9 by providing education on financial topics, including but not  
10 limited to the topics required to be offered and taught for  
11 grades nine through twelve under section 256.11, subsection 5,  
12 paragraph "k", subparagraph (1).

13 2. A financial literacy and investor education fund is  
14 created in the state treasury under the control of the director  
15 for the purposes specified in subsection 1. The fund shall  
16 consist of any moneys appropriated to the fund by the general  
17 assembly and any other moneys available and obtained or accepted  
18 by the department for placement in the fund including all of the  
19 following:

20 a. Moneys appropriated to the fund pursuant to section  
21 502.410, subsection 2.

22 b. Notwithstanding any provision of law to the contrary,  
23 the director may, at the director's discretion, transfer up to  
24 two hundred fifty thousand dollars from the commerce revolving  
25 fund created in section 546.12 to complete the objectives under  
26 subsection 1.

27 c. Notwithstanding any provision of law to the contrary, any  
28 moneys received by the department by reason of civil penalties  
29 assessed pursuant to chapter 502 may be deposited in the  
30 financial literacy and investor education fund at the discretion  
31 of the director.

32 d. The director may collaborate with organizations with an  
33 interest in financial literacy and investor education. The  
34 director may accept a grant or donation to be placed in the  
35 financial literacy and investor education fund.

1 3. Notwithstanding any provision of law to the contrary,  
2 moneys in the financial literacy and investor education fund may  
3 be transferred to the financial exploitation prevention fund in  
4 section 546.15 at the discretion of the director.

5 4. Notwithstanding section 12C.7, subsection 2, interest or  
6 earnings on moneys in the fund shall be credited to the fund.  
7 Notwithstanding section 8.33, moneys appropriated in this section  
8 that remain unencumbered or unobligated at the close of a fiscal  
9 year shall not revert but shall remain available for expenditure  
10 for the purposes designated.

11 Sec. 8. NEW SECTION. **546.15 Financial exploitation**  
12 **prevention fund.**

13 1. The director shall develop and implement initiatives to  
14 accomplish all of the following:

15 a. Educate the public on financial exploitation.

16 b. Assist individuals who are known, suspected, or potential  
17 victims of financial exploitation.

18 c. Conduct investigations, refer investigations to other law  
19 enforcement, and assist in the prosecution of persons involved in  
20 financial exploitation.

21 2. A financial exploitation prevention fund is created in the  
22 state treasury under the control of the director and consists of  
23 any moneys appropriated to the fund by the general assembly for  
24 the purposes of subsection 1, and any other moneys available and  
25 obtained or accepted by the department for placement in the fund  
26 including all of the following:

27 a. Moneys appropriated to the fund pursuant to section  
28 502.410, subsection 2.

29 b. Notwithstanding any provision of law to the contrary, the  
30 director may, at the director's discretion, transfer up to two  
31 hundred fifty thousand dollars from the commerce revolving fund  
32 to complete the objectives of this section.

33 c. Notwithstanding any provision of law to the contrary, any  
34 moneys received by the department as a result of civil penalties  
35 assessed pursuant to chapter 502 may be placed into the financial

1 exploitation prevention fund at the discretion of the director.

2 d. The director may collaborate with organizations with an  
3 interest in financial exploitation prevention and education.

4 e. The director may accept a grant or donation to be placed  
5 in the financial exploitation prevention fund.

6 3. Notwithstanding section 12C.7, subsection 2, interest or  
7 earnings on moneys in the fund shall be credited to the fund.  
8 Notwithstanding section 8.33, moneys appropriated in this section  
9 that remain unencumbered or unobligated at the close of a fiscal  
10 year shall not revert but shall remain available for expenditure  
11 for the purposes designated.

12 4. a. All investigation files, investigation reports, and  
13 all other investigative information in the possession of the  
14 department pursuant to this section shall be confidential records  
15 under chapter 22, except as specifically provided in this  
16 section, and shall not be subject to release by discovery,  
17 subpoena, or other means of legal compulsion until opened for  
18 public inspection by the department, or upon the consent of  
19 the department, or until a court of competent jurisdiction  
20 determines, after notice to the department and hearing, that the  
21 department will not be unnecessarily hindered in accomplishing  
22 the purposes of this section if opened for public inspection.  
23 Investigative information in the possession of the department  
24 may be disclosed, in the director's discretion, to appropriate  
25 regulatory or law enforcement agencies within the state, another  
26 state, the District of Columbia, or another territory or country.

27 b. The director may share documents, materials, or other  
28 information, including confidential and privileged documents,  
29 materials, or other information, with any person provided that  
30 the recipient agrees to maintain the confidential and privileged  
31 status of the document, material, or other information pursuant  
32 to Iowa law.

33 c. The director may receive documents, materials, or other  
34 information, including confidential and privileged documents,  
35 materials, or other information from any person and shall

1 maintain as confidential and privileged any document, material,  
2 or other information received with notice or the understanding  
3 that it is confidential or privileged under the laws of the  
4 jurisdiction that is the source of the document, material, or  
5 other information.

6 d. The director may enter into an agreement governing the  
7 sharing and use of documents, materials, or other information  
8 consistent with this section.

9 e. An investigator or other staff member of the department  
10 shall not be subject to subpoena in a civil action concerning any  
11 matter of which the department investigator or other staff member  
12 has knowledge pursuant to a pending or continuing investigation  
13 conducted by the department pursuant to this chapter.

14 Sec. 9. TRANSFER OF MONEYS. On the effective date of this  
15 division of this Act, any unencumbered and unobligated moneys  
16 remaining in the securities investor education and financial  
17 literacy training fund created in section 502.601 shall be  
18 transferred to the financial literacy and investor education fund  
19 created in section 546.14, as enacted in this division of this  
20 Act.

21 DIVISION II

22 TAX ON GROSS PREMIUMS — CONFIDENTIALITY

23 Sec. 10. Section 432.1, Code 2025, is amended by adding the  
24 following new subsection:

25 NEW SUBSECTION. 7. a. A tax return filed under this section  
26 shall not be subject to inspection under chapter 22. It shall  
27 be unlawful for any present or former officer or employee of the  
28 state to willfully or recklessly publish any tax return filed  
29 under this section. A person who violates this paragraph shall  
30 be guilty of a serious misdemeanor and, in addition to any other  
31 penalty, shall be dismissed from state office or discharged from  
32 state employment.

33 b. This section shall not be construed to prohibit the  
34 department of revenue from turning over information and tax  
35 returns in the department of revenue's possession pursuant to

1 this subsection to duly authorized officers of the United States,  
2 or tax officials of other states, pursuant to an agreement  
3 between the commissioner of insurance and any of the following:

4 (1) The secretary of the treasury of the United States, or  
5 the secretary's delegate.

6 (2) The commissioner of insurance of another state.

7 Sec. 11. Section 432.1A, Code 2025, is amended by adding the  
8 following new subsection:

9 NEW SUBSECTION. 8. a. A tax return filed under this section  
10 shall not be subject to inspection under chapter 22. It shall  
11 be unlawful for any present or former officer or employee of the  
12 state to willfully or recklessly publish any tax return filed  
13 under this section. A person who violates this paragraph shall  
14 be guilty of a serious misdemeanor and, in addition to any other  
15 penalty, shall be dismissed from state office or discharged from  
16 state employment.

17 b. This section shall not be construed to prohibit the  
18 department of revenue from turning over information and  
19 tax returns in the department's possession pursuant to this  
20 subsection to duly authorized officers of the United States, or  
21 tax officials of other states, pursuant to an agreement between  
22 the commissioner of insurance and any of the following:

23 (1) The secretary of the treasury of the United States, or  
24 the secretary's delegate.

25 (2) The commissioner of insurance of another state.

26 DIVISION III

27 HEALTH INSURANCE RATE INCREASES — PUBLIC HEARINGS

28 Sec. 12. Section 505.19, subsection 2, Code 2025, is amended  
29 to read as follows:

30 2. The commissioner ~~shall~~ may hold a public hearing at the  
31 time a carrier files for proposed health insurance rate increases  
32 exceeding the average annual health spending growth rate as  
33 provided in subsection 1, prior to approval or disapproval of the  
34 proposed rate increases for that carrier by the commissioner.

35 DIVISION IV

1 HEALTH SAVINGS ACCOUNTS AND QUALIFIED HIGH-DEDUCTIBLE HEALTH  
2 PLANS — COST-SHARING

3 Sec. 13. NEW SECTION. **509.3B Health savings accounts and**  
4 **qualified high-deductible health plans — cost-sharing.**

5 If a copayment, coinsurance, or deductible paid as  
6 cost-sharing by an enrollee under this chapter may result  
7 in the enrollee becoming ineligible for a health savings  
8 account associated with the enrollee's qualified high-deductible  
9 health plan under section 223 of the Internal Revenue Code,  
10 the cost-sharing shall apply only to the enrollee's qualified  
11 high-deductible health plan after the enrollee satisfies the  
12 enrollee's minimum deductible, except for items or services  
13 determined to be preventive care under section 223(c)(2)(C) of  
14 the Internal Revenue Code.

15 Sec. 14. NEW SECTION. **514A.3C Health savings accounts and**  
16 **qualified high-deductible health plans — cost-sharing.**

17 If a copayment, coinsurance, or deductible paid as  
18 cost-sharing by an enrollee under this chapter may result  
19 in the enrollee becoming ineligible for a health savings  
20 account associated with the enrollee's qualified high-deductible  
21 health plan under section 223 of the Internal Revenue Code,  
22 the cost-sharing shall apply only to the enrollee's qualified  
23 high-deductible health plan after the enrollee satisfies the  
24 enrollee's minimum deductible, except for items or services  
25 determined to be preventive care under section 223(c)(2)(C) of  
26 the Internal Revenue Code.

27 DIVISION V

28 INSURANCE COMPANY WITHDRAWAL REQUIREMENTS

29 Sec. 15. NEW SECTION. **505.36 Insurer — withdrawal**  
30 **requirements.**

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

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

34 b. "Insurer" means an insurance company, an affiliate of an  
35 insurance company, or other legal entity authorized to engage in

1 the business of insurance in this state, including a reciprocal  
2 exchange, an interinsurance exchange, and a lloyd's plan.  
3 "Insurer" does not include an eligible surplus lines insurer  
4 under chapter 515I, a county mutual insurance association under  
5 chapter 518, a state mutual insurance association under chapter  
6 518A, an entity offering health coverage, or an entity offering  
7 accident and sickness coverage.

8 2. *Exemption.* This section shall not apply to a transfer of  
9 business from one insurer to another insurer if the insurer to  
10 whom the business is being transferred is all of the following:

11 a. Within the same insurance holding company system as the  
12 insurer from whom business is being transferred.

13 b. Authorized to engage in the business of insurance in this  
14 state.

15 c. Not a reciprocal or interinsurance exchange, a lloyd's  
16 plan, a state mutual insurance association, or a county mutual  
17 insurance association.

18 3. *Withdrawal plan required.* An insurer shall file a  
19 withdrawal plan with the commissioner in any of the following  
20 circumstances:

21 a. The insurer intends to reduce the insurer's total annual  
22 premium volume in the state by fifty percent or more.

23 b. For an insurer whose premiums for the immediately  
24 preceding year are greater than one tenth of one percent of  
25 the total direct premiums written in this state by all insurers  
26 for that line of business in the four most recent quarters  
27 of published data on the division's internet site, the insurer  
28 intends to reduce the insurer's total annual premium in the state  
29 in a line of insurance by seventy-five percent or more.

30 c. For any line of business with annual premiums greater  
31 than twenty thousand dollars, the insurer intends to reduce the  
32 insurer's total annual premium volume in the state in a line of  
33 private passenger automobile insurance, homeowners insurance, or  
34 dwelling property insurance by fifty percent or more.

35 4. *Withdrawal plan.*

1     a. A withdrawal plan filed under this section shall provide  
2 for all of the following:

3       (1) The insurer fulfilling all contractual obligations.

4       (2) The insurer providing service to all policyholders and  
5 claimants.

6       (3) The insurer meeting all statutory obligations, including  
7 but not limited to payment of assessments to the guaranty fund  
8 and participation in an assigned risk plan.

9     b. A withdrawal plan filed pursuant to this section shall, at  
10 a minimum, include all of the following:

11       (1) The date on which the insurer proposes to commence  
12 execution of the withdrawal plan, and the date on which execution  
13 of the withdrawal plan will be completed.

14       (2) The reason for withdrawal for each line of insurance.

15       (3) Each policy form by number, and all of the following  
16 information:

17           (a) The total number of policyholders.

18           (b) The total amount of premiums impacted for each line of  
19 insurance.

20       (4) The total number of insurance producers impacted for each  
21 line of insurance.

22       (5) A copy of the notification the insurer will provide to  
23 each impacted insurance producer.

24       (6) A copy of the notification or nonrenewal the insurer will  
25 provide to each impacted policyholder.

26       (7) Details regarding the insurer's fulfillment of  
27 contractual obligations to the insurer's policyholders during the  
28 withdrawal.

29       (8) Whether replacement coverage will be provided to a  
30 policyholder and, if so, the insurer shall provide all of the  
31 following:

32           (a) The insurer's relationship with the replacing insurer.

33           (b) The underwriting requirements and rates that will be used  
34 to underwrite the policyholder.

35       (9) An estimate of the percentage of the Iowa market affected

1 by withdrawal.

2 (10) Any third-party contracts that provide for continuity of  
3 coverage for policyholders.

4 (11) A list of the lines of insurance that the insurer will  
5 continue to offer in the state.

6 5. *Commissioner approval.*

7 a. Except as provided in paragraph "b", the commissioner  
8 shall approve a withdrawal plan that has been determined to meet  
9 all of the following requirements:

10 (1) The withdrawal plan provides a minimum of one hundred  
11 eighty calendar days' notice to the commissioner.

12 (2) The withdrawal plan includes notice to policyholders as  
13 required by chapter 515.

14 (3) The withdrawal plan complies with subsection 4.

15 b. If the commissioner finds that a withdrawal plan does not  
16 comply with paragraph "a", the commissioner may modify, restrict,  
17 limit, or deny the withdrawal plan.

18 c. An insurer may request a hearing within thirty calendar  
19 days of the commissioner's decision to modify, restrict, limit,  
20 or deny the insurer's withdrawal plan. A hearing under this  
21 paragraph shall be held within sixty calendar days of the  
22 insurer's request unless a later date is agreed to by the insurer  
23 and the commissioner, or permitted by the commissioner for good  
24 cause.

25 6. *Resumption of writing insurance after withdrawal.* An  
26 insurer that withdraws from writing all lines of insurance in  
27 the state shall not, without prior approval of the commissioner,  
28 resume writing insurance in the state for a minimum of five years  
29 from the date of completion of the insurer's withdrawal.

30 7. *Remedies.* A violation of this section shall constitute  
31 an unfair method of competition and unfair or deceptive act or  
32 practice under section 507B.4.

33 8. *Rules.* The commissioner may adopt rules pursuant to  
34 chapter 17A as necessary to administer and enforce this section.

35 Sec. 16. Section 507B.4, subsection 3, Code 2025, is amended

1 by adding the following new paragraph:

2 NEW PARAGRAPH. *v. Improper withdrawal of an*  
3 *insurer.* Failure of an insurer to comply with section 505.36.  
4 As used in this paragraph, "insurer" means the same as defined in  
5 section 505.36, subsection 1.

6 DIVISION VI

7 SERVICE COMPANIES, SERVICE CONTRACTS, AND LICENSES

8 Sec. 17. Section 507B.4, subsection 3, Code 2025, is amended  
9 by adding the following new paragraph:

10 NEW PARAGRAPH. *v. Service contracts.* Failure of a person in  
11 the business of service contracts to comply with chapter 523C.

12 Sec. 18. Section 523C.1, Code 2025, is amended by adding the  
13 following new subsections:

14 NEW SUBSECTION. 1A. "Communicating in a verifiable manner"  
15 means communication by in-person delivery, email, or, if there is  
16 an auditable record of the communication, by telephone.

17 NEW SUBSECTION. 6A. "Person" means an individual or a  
18 business entity.

19 NEW SUBSECTION. 12A. "Service contract holder" means the  
20 original purchaser of a service contract or the successor in  
21 interest or transferee entitled to services under the service  
22 contract.

23 NEW SUBSECTION. 12B. "Substitute part" means a part that is  
24 not issued by the original part manufacturer, including but not  
25 limited to a remanufactured part, an aftermarket part, and a part  
26 obtained from a salvage yard.

27 NEW SUBSECTION. 12C. "Support services" means a person that  
28 provides services that support, or a person that works under the  
29 direction of, a licensed service company in connection with the  
30 issuance, offer for sale, sale, or administration of a service  
31 contract in this state, including but not limited to a person  
32 that provides marketing, administrative, or technical support to  
33 a service company.

34 Sec. 19. Section 523C.1, subsection 4, Code 2025, is amended  
35 to read as follows:

1 4. "Motor vehicle" means any vehicle that is self-propelled  
2 vehicle and subject to registration under chapter 321.

3 Sec. 20. Section 523C.2, Code 2025, is amended by striking  
4 the section and inserting in lieu thereof the following:

5 **523C.2 License required.**

6 1. A person that shall be contractually obligated to the  
7 service contract holder under the terms of the service contract  
8 shall not directly or indirectly issue, offer for sale, or sell a  
9 motor vehicle service contract or residential service contract in  
10 this state unless the person is a licensed service company.

11 2. This chapter shall not apply to any person that provides  
12 support services. A service company that utilizes support  
13 services shall ensure the support services' compliance with the  
14 issuance, offer for sale, or sale of a service contract under  
15 this chapter.

16 3. A service company shall maintain a license for the  
17 duration of time that the service company is contractually  
18 obligated to a service contract holder under the terms of a  
19 service contract.

20 4. A service company shall report to the commissioner within  
21 thirty calendar days any material change to the information  
22 submitted by the service company in the service company's initial  
23 license application, or license renewal application, including a  
24 change in the service company's contact information, ownership,  
25 officers or directors directly responsible for the provider's  
26 service contract business, or any other change that substantially  
27 affects the service company's operations in the state.

28 5. A service company shall report to the commissioner any  
29 administrative action taken against the service company in  
30 another jurisdiction within thirty calendar days of the final  
31 disposition. The report shall include a copy of the order,  
32 consent to the order, and other relevant legal documents.

33 6. Within thirty calendar days of the initial pretrial  
34 hearing date, a service company shall report to the commissioner  
35 a criminal prosecution in any jurisdiction of an owner with

1 more than a ten percent ownership stake, an officer, or a  
2 director directly responsible for the service contract business  
3 of the service company, for an offense involving dishonesty  
4 or a false statement including but not limited to fraud,  
5 theft, misappropriation of funds, falsification of documents,  
6 deceptive acts or practices, or other related offenses. The  
7 report shall include a copy of the initial complaint filed, the  
8 order resulting from the hearing, and any other relevant legal  
9 documents.

10 Sec. 21. Section 523C.3, Code 2025, is amended by striking  
11 the section and inserting in lieu thereof the following:

12 **523C.3 Application for license.**

13 1. Application for a license as a service company shall  
14 be filed with the commissioner on a form approved by the  
15 commissioner and shall include all of the following information:

16 a. The name and principal address of the applicant.

17 b. The state of incorporation of the applicant.

18 c. The name and address of the applicant's registered agent  
19 for service of process in Iowa.

20 d. The legal name of all of the following:

21 (1) Each owner of the service company that has a greater than  
22 ten percent ownership stake in the service company.

23 (2) Each officer of the service company.

24 (3) Each director directly responsible for the business of  
25 the service company.

26 e. A certificate of good standing for the applicant issued by  
27 the secretary of state and dated not more than thirty calendar  
28 days from the date of the application.

29 f. Evidence of compliance with section 523C.5.

30 g. A copy of each motor vehicle service contract form to be  
31 used, issued, or offered for sale in this state by the service  
32 company.

33 h. A copy of each residential service contract form to be  
34 used, issued, or offered for sale in this state by the service  
35 company.

1 i. A national association of insurance commissioners'  
2 biographical affidavit and the verification of the biographical  
3 affidavit for the chief executive officer and chief financial  
4 officer of the service company, or for the individuals in  
5 the equivalent positions. The service company shall use a  
6 third-party vendor from a list of vendors approved by the  
7 commissioner to verify the biographical affidavits. The service  
8 company shall pay all costs associated with the required  
9 verifications.

10 j. A list of any disciplinary actions taken against the  
11 service company, or any of the service company's owners,  
12 officers, or directors directly responsible for the provider's  
13 service contract business, in the immediately preceding ten  
14 years by a regulatory agency or state attorney general in any  
15 jurisdiction.

16 2. The application shall be accompanied by all of the  
17 following:

18 a. A license fee in the amount of five hundred dollars.

19 b. A fee in the amount of thirty-five dollars for each motor  
20 vehicle service contract form provided pursuant to subsection 1,  
21 paragraph "g".

22 3. If the application for a service company license contains  
23 the information under subsection 1, is accompanied by the fees  
24 under subsection 2, and the commissioner has not denied the  
25 application pursuant to section 523C.9, the commissioner shall  
26 issue the license to the applicant.

27 4. Fees collected under this section shall be deposited  
28 into the service company oversight fund as provided in section  
29 523C.24.

30 Sec. 22. Section 523C.4, Code 2025, is amended by striking  
31 the section and inserting in lieu thereof the following:

32 **523C.4 License expiration and renewal.**

33 1. A license issued under this chapter shall be valid for  
34 a period of one year. A license that is not renewed prior to  
35 the expiration date shall be deemed expired. Prior to a license

1 expiration date, and if a renewal application was submitted at  
2 least fourteen calendar days prior to the license expiration  
3 date, the commissioner may extend the renewal period for an  
4 additional thirty calendar days.

5 2. An application for license renewal shall include the  
6 information required for an initial license as described in  
7 section 523C.3, subsection 1, paragraphs "a" through "f", and a  
8 list of each service contract form the service company continues  
9 to use, offer for sale, or issue in the state, including the  
10 service contract form name, number, and the date the form was  
11 last revised.

12 3. The license renewal application shall be accompanied by  
13 all of the following:

14 a. A license renewal fee in the amount of two hundred  
15 dollars.

16 b. A fee in the amount of three percent of the aggregate  
17 amount of payments the service company received for the sale or  
18 issuance of residential service contracts in this state during  
19 the period beginning on the date the service company's license  
20 was issued until the date of the service company's renewal  
21 filing, provided that such fee shall be no less than one hundred  
22 dollars and no greater than fifty thousand dollars.

23 c. A fee in the amount of thirty-five dollars for each motor  
24 vehicle service contract form filed with the commissioner that  
25 the service company continues to use, offer for sale, or issue in  
26 the state.

27 d. The number of motor vehicle service contracts and the  
28 number of residential service contracts issued during the  
29 immediately preceding calendar year by the service company in  
30 this state.

31 e. The number of motor vehicle service contracts and the  
32 number of residential service contracts canceled during the  
33 immediately preceding calendar year by the service company in  
34 this state.

35 f. The total dollar amount of refunds issued to service

1 contract holders by the service company during the immediately  
2 preceding calendar year for canceled motor vehicle service  
3 contracts in this state, and the total dollar amount of refunds  
4 issued to service contract holders by the service company during  
5 the immediately preceding calendar year for canceled residential  
6 service contracts in this state.

7 g. The total dollar amount of motor vehicle service contract  
8 fees, and the total dollar amount of residential service contract  
9 fees, collected during the immediately preceding calendar year by  
10 the service company for contracts sold in this state.

11 h. The number of claims filed with the service company  
12 for motor vehicle service contracts in this state during the  
13 immediately preceding calendar year, and the number of claims  
14 filed with the service company for residential service contracts  
15 in this state during the immediately preceding calendar year.

16 i. The total dollar amount of claims paid by the service  
17 company for motor vehicle service contracts sold by the service  
18 company in this state during the immediately preceding calendar  
19 year, and the total dollar amount of claims paid by the service  
20 company for residential service contracts sold by the service  
21 company in this state during the immediately preceding calendar  
22 year.

23 j. The total number of claims during the immediately  
24 preceding calendar year for motor vehicle service contracts  
25 in this state that did not result in repair, replacement,  
26 payment, or other thing of value to the service contract  
27 holder by the service company, and the total number of claims  
28 during the immediately preceding calendar year for residential  
29 service contracts in this state that did not result in repair,  
30 replacement, payment, or other thing of value to the service  
31 contract holder by the service company.

32 k. The total number of written complaints regarding motor  
33 vehicle service contracts received by the service company during  
34 the immediately preceding calendar year, and the total number  
35 of written complaints regarding residential service contracts

1 received by the service company during the immediately preceding  
2 calendar year, including complaints received directly from a  
3 consumer, indirectly on behalf of a consumer from a third party  
4 other than a regulatory agency, and from a regulatory agency.

5 7. The number of lawsuits filed by a third party or  
6 a regulatory agency, against the service company during the  
7 immediately preceding calendar year regarding service contracts  
8 issued, offered for sale, or sold by the service company.

9 4. If the license renewal application complies with this  
10 section, and the commissioner has not refused to renew the  
11 license pursuant to section 523C.9, the commissioner shall renew  
12 the license. If the commissioner refuses renewal of a license  
13 pursuant to section 523C.9, the refusal shall be in writing  
14 setting forth the grounds for the refusal.

15 5. If a service company submits a license renewal application  
16 after the license has expired, the service company shall pay a  
17 reinstatement fee of eight hundred dollars, and applicable fees  
18 pursuant to subsection 3.

19 6. a. A service company whose license has expired, and is  
20 not within an additional thirty-day extension period granted by  
21 the commissioner pursuant to section 523C.4, subsection 1, shall  
22 not offer, extend, or renew a service contract until the service  
23 company's license has been renewed, or the service company has  
24 been issued a new license.

25 b. If, at the time a service contract is issued or sold  
26 in this state, the service company has an expired license that  
27 is not within an additional thirty-day extension period granted  
28 by the commissioner pursuant to section 523C.4, subsection 1,  
29 the service contract may be canceled at the discretion of the  
30 service contract holder. If a service contract holder chooses  
31 to cancel a service contract, the full purchase price of the  
32 service contract, less any claims paid, shall be refunded to  
33 the service contract holder within thirty calendar days. A ten  
34 percent penalty shall be added each month to the refund if the  
35 refund is not paid to the service contract holder within the

1 thirty calendar days.

2 Sec. 23. Section 523C.7, Code 2025, is amended by striking  
3 the section and inserting in lieu thereof the following:

4 **523C.7 Disclosure to service contract holders — contract**  
5 **form — required provisions.**

6 1. A service contract shall not be issued, sold, or offered  
7 for sale in this state unless the service company does all of the  
8 following:

9 a. Provides a receipt for the purchase of the service  
10 contract to the service contract holder.

11 b. Provides a complete sample copy of the service contract  
12 to the consumer prior to purchase. A service company may comply  
13 with this paragraph by providing the consumer with a complete  
14 electronic sample copy of the service contract, or directing the  
15 consumer to a complete sample copy of the service contract at an  
16 internet site. A paper copy of the sample service contract shall  
17 be provided upon the request of the consumer at the expense of  
18 the service company.

19 c. Provides a fully executed paper or electronic copy of  
20 the service contract to the service contract holder within ten  
21 calendar days of the date the service contract holder purchased  
22 the service contract. A paper copy of the executed service  
23 contract shall be provided to the service contract holder upon  
24 request of the service contract holder at the expense of the  
25 service company.

26 2. A service contract issued, sold, or offered for sale in  
27 the state shall comply with all of the following, as applicable:

28 a. A service contract shall be written in clear,  
29 understandable language in at least ten point type.

30 b. (1) A service contract insured by a reimbursement  
31 insurance policy as provided in section 523C.5, subsection 1,  
32 shall include a statement in substantially the following form:

33 Obligations of the service company under this service contract  
34 are guaranteed under a reimbursement insurance policy. If the  
35 service company fails to pay or provide service on a claim within

1 sixty days after proof of loss has been filed with the service  
2 company, the service contract holder is entitled to make a claim  
3 directly against the reimbursement insurance policy.

4 (2) A service contract insured by a reimbursement insurance  
5 policy shall conspicuously state the name and address of the  
6 issuer of the reimbursement insurance policy for that service  
7 contract. A claim against a reimbursement insurance policy shall  
8 also include a claim for return of any refund due in accordance  
9 with paragraphs "m" and "n".

10 c. A service contract not insured under a reimbursement  
11 insurance policy shall contain a statement in substantially the  
12 following form:

13 Obligations of the service company under this service contract  
14 are backed by the full faith and credit of the service company  
15 and are not guaranteed under a reimbursement insurance policy.

16 d. A service contract shall state the name and address of  
17 the service company obligated to perform services under the  
18 contract, and shall conspicuously identify the service company,  
19 any third-party administrator, and the service contract holder  
20 to the extent that the name and address of the service contract  
21 holder has been furnished. The identities of such parties shall  
22 not be required to be printed on the contract in advance and may  
23 be added to the contract at the time of sale.

24 e. A service contract shall clearly state the total purchase  
25 price of the service contract and the terms under which the  
26 service contract is sold. The total purchase price shall not  
27 be required to be printed on the contract in advance and may be  
28 added to the contract at the time of sale.

29 f. If prior approval of repair work is required, a service  
30 contract shall conspicuously describe the procedure for obtaining  
31 prior approval and for making a claim, including a toll-free  
32 telephone number for claim service, and the procedure for  
33 obtaining emergency repairs performed outside of normal business  
34 hours.

35 g. A service contract shall clearly state any waiting period

1 applicable to coverage under the service contract, and the date  
2 on which coverage begins.

3 h. A service contract shall clearly state the existence of  
4 any deductible amount.

5 i. A service contract shall specify the merchandise or  
6 services, or both, to be provided and any limitations,  
7 exceptions, or exclusions.

8 j. A service contract shall clearly state the conditions on  
9 which the use of substitute parts or services will be allowed.  
10 Such conditions shall comply with applicable state and federal  
11 laws.

12 k. A service contract shall clearly state any terms,  
13 restrictions, or conditions governing the transferability of the  
14 service contract.

15 l. A service contract shall clearly state the instructions  
16 for cancellation of the service contract by the service  
17 contract holder. Cancellation instructions shall include all  
18 necessary information for a service contract holder to complete  
19 a cancellation. Cancellation instructions shall include the  
20 phone number, email address, or mailing address necessary for  
21 the cancellation of the service contract, as well as any other  
22 information that the service contract holder must use to cancel  
23 the contract. A service company shall accept cancellation of  
24 a service contract from a service contract holder by telephone,  
25 email, or mail, or any other cost-effective and accessible  
26 method of communication. The method of cancellation utilized  
27 by a service company for the cancellation of a service contract  
28 shall be as accessible as the method utilized by the service  
29 company for the service contract holder to enter into the service  
30 contract.

31 m. A service contract shall clearly state the terms and  
32 conditions governing the cancellation of the contract prior  
33 to the termination or expiration date of the contract by the  
34 service company or the service contract holder. If the service  
35 company cancels the contract, the service company shall mail a

1 written notice of termination to the service contract holder at  
2 least fifteen calendar days before the date of the termination.  
3 Prior notice of cancellation by the service company shall not  
4 be required if the reason for cancellation is nonpayment of  
5 the purchase price, a material misrepresentation by the service  
6 contract holder to the service company or the support services  
7 for the service company, or a substantial breach of duty by the  
8 service contract holder relating to the covered product or use  
9 of the covered product. The notice of cancellation shall state  
10 the effective date of the cancellation and the reason for the  
11 cancellation. If a service contract is canceled by the service  
12 company for any reason other than nonpayment of the purchase  
13 price, the service company shall refund the service contract  
14 holder in an amount equal to one hundred percent of the unearned  
15 purchase price paid, calculated on a pro rata basis based upon  
16 elapsed time or mileage, less any claims paid. The service  
17 company may also charge a reasonable administrative fee in an  
18 amount no greater than ten percent of the total purchase price.  
19 A ten percent penalty shall be added each month to the refund  
20 if the refund is not paid to the service contract holder within  
21 thirty calendar days.

22 n. (1) A service contract shall permit the original service  
23 contract holder who purchased the contract to cancel the service  
24 contract within at least thirty calendar days of the effective  
25 date of the service contract, provided no claims have been paid  
26 under the service contract, or within a longer period of time  
27 as permitted under the service contract. If a claim has not  
28 been paid under the service contract prior to cancellation by  
29 the service contract holder, the service contract is void and  
30 the full purchase price of the service contract shall be refunded  
31 to the service contract holder. A ten percent penalty shall be  
32 added each month to a refund if the refund is not paid to the  
33 service contract holder within thirty calendar days, unless the  
34 service contract holder fails to provide the information required  
35 by the service contract to complete the cancellation.

1 (2) If the service contract holder cancels the service  
2 contract in violation of subparagraph (1), the service company  
3 shall refund the service contract holder an amount equal to one  
4 hundred percent of the unearned purchase price paid, calculated  
5 on a pro rata basis based upon elapsed time or mileage, less any  
6 claims paid. The service company may also charge a reasonable  
7 administrative fee in an amount no greater than ten percent of  
8 the total purchase price. A ten percent penalty shall be added  
9 each month to a refund if the refund is not paid to the service  
10 contract holder within thirty calendar days of the service  
11 contract cancellation request, unless the service contract holder  
12 fails to provide the information required in the service contract  
13 to complete the cancellation.

14 o. A service contract shall set forth all obligations and  
15 duties of the service contract holder, including but not limited  
16 to the duty to protect against any further damage, and the  
17 obligation to follow an owner's manual and to perform, or have  
18 performed, all required service or maintenance.

19 p. A service contract shall clearly state if the contract  
20 covers or excludes consequential damages and preexisting  
21 conditions, if applicable. A service contract may, but is not  
22 required to, cover damage resulting from rust, corrosion, or  
23 damage caused by a part or system not covered under the service  
24 contract.

25 q. A service contract shall clearly state the service call  
26 fee, if any, charged to the service contract holder.

27 r. A service contract shall state the name and address of  
28 the commissioner, the current toll-free telephone number of the  
29 division, and a statement that a consumer may file a complaint  
30 with the division, including by filing a complaint on the  
31 division's internet site.

32 s. If a residential service contract relates to heating,  
33 cooling, plumbing, or electrical service, and the claim being  
34 made by the service contract holder is essential to the health  
35 and safety of the service contract holder or, if applicable,

1 the service contract holder's family, the service company shall  
2 ensure all of the following:

3 (1) Repair or replacement of the essential good commences  
4 within forty-eight hours after the report of the claim, and is  
5 completed as soon as reasonably practicable.

6 (2) If the service company determines that the service  
7 company cannot complete a repair, replacement, or service within  
8 three calendar days after the report of the claim, the service  
9 contract holder may seek an outside provider to complete the  
10 repair, replacement, or service. The service company shall  
11 cover reasonable costs associated with a repair, replacement,  
12 or service completed by an outside service provider up to the  
13 maximum dollar amount covered by the service contract.

14 (3) Notice is provided to the service contract holder if a  
15 repair cannot practicably be completed within three calendar days  
16 after the report of the claim. The service company shall provide  
17 a status report to the service contract holder by communicating  
18 in a verifiable manner as soon as practicable, but no later than  
19 three calendar days after the date of the report of the claim.  
20 The status report must include all of the following:

21 (a) A list of all required repairs, replacements, or services  
22 and the estimated cost to the service contract holder.

23 (b) The primary reason the required repair, replacement, or  
24 service will take longer than three calendar days, including the  
25 status of all parts required for the repair, replacement, or  
26 service.

27 (c) The current estimated length of time to complete the  
28 repair, replacement, or service.

29 (d) The telephone number of the service company in the event  
30 the service contract holder or the commissioner wants to make  
31 an inquiry concerning the claim, and a commitment by the service  
32 company to respond to an inquiry no later than one business day  
33 after the date the inquiry is received.

34 (e) A statement that if the service contract holder is not  
35 satisfied with the manner in which the service company handles

1 the claim under the terms of service contract, the service  
2 contract holder may file a complaint with the division pursuant  
3 to paragraph "r".

4 (f) A notice to the service contract holder that the service  
5 contract holder may seek an outside service provider to complete  
6 the repair, replacement, or service, and that the service  
7 company will cover reasonable costs associated with a repair,  
8 replacement, or service completed by an outside service provider  
9 up to the maximum dollar amount covered by the service contract.

10 Sec. 24. NEW SECTION. **523C.8 Service contract forms —**  
11 **fees.**

12 1. A service company shall file with the division an accurate  
13 copy of each service contract form prior to using the service  
14 contract form for the sale of a service contract in this state.

15 2. At the time of filing each motor vehicle service contract  
16 form with the division a service company shall pay a fee in  
17 the amount of thirty-five dollars for each motor vehicle service  
18 contract form.

19 3. Notwithstanding section 523C.7, a service company may  
20 continue to use a service contract form that is noncompliant with  
21 this chapter until June 30, 2026, provided no changes are made to  
22 the service contract form and the service contract form was filed  
23 with the division in 2024.

24 Sec. 25. Section 523C.9, Code 2025, is amended by striking  
25 the section and inserting in lieu thereof the following:

26 **523C.9 License denial, nonrenewal, suspension, or**  
27 **revocation.**

28 1. The commissioner may suspend or revoke the license of,  
29 deny an application for a license from, or refuse to renew the  
30 license of, a service company, or may levy a civil penalty as  
31 provided in section 523C.13 against a service company, for any of  
32 the following reasons:

33 a. The service company violated this chapter, a lawful order,  
34 regulation, or subpoena.

35 b. The service company failed to pay a final judgment

1 rendered against the service company in this state within sixty  
2 calendar days after the date the judgment became final.

3 c. The service company, without just cause, refused to  
4 perform, or negligently or incompetently performed, a service  
5 required to be performed under the service company's service  
6 contracts and the refusal, or negligent or incompetent  
7 performance, has occurred with such frequency as to indicate the  
8 general business practices of the service company are negligent  
9 or incompetent, as determined by the commissioner.

10 d. The service company violated section 523C.13.

11 e. The service company failed to demonstrate financial  
12 responsibility pursuant to section 523C.5, if applicable.

13 f. The service company failed to maintain a corporate  
14 certificate of good standing with the secretary of state.

15 g. The service company provided incorrect, misleading,  
16 incomplete, or materially untrue information in the service  
17 company's license application.

18 h. The service company obtained or attempted to obtain a  
19 license through misrepresentation or fraud.

20 i. The service company improperly withheld, misappropriated,  
21 or converted any money or property received in the course of  
22 business as a service company.

23 j. The service company intentionally misrepresented the terms  
24 of an actual or proposed service contract.

25 k. Within the immediately preceding ten years, an owner,  
26 officer, or director of the service company has been convicted of  
27 a criminal offense involving any aspect of a business involving  
28 securities, commodities, investments, franchises, insurance,  
29 banking, or finance.

30 l. An owner, officer, or director of the service company has  
31 been convicted of a criminal offense involving dishonesty or  
32 a false statement, including but not limited to fraud, theft,  
33 misappropriation of funds, falsification of documents, deceptive  
34 acts or practices, or other related offenses.

35 m. The service company admitted to committing, or was found

1 to have committed, any unfair trade practice or fraud.

2 n. The service company used fraudulent, coercive,  
3 or dishonest practices, or demonstrated incompetence,  
4 untrustworthiness, or financial irresponsibility, in conducting  
5 business in this state or any other state.

6 o. The service company had a service company license or its  
7 equivalent, denied, suspended, or revoked in any other state,  
8 province, district, or territory.

9 p. The service company failed, or refused, to cooperate in an  
10 investigation conducted by the commissioner of insurance.

11 2. If the commissioner suspends or revokes the license of,  
12 denies the application for licensure of, or refuses to renew  
13 the license of, a service company pursuant to this section, the  
14 commissioner shall notify the service company, in writing, and  
15 provide the reason for the suspension, revocation, denial, or  
16 nonrenewal. The licensee or applicant may request a hearing on  
17 the suspension, revocation, nonrenewal, or denial, and a hearing  
18 shall be conducted according to section 507B.6.

19 Sec. 26. Section 523C.12, Code 2025, is amended to read as  
20 follows:

21 **523C.12 ~~Optional examination~~ Examinations.**

22 The commissioner, or a the commissioner's designee, ~~of the~~  
23 ~~commissioner~~ may make an examination of the books and records  
24 of a service company, including records involving communications  
25 with service contract holders, copies of contracts and records of  
26 claims and expenditures, and ~~verify its~~ records related to the  
27 service company's assets, liabilities, and reserves. The actual  
28 costs of the examination shall be borne by the service company.  
29 The costs of an examination under this section shall not exceed  
30 an amount equal to ten percent of the service company's reported  
31 net income associated with doing business in the state in the  
32 previous immediately preceding fiscal year.

33 Sec. 27. Section 523C.13, Code 2025, is amended by striking  
34 the section and inserting in lieu thereof the following:

35 **523C.13 Prohibited acts or practices — penalty — violations**

1 — **contracts voided.**

2 1. A service company, or the service company's support  
3 services, that offers service contracts for sale in this state,  
4 shall not, directly or indirectly, represent in any manner,  
5 whether by written solicitation or telemarketing, a false,  
6 deceptive, or misleading statement with respect to any of the  
7 following:

8 a. The service company's affiliation with a motor vehicle  
9 manufacturer or importer.

10 b. The validity or expiration of a warranty.

11 c. A motor vehicle service contract holder's coverage under a  
12 motor vehicle service contract, including statements suggesting  
13 that the service contract holder must purchase a new service  
14 contract in order to maintain coverage under the existing service  
15 contract or warranty.

16 d. Descriptions of the service contract as a "policy".

17 2. A licensed service company which offers service contracts  
18 for sale in this state shall not, directly or indirectly, do any  
19 of the following:

20 a. Fail to complete, or fail to ensure the completion of,  
21 a repair, maintenance, replacement, service, or indemnification  
22 of expenses associated with a covered claim within a reasonable  
23 period of time.

24 b. Create or use any advertising that does not include the  
25 name of the licensed service company.

26 c. Use any method of marketing that may induce the purchase  
27 of a service contract through force, fear, or threats, whether  
28 explicit or implied.

29 d. Create or use any service contract marketing materials  
30 that contain incorrect or misleading information.

31 e. Use, offer for sale, or issue in this state a service  
32 contract form that has not been submitted as part of a license  
33 application pursuant to section 523C.3, as part of a license  
34 application renewal pursuant to section 523C.4, or submitted to  
35 the division during the service company's current license period.

1 3. The commissioner may adopt rules pursuant to chapter 17A  
2 that regulate service contracts to prohibit misrepresentation,  
3 false advertising, defamation, boycotts, coercion, intimidation,  
4 false statements and entries, and unfair discrimination or  
5 practices. If the commissioner finds that a person has violated  
6 rules adopted under this section, the commissioner may order any  
7 or all of the following:

8 a. Payment of a civil penalty of not more than one thousand  
9 dollars for each act or violation, not to exceed an aggregate  
10 of ten thousand dollars, unless the person knew or reasonably  
11 should have known the person was in violation of this section, in  
12 which case the civil penalty shall be not more than five thousand  
13 dollars for each act or violation, not to exceed an aggregate  
14 of fifty thousand dollars in any one consecutive six-month  
15 period. If the commissioner finds a violation of this section  
16 was directed, encouraged, condoned, ignored, or ratified by the  
17 employer of the person the commissioner may assess the penalty to  
18 the employer and not the person. Any civil penalties collected  
19 under this subsection shall be deposited as provided in section  
20 505.7.

21 b. Suspension or revocation of the person's license, if the  
22 person knew or reasonably should have known the person was in  
23 violation of this section.

24 4. A violation of this chapter shall constitute an unlawful  
25 practice pursuant to section 714.16.

26 5. A person shall not engage, directly or indirectly, in any  
27 unfair method of competition, or an unfair or deceptive act or  
28 practice, in the business of service contracts. Any violation  
29 of this chapter constitutes an unfair method of competition, or  
30 an unfair or deceptive act or practice. If, after hearing, the  
31 commissioner determines that a person has engaged in an unfair  
32 method of competition or an unfair or deceptive act or practice,  
33 the provisions of sections 507B.6 through 507B.8 shall apply.

34 Sec. 28. Section 523C.22, Code 2025, is amended to read as  
35 follows:

1       **523C.22 Claim procedures.**

2       A licensed service company shall promptly provide a written  
3 explanation to the service contract holder, describing the  
4 reasons for denying a claim or for the offer of a compromise  
5 settlement, based on all relevant facts or legal requirements  
6 and referring to applicable provisions of the service contract.  
7 The written explanation shall provide instructions to the service  
8 contract holder on the process for an appeal, second review,  
9 arbitration, or similar provisions included in the contract, as  
10 well as information on how to file a complaint with the division,  
11 including the internet site on which to locate the division's  
12 complaint form.

13       Sec. 29. Section 523C.23, subsection 1, paragraph c, Code  
14 2025, is amended by striking the paragraph.

15       Sec. 30. Section 523C.23, subsection 2, Code 2025, is amended  
16 to read as follows:

17       2. ~~Except as provided in section 523C.19, a~~ A proceeding  
18 instituted under this chapter shall be conducted pursuant to  
19 chapter 17A and rules adopted by the commissioner pursuant to  
20 chapter 17A.

21       Sec. 31. NEW SECTION.       **523C.25 Confidentiality.**

22       1. Notwithstanding chapter 22, the commissioner shall  
23 maintain the confidentiality of information submitted to the  
24 division or obtained by the division in the course of an  
25 investigation, examination, or inquiry pursuant to this chapter  
26 or the commissioner's licensing authority, including all notes,  
27 work papers, or other documents. Information obtained by the  
28 commissioner in the course of investigating a complaint or  
29 inquiry may, at the discretion of the commissioner, be provided  
30 to the service company that is the subject of the complaint or  
31 inquiry and the consumer who filed the complaint or inquiry,  
32 without waiving the confidentiality afforded to the commissioner  
33 or to any other person by this section. The commissioner may  
34 disclose or release information that is otherwise confidential  
35 under this subsection in the course of an administrative or

1 judicial proceeding.

2 2. Notwithstanding subsection 1, if the commissioner  
3 determines that it is necessary in the public interest,  
4 the commissioner may share information with other regulatory  
5 authorities or government agencies, or may publish service  
6 company-related data or information collected under this chapter.  
7 Such information may be redacted so that neither personally  
8 identifiable information nor service company identifiable  
9 information is made available.

10 Sec. 32. Section 714.16, subsection 2, Code 2025, is amended  
11 by adding the following new paragraph:

12 NEW PARAGRAPH. r. It is an unlawful practice for a person to  
13 violate chapter 523C.

14 Sec. 33. REPEAL. Section 523C.19, Code 2025, is repealed.

15 DIVISION VII

16 IOWA INDIVIDUAL HEALTH BENEFIT REINSURANCE ASSOCIATION —  
17 MEMBERSHIP

18 Sec. 34. Section 513C.10, subsection 1, paragraph a, Code  
19 2025, is amended to read as follows:

20 a. All persons that provide health benefit plans in  
21 this state including insurers providing accident and sickness  
22 insurance under chapter 509, 514, or 514A, whether on an  
23 individual or group basis; fraternal benefit societies providing  
24 hospital, medical, or nursing benefits under chapter 512B;  
25 and health maintenance organizations, other entities providing  
26 health insurance or health benefits subject to state insurance  
27 regulation, and all other insurers as designated by the board of  
28 directors of the Iowa comprehensive health insurance association  
29 with the approval of the commissioner shall be members of  
30 the association. Notwithstanding any other provision of this  
31 chapter to the contrary, the state of Iowa, the state board  
32 of regents, and any institution governed by the state board of  
33 regents pursuant to section 262.7, shall not be members of the  
34 association.

35 DIVISION VIII

1 IOWA CEMETERY ACT — EXAMINATIONS, CARE FUNDS, AND ANNUAL REPORTS

2 Sec. 35. Section 523I.213A, subsection 1, Code 2025, is  
3 amended to read as follows:

4 1. The commissioner or the commissioner's designee may  
5 conduct an examination under this chapter of any cemetery as  
6 often as the commissioner deems appropriate. ~~If a cemetery~~  
7 ~~has a trust arrangement, the~~ The commissioner shall conduct an  
8 examination of every cemetery with a trust arrangement not less  
9 than once every five years, unless the cemetery is owned or  
10 operated by a governmental subdivision.

11 Sec. 36. Section 523I.810, Code 2025, is amended by adding  
12 the following new subsection:

13 NEW SUBSECTION. 10. Notwithstanding subsection 9, a cemetery  
14 owned or operated by a governmental subdivision shall not be  
15 required to establish a reasonable repayment schedule, provided  
16 that the distribution of the care funds are used in compliance  
17 with section 523I.811.

18 Sec. 37. Section 523I.813, subsection 1, Code 2025, is  
19 amended to read as follows:

20 1. A perpetual care cemetery shall file an annual report at  
21 the end of each reporting period of the cemetery. A cemetery  
22 owned or operated by a governmental subdivision shall not be  
23 required to file an annual report.

24 DIVISION IX

25 MOTOR VEHICLE FINANCIAL LIABILITY COVERAGE

26 Sec. 38. Section 321.20, subsection 1, Code 2025, is amended  
27 by adding the following new paragraph:

28 NEW PARAGRAPH. g. If the vehicle is a motor vehicle, the  
29 owner shall certify on the application that financial liability  
30 coverage is in effect for the motor vehicle pursuant to section  
31 321.20B and provide a copy of the proof of financial liability  
32 coverage card issued for the motor vehicle, a description of the  
33 financial liability coverage as noted on the proof of financial  
34 liability coverage card, or other documentation acceptable to the  
35 department. This paragraph does not apply to a motor vehicle

1 excluded from the requirements of section 321.20B.

2 Sec. 39. Section 321.20B, subsection 4, paragraph c, Code  
3 2025, is amended by striking the paragraph.

4 Sec. 40. Section 321.20B, subsection 5, paragraph b, Code  
5 2025, is amended by striking the paragraph and inserting in lieu  
6 thereof the following:

7 b. Issue a citation to the driver.

8 Sec. 41. Section 321.20B, Code 2025, is amended by adding the  
9 following new subsections:

10 NEW SUBSECTION. 5A. An owner or driver cited for or charged  
11 with a violation of subsection 1 who produces to the clerk of  
12 court prior to the date of the person's court appearance proof  
13 that financial liability coverage was in effect for the motor  
14 vehicle at the time the person was stopped, or if the driver  
15 is not the owner of the motor vehicle, proof that financial  
16 liability coverage was in effect for the driver with respect  
17 to the motor vehicle being driven at the time the driver was  
18 stopped in the same manner as if the motor vehicle were owned  
19 by the driver, shall be given a receipt indicating that proof was  
20 provided, and the citation or charge shall be dismissed by the  
21 court. Upon dismissal, the court or clerk of court shall assess  
22 the costs of the action against the defendant.

23 NEW SUBSECTION. 5B. A person convicted of a violation of  
24 subsection 1 is guilty of a simple misdemeanor punishable as  
25 a scheduled violation under section 805.8A, subsection 14,  
26 paragraph "f".

27 Sec. 42. Section 321.30, Code 2025, is amended by adding the  
28 following new subsection:

29 NEW SUBSECTION. 4. The department or the county treasurer  
30 shall refuse registration of a motor vehicle if the owner  
31 does not provide satisfactory proof that financial liability  
32 coverage is in effect for the motor vehicle pursuant to section  
33 321.20B. This subsection does not apply to a motor vehicle  
34 excluded from the requirements of section 321.20B.

35 Sec. 43. Section 321.40, Code 2025, is amended by adding the

1 following new subsection:

2 NEW SUBSECTION. 11. A form for certification of financial  
3 liability coverage pursuant to section 321.20B shall accompany  
4 each renewal statement sent to the owner of a motor vehicle under  
5 this section. The county treasurer shall refuse to renew the  
6 registration of a motor vehicle if the applicant does not submit  
7 satisfactory proof of financial liability coverage in effect for  
8 the motor vehicle pursuant to section 321.20B. This subsection  
9 does not apply to a motor vehicle excluded from the requirements  
10 of section 321.20B.

11 Sec. 44. Section 805.8A, subsection 14, paragraph f, Code  
12 2025, is amended to read as follows:

13 *f. Proof of financial responsibility.* ~~If, in connection with~~  
14 ~~a motor vehicle accident, a person is charged and found guilty of~~  
15 ~~a violation of section 321.20B, subsection 1, the scheduled fine~~  
16 ~~is six hundred forty-five dollars; otherwise, the scheduled fine~~  
17 ~~for a violation of section 321.20B, subsection 1, is three~~  
18 ~~hundred twenty-five dollars.~~

19 (1) The scheduled fine for a violation of section 321.20B,  
20 subsection 1, is as follows:

21 (a) If the violation occurred in connection  
22 with a motor vehicle accident .....\$645.

23 (b) If the violation did not occur in connection  
24 with a motor vehicle accident .....\$325.

25 (c) For a second violation within five years, the scheduled  
26 fine under subparagraph division (a) or (b), as applicable, shall  
27 be doubled.

28 (d) For a third or subsequent violation within five years,  
29 the scheduled fine under subparagraph division (a) or (b), as  
30 applicable, shall be tripled.

31 (2) Notwithstanding section 805.12, fines collected pursuant  
32 to this paragraph shall be submitted to the state court  
33 administrator and distributed fifty percent to the victim  
34 compensation fund established in section 915.94, twenty-five  
35 percent to the county in which such fine is imposed, and

1 twenty-five percent to the general fund of the state.

2 Sec. 45. EFFECTIVE DATE. The following take effect December  
3 1, 2028:

4 1. The section of this division of this Act enacting section  
5 321.20, subsection 1, paragraph "g".

6 2. The section of this division of this Act enacting section  
7 321.30, subsection 4.

8 3. The section of this division of this Act enacting section  
9 321.40, subsection 11.

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