



iowa insurance division

The regulatory mission of the Iowa Insurance Division is protecting consumers through education and a fair, flexible and positive regulatory environment.



<https://iid.iowa.gov>

FY 2024 Budget Request

Governor's Recommendation:

FY23 Appropriation = \$6,876,987

FY24 Status quo budget request of \$6,876,987

The Insurance Division is funded through the Commerce Revolving Fund. Insurance Division operations, other than the company regulation bureau, are budgeted as noted above. The company regulation bureau, which provides financial solvency supervision is funded through the assessment of examination and related fees. For FY23, \$10,178,354 was budgeted to fulfill this statutory solvency function.

Insurance Company Solvency and Risk Regulation

- Individual states are primary insurance regulators since 1868.
- State insurance commissioners formed the NAIC in 1871 and began establishing insurance standards in 1871.
- State regulation of insurance was confirmed by United States Congress in passage of McCarran-Ferguson Act of 1945.
- Following several insurance company insolvency and congressional report that was critical of state regulation in 1990, NAIC Accreditation program began in 1991.
- Iowa has maintained a strong system of financial and solvency regulation with model laws, regulations and actuarial guidelines.
- Iowa has provided national leadership in the NAIC and among international regulators.

Iowa's Business of Insurance

- Iowa has 214 domiciled insurance companies
- 1,353 non-domestic admitted carriers
- More than 60,000 insurance industry professionals
- Insurance industry output as a % of GDP – Iowa ranks #1 at 11%
- \$6 billion in wages and salaries as of 2020

Eliminated Annuity tax – 1988

CHAPTER 1159

ANNUITY CONTRACT PREMIUMS TAX

S.F. 2338

AN ACT relating to the deduction of premiums received in connection with annuity contracts in computing the gross amount of premiums for purpose of the state gross premiums tax, requiring related reports by the commissioner of insurance, and providing applicable and effective dates.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 432.1, subsection 1, Code 1987, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. In determining the gross amount of premiums to be taxed, there shall be excluded all consideration received in connection with an annuity contract, whether or not such contract is qualified or exempt under the federal Internal Revenue Code as now or hereafter amended, and all premiums returned to policyholders or annuitants during the preceding calendar year, except cash surrender values, and all dividends that, during said year, have been paid in cash or applied in reduction of premiums or left to accumulate to the credit of policyholders or annuitants.

Sec. 2. Section 505.8, Code 1987, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The commissioner shall do the following:

1. By July 1, 1988, prepare a report on the level of Iowa investments of Iowa domestic and nondomestic insurance companies.

2. By September 1, 1988, prepare a plan of action outlining the alternatives and incentives for increasing in-state investments of domestic and nondomestic insurance companies.

3. By July 1, 1989, prepare a report on the number of new jobs added, new companies that have moved to or established subsidiaries in the state, and the approximate amount of tax revenues resulting from the expanded deduction of premiums for all annuity contracts in computing the premiums tax under section 432.1, subsection 1.

4. On an annual basis, prepare a report identifying the premium volume of nonqualified insurance annuities issued by domestic insurance companies doing at least a volume of five million dollars per annum, and relating that to projections for increased volume of such sales.

5. The reports prepared under subsections 1, 2, and 3 shall, upon completion, be forwarded to the members of the house standing committee on small business and commerce and the house standing committee on ways and means and to members of the senate standing committee on commerce and the senate standing committee on ways and means.

Accounting Practices – January 1, 2002

- Iowa enacted the NAIC Accounting Practices & Procedures Manual - providing a comprehensive guide to statutory accounting principles

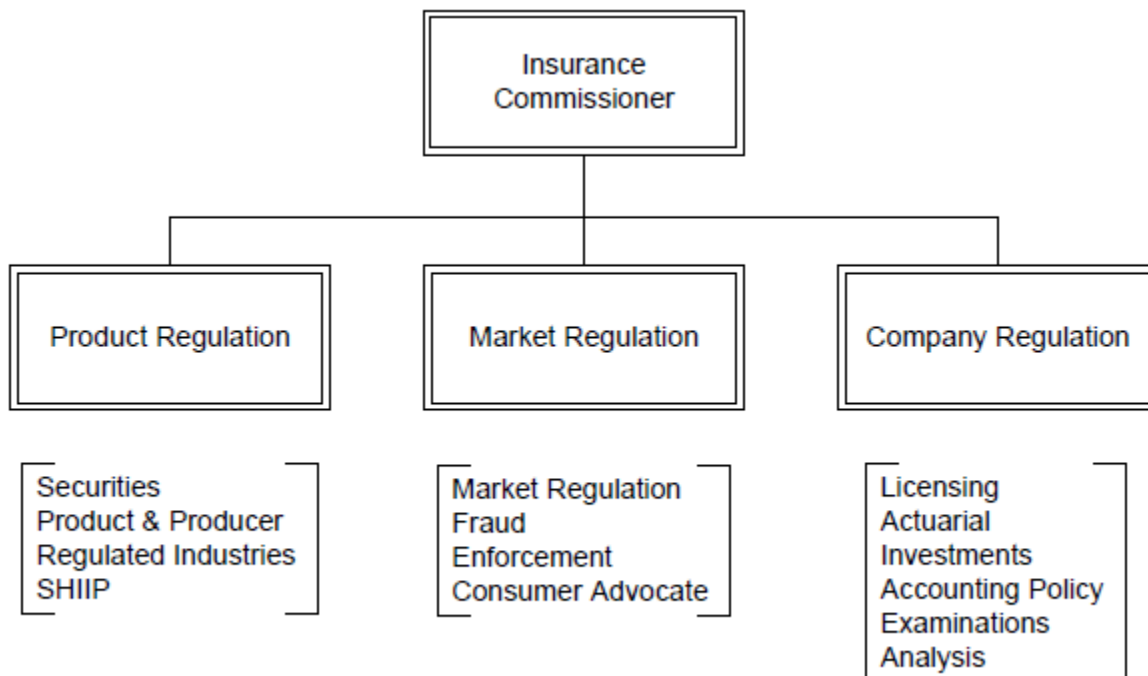
Insurance Premium tax reduction – July 1, 2002

- Iowa enacted reduced premium tax for all lines of business from 2% to 1%. Became effective January 1, 2006.

Mutual Insurance Holding Companies – July 1, 2012

- Iowa became first state to conceptualize and adopt Mutual Insurance Holding Companies.
- Preserves & protects mutual policyholder ownership interest while providing a mechanism to raise capital.

Organization of Iowa Insurance Division



Company Regulation

- Financial Solvency and Risk Regulation
- Ongoing financial analysis and comprehensive five-year examinations
- Enterprise Risk – insurance and non-insurance business
- Principles based reserving
- Own Risk and Solvency Assessment

Insurance and Financial Professionals

- Resident licensed insurance producers – 25,527
- Non-resident licensed insurance producers – 166,958
- Securities agent registrations – 153,019
- Broker-dealer registrations – 1448
- Investment adviser representative registrations – 5777

Insurance Market Regulation

- Investigation and Administrative Enforcement
- Investigated 2314 consumer complaints and inquiries – resulting in over \$14 million in consumer recoveries
- Answered 1910 consumer calls
- Market analysis and multistate compliance reviews
- 214 external reviews
- 87 enforcement orders – license discipline and \$1.3 million in penalties awarded

Securities and Investment Regulation

- State securities regulator
- License broker-dealers, agents and investment advisers
- Important alignment with insurance regulation
- 59 investor complaints
- 21 active investigations with aggregate losses of \$13 million
- Over \$2 million in ordered restitution

Other Regulated Industries

- Preneed contracts
- Vehicle and home service contracts
- Cemeteries

Fraud Investigation Bureau

- Insurance fraud referrals from Insurance companies
- Producer and agent fraud referrals from Market Regulation and Securities regulators
- Certified peace officers
- Work closely with Iowa county attorneys and federal prosecutors

Consumer Advocacy

- Complaint advocacy
- Insurance rate reviews
- Financial and Insurance Education



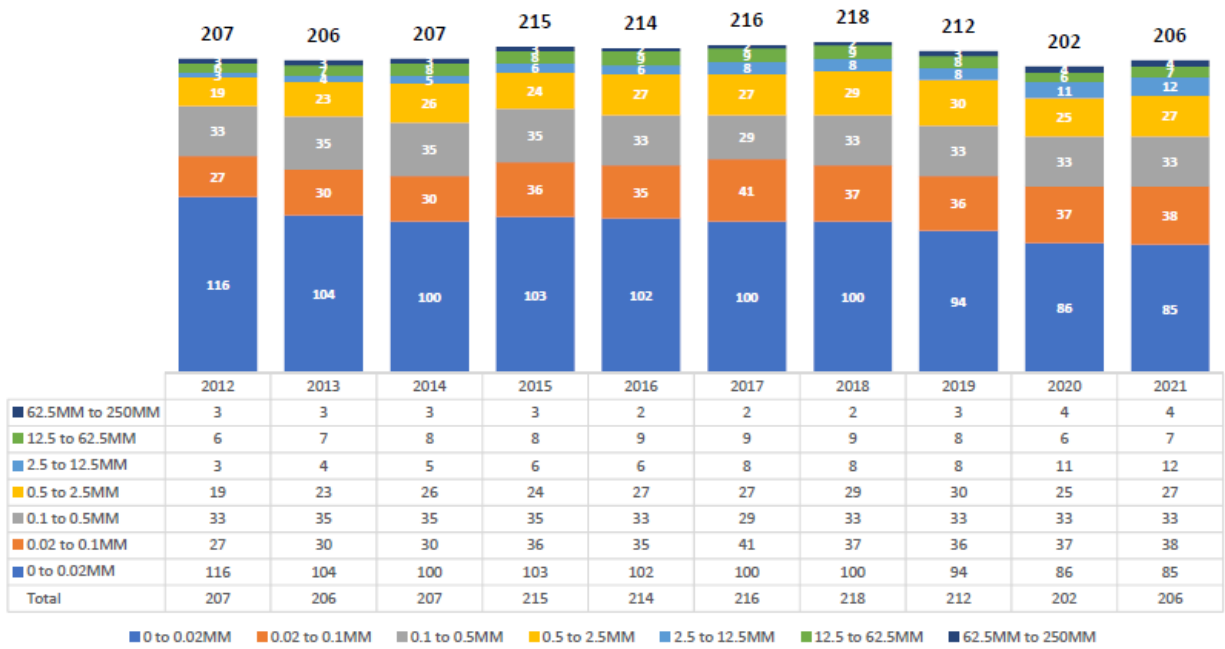
Senior Health Insurance Information Program

- Medicare enrollment counseling
- Medicare Fraud prevention
- Assisted 40,000 older Iowans
- Trained 700 volunteer counselors



Iowa's Insurance Business

Number of Iowa Domiciled Insurance Companies by Asset Size



Iowa Domiciled Insurance Companies Total Assets by Insurer Size (in billions)

