

## CHAPTER 1248

## AUTOMOBILE INSURANCE POLICIES

## S. F. 203

AN ACT relating to cancellation and nonrenewal of automobile insurance policies.

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

1 SECTION 1. This Act shall be known as the "Iowa automobile in-  
2 surance cancellation control act."

1 SEC. 2. As used in this Act, unless otherwise required by the  
2 context:

3 1. "Policy" means an automobile insurance policy providing bodily  
4 injury liability, property damage liability, medical payments, unin-  
5 sured motorist coverage, physical damage coverage, or any combina-  
6 tion thereof, delivered or issued for delivery in this state, insuring a  
7 single individual or one or more related individuals resident in the  
8 same household, as named insured, and insuring vehicles of the  
9 following types only:

10 a. Motor vehicles of the private passenger or station wagon type  
11 which are not used as public conveyances nor rented to others.

12 b. Any other four-wheel motor vehicles with a load capacity of  
13 one thousand five hundred pounds or less which are not used in the  
14 business or profession of the insured.

15 2. "Renewal" or "to renew" means the issuance and delivery by  
16 an insurer of a policy replacing at the end of the previous policy  
17 term a policy previously issued and delivered by the same insurer,  
18 or the issuance and delivery of a certificate or notice extending the  
19 coverage of the policy beyond its original term. Any renewal policy,  
20 other than a replacement policy for an unfinished term, with a term  
21 of six months or less shall be considered written, for the purposes  
22 of this Act, for a term of six months.

23 Any policy written for a term longer than one year or with no  
24 fixed expiration date shall be considered written for successive policy  
25 terms of one year.

26 3. "Nonpayment of premium" means failure of the named insured  
27 to discharge when due any of his obligations in connection with the  
28 payment of premiums on the policy, or any installment of a premium,  
29 whether the premium is payable directly to the insurer or its agent  
30 or indirectly under any premium finance plan or extension of credit.

1 SEC. 3. This Act shall not apply to any policy:

2 1. Issued under an automobile assigned risk plan.

3 2. Covering garage, automobile sales agency, repair shop, service  
4 station, or public parking place operation hazards.

5 3. Insuring more than four automobiles.

6 4. Issued principally to cover personal or premises liability of an  
7 insured even though such insurance may also provide some incidental  
8 coverage for liability arising out of the ownership, maintenance, or  
9 use of a motor vehicle on the premises of such insured or on the ways  
10 immediately adjoining the premises.

1 SEC. 4. No policy may be cancelled except by notice to the insured  
2 as provided in this Act. No notice of cancellation of a policy shall be

3 effective unless it is based on one or more of the following reasons:

4 1. Nonpayment of premium.

5 2. Nonpayment of dues to an association or organization other than  
6 an insurance association or organization, where payment of dues is a  
7 prerequisite to obtaining or continuing insurance in force and the  
8 dues payment requirement was in effect prior to January 1, 1969.

9 3. Fraud or material misrepresentation affecting the policy or the  
10 presentation of a claim.

11 4. Violation of terms or conditions of the policy.

12 5. The named insured or any operator who either resides in the  
13 same household or customarily operates an automobile insured under  
14 the policy has his driver's license suspended or revoked during the  
15 policy term or, if the policy is a renewal, during its term or the one  
16 hundred eighty days immediately preceding its effective date.

17 This section shall not apply to any policy or coverage which has  
18 been in effect less than sixty days at the time notice of cancellation  
19 is mailed or delivered by the insurer unless it is a renewal policy.  
20 This section shall not apply to the nonrenewal of a policy.

21 During the policy period no modification of automobile physical  
22 damage coverage, except coverage for loss caused by collision, where-  
23 by provision is made for the application of a deductible amount not  
24 exceeding one hundred dollars shall be deemed a cancellation of the  
25 coverage or of the policy.

1 SEC. 5. Notwithstanding the provisions of section five hundred  
2 fifteen point eighty-one (515.81), Code 1966, no notice of cancella-  
3 tion of a policy shall be effective unless mailed or delivered by the  
4 insurer to the named insured at least twenty days prior to the effec-  
5 tive date of cancellation, or, where the cancellation is for nonpay-  
6 ment of premium notwithstanding the provisions of section five hun-  
7 dred fifteen point eighty (515.80), Code 1966, at least ten days prior  
8 to the date of cancellation. A post office department certificate of  
9 mailing to the named insured at the address shown in the policy shall  
10 be proof of receipt of such mailing. Unless the reason accompanies  
11 the notice of cancellation, the notice shall state that, upon written  
12 request of the named insured, mailed or delivered to the insurer not  
13 less than fifteen days prior to the date of cancellation, the insurer  
14 will state the reason for cancellation, together with notification of  
15 the right to a hearing before the commissioner within fifteen (15)  
16 days as provided herein.

17 When the reason does not accompany the notice of cancellation,  
18 the insurer shall, upon receipt of a timely request by the named in-  
19 sured, state in writing the reason for cancellation. A statement of  
20 reason shall be mailed or delivered to the named insured within five  
21 days after receipt of a request.

1 SEC. 6. No insurer shall refuse to renew a policy solely because  
2 of age, residence, race, color, creed, or occupation of an insured.

1 SEC. 7. No insurer shall fail to renew a policy except by notice to  
2 the insured as provided in this Act. A notice of intention not to  
3 renew shall not be effective unless mailed or delivered by the insurer  
4 to the named insured at least thirty days prior to the expiration date  
5 of the policy. A post office department certificate of mailing to the  
6 named insured at the address shown in the policy shall be proof of

7 receipt of such mailing. Unless the reason accompanies the notice of  
8 intent not to renew, the notice shall state that, upon written request  
9 of the named insured, mailed or delivered to the insurer not less than  
10 twenty days prior to the expiration date of the policy, the insurer will  
11 state the reason for nonrenewal.

12 When the reason does not accompany the notice of intent not to  
13 renew, the insurer shall, upon receipt of a timely request by the  
14 named insured, state in writing the reason for nonrenewal, together  
15 with notification of the right to a hearing before the commissioner  
16 within fifteen (15) days as provided herein. A statement of reason  
17 shall be mailed or delivered to the named insured within ten days  
18 after receipt of a request.

19 This section shall not apply:

- 20 1. If the insurer has manifested its willingness to renew.
- 21 2. If the insured fails to pay any premium due or any advance  
22 premium required by the insurer for renewal.

1 SEC. 8. If an insured obtains a second policy which provides equal  
2 or more extensive coverage for any vehicle designated in both policies,  
3 the first policy's coverage of such vehicle may be terminated by failure  
4 to renew as of the effective time and date of the second policy, whether  
5 or not the first policy insurer complies with all provisions of section  
6 seven (7) of this Act.

1 SEC. 9. Renewal of a policy shall not constitute a waiver or estop-  
2 pel with respect to grounds for cancellation which existed before the  
3 effective date of renewal.

1 SEC. 10. Any named insured who has received a statement of  
2 reason for cancellation, or of reason for an insurer's intent not to  
3 renew a policy, may, within fifteen days of the receipt or delivery of  
4 a statement of reason, request a hearing before the commissioner of  
5 insurance. The purpose of this hearing shall be limited to establish-  
6 ing the existence of the proof or evidence used by the insurer in its  
7 reason for cancellation or intent not to renew. The burden of proof  
8 of the reason for cancellation or intent not to renew shall be upon  
9 the insurer. The commissioner of insurance shall adopt rules and  
10 regulations for carrying out the provisions of this section.

1 SEC. 11. When automobile bodily injury and property damage lia-  
2 bility coverage is cancelled or not renewed, other than for nonpay-  
3 ment of premium, the insurer shall notify the named insured of his  
4 possible eligibility for automobile liability insurance through the  
5 Iowa automobile insurance plan. Such notice shall accompany the  
6 notice of cancellation or intent not to renew.

1 SEC. 12. There shall be no liability on the part of, and no cause  
2 of action of any nature shall arise against the commissioner of insur-  
3 ance or any employee of the insurance department of Iowa or against  
4 any insurer, its authorized representatives, its agents, its employees,  
5 or against any firm, person, or corporation furnishing to the insurer  
6 information as to reasons for cancellation or intent not to renew, for  
7 any statement made by any of them in any written notice of cancel-  
8 lation or notice of intent not to renew or in any other communica-  
9 tion, oral or written, specifying the reasons for cancellation or intent

10 not to renew, or for any information provided or evidence submitted  
 11 at any hearings conducted in connection with reasons for cancellation  
 12 or intent not to renew.

1 SEC. 13. If any provision of this Act or the application of the Act  
 2 to any person or circumstance is held invalid, such invalidity shall not  
 3 affect other provisions or applications of the Act which can be given  
 4 effect without the invalid provision and to this end the provisions of  
 5 this Act are declared to be severable.

Approved February 12, 1970.

## CHAPTER 1249

### INSURANCE HOLDING COMPANIES

S. F. 1203

AN ACT to regulate insurance holding company systems.

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

#### 1 SECTION 1. Definitions.

2 For the purpose of this Act, unless the context otherwise requires:

3 1. Affiliate of, or a person affiliated with, a specific person, shall  
 4 mean a person who directly, or indirectly through one or more inter-  
 5 mediaries, controls, or is controlled by, or is under common control  
 6 with, the person specified.

7 2. The term "commissioner" shall mean the insurance commission-  
 8 er, his deputies, or the insurance department, as appropriate.

9 3. Control, including controlling, controlled by, and under common  
 10 control with, shall mean the possession, direct or indirect, of the  
 11 power to direct or cause the direction of the management and policies  
 12 of a person, whether through the ownership of voting securities, by  
 13 contract other than a commercial contract for goods or nonmanage-  
 14 ment services, or otherwise, unless the power is solely the result of  
 15 an official position with or a corporate office held by the person.  
 16 Control shall be presumed to exist if any person, directly or indirect-  
 17 ly, owns, controls, holds with the power to vote, or holds proxies  
 18 representing, ten percent or more of the voting securities of any  
 19 other person. This presumption may be rebutted by showing that  
 20 control does not exist in fact.

21 4. Insurance holding company system shall consist of two or more  
 22 affiliated persons, one or more of which is an insurer.

23 5. Insurer shall mean a company qualified and licensed by the  
 24 insurance department of Iowa to transact the business of insurance  
 25 in this state by certificate issued pursuant to chapters five hundred  
 26 eight (508), five hundred fifteen (515), five hundred eighteen A  
 27 (518A), and five hundred twenty (520) of the Code, except that it  
 28 shall not include:

29 a. Agencies, authorities or instrumentalities of the United States,  
 30 its possessions and territories, the Commonwealth of Puerto Rico,