

CHAPTER 251
SELF-INSURANCE PLANS
S.F. 503

AN ACT relating to self-insurance plans.

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

Section 1. Section 87.4, Code 1985, is amended by adding the following new unnumbered paragraphs:

NEW UNNUMBERED PARAGRAPH. A self-insurance association formed under this section and an association of cities or counties which enters into an agreement under chapter 28E for the purpose of establishing a self-insured group plan for the payment of workers' compensation and benefits are exempt from taxation under section 432.1.

NEW UNNUMBERED PARAGRAPH. A plan shall be submitted to the commissioner of insurance for review and approval prior to its implementation. The commissioner shall adopt rules for the review and approval of a self-insured group plan provided under this section. The rules shall include, but are not limited to, the following:

1. Procedures for submitting a plan for approval including the establishment of a fee schedule to cover the costs of conducting the review.
2. Establishment of minimum financial standards to ensure the ability of the plan to adequately cover the reasonably anticipated expenses.

Sec. 2. **NEW SECTION. 509A.14 APPROVAL OF SELF-INSURANCE PLANS.**

The commissioner of insurance shall adopt rules for self-insurance plans for life insurance and accident and health insurance for the state, a political subdivision of the state, a school corporation, or any other public body in the state. The rules adopted shall include, but are not limited to, the following:

1. A requirement that the plan shall include all coverages and provisions that are required by law in insurance policies for the type of risk that the self-insurance plan is intended to cover.
2. A requirement that at least once each twelve months, the governing body of the public body shall obtain from an outside consulting actuary a certification that the plan is able to cover all reasonably anticipated expenses.
3. A requirement that if the resources of the plan are inadequate to fully cover a claim under the plan, then the public body is liable for any portion of the claim that is left unpaid.

Sec. 3. Section 2 of this Act is effective on January 1, 1986. However, the commissioner of insurance shall commence rulemaking procedures in sufficient time to have the final rules adopted by January 1, 1986.

Approved May 31, 1985