

CHAPTER 1151
CREDIT UNEMPLOYMENT INSURANCE
S.F. 2255

AN ACT relating to credit unemployment insurance in consumer transactions, by providing requirements for the rates for involuntary credit unemployment insurance sold in connection with consumer credit transactions, and permitting the inclusion of charges for credit unemployment insurance in consumer credit transactions under the Iowa consumer credit code.

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

Section 1. Section 537.2501, subsection 2, paragraph b, Code 1985, is amended to read as follows:

b. With respect to consumer credit insurance providing life, accident, or health, or unemployment coverage, if the insurance coverage is not required by the creditor, and this fact is clearly and conspicuously disclosed in writing to the consumer, and if, in order to obtain the insurance in connection with the extension of credit, the consumer gives specific dated and separately signed affirmative written indication of the consumer's desire to do so after written disclosure to the consumer of the cost. However, credit unemployment insurance shall be permitted under this paragraph if all of the following conditions have been met:

(1) The insurance provides coverage beginning with the first day of unemployment. However, the policy may include a waiting period before the consumer may file a claim.

(2) The insurance shall be sold separately and shall be separately priced from any other insurance offered or sold at the same time. The credit unemployment insurance need not be sold separately or separately priced from other insurance offered if it is included as part of a mailed insurance offering by a credit card issuer to its credit cardholders. However, credit unemployment insurance shall not be sold in conjunction with an application for a credit card or for the renewal of a credit card.

(3) The premium rates have been affirmatively approved by the insurance department. In approving or establishing the rates, the department shall review the insurance company's actuarial data to assure that the rates are fair and reasonable. The insurance commissioner shall either hire or contract with a qualified actuary to review the data. The insurance department shall obtain reimbursement from the insurance company for the cost of the actuarial review prior to approving the rates. In addition, the rates shall be made in accordance with the following provisions:

a. Rates shall not be excessive, inadequate or unfairly discriminatory.

b. Due consideration shall be given to all relevant factors within and outside this state but rates shall be deemed to be reasonable under this section and section 537.2501 if they reasonably may be expected to produce a ratio of fifty percent by dividing claims incurred by premiums earned.

Approved April 28, 1986