

INSURANCE DIVISION[191]

Adopted and Filed Emergency

The Insurance Division hereby amends Chapter 55, "Licensing of Public Adjusters," Iowa Administrative Code.

Legal Authority for Rulemaking

This rulemaking is adopted under the authority provided in Iowa Code chapter 522C and 2026 Iowa Acts, House File 2582.

State or Federal Law Implemented

This rulemaking implements, in whole or in part, Iowa Code chapter 522C.

Purpose and Summary

The proposed rulemaking addresses the financial responsibility requirements for adjusters that had been set out in Iowa Code and in the Insurance Division Bulletin. The rulemaking allows for expanded methods by which adjusters may comply with the financial responsibility requirements. The financial responsibility requirements could be the subject of frequent adjustments; therefore, the rulemaking process affords greater flexibility in addressing such changes.

Reason for Adoption of Rulemaking Without Prior Notice and Opportunity for Public Participation

Pursuant to Iowa Code section 17A.4(3), the Insurance Division finds that notice and public participation are unnecessary or impractical because the statute so provides.

Reason for Waiver of Normal Effective Date

Pursuant to Iowa Code section 17A.5(2)"b"(1)(a), the Insurance Division also finds that the normal effective date of rulemaking, 35 days after publication, should be waived and the rulemaking made effective {effective date} because this rulemaking is deemed necessary by the

agency to ensure fair and professional adjuster practices and consistent financial responsibility requirements among licensed individuals working in the claims environment.

Adoption of Rulemaking

This rulemaking was adopted by the Insurance Division on {date of adoption (no sooner than 35 days after Notice publication date)}.

Fiscal Impact

This rulemaking has no fiscal impact to the state of Iowa.

Concurrent Publication of Notice of Intended Action

In addition to its adoption on an emergency basis, this rulemaking has been initiated through the normal rulemaking process and is published herein under Notice of Intended Action as ARC {XXXXC} to allow for public comment.

Jobs Impact

After analysis and review of this rulemaking, no impact on jobs has been found.

Waivers

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Insurance Division for a waiver of the discretionary provisions, if any, pursuant to 191—Chapter 4.

Review by Administrative Rules Review Committee

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its regular monthly meeting or at a special

meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

Effective Date

This rulemaking will become effective on {effective date (date document filed or date thereafter)}.

The following rulemaking action is adopted:

ITEM 1. Rescind rule 191—55.10(522C) and adopt the following **new** rule in lieu thereof:

191—55.10(522C) Evidence of financial responsibility.

55.10(1) Prior to the issuance of a license as an adjuster and for the duration of the license, an applicant shall secure evidence of financial responsibility in a format prescribed by the commissioner. Evidence of financial responsibility must provide coverage for damages resulting from an adjuster's erroneous act, failure to act, fraud, acts in violation of Iowa Code chapter 522C, or unfair or deceptive act or practice as determined pursuant to Iowa Code chapter 507B. Independent contractors or Internal Revenue Service 1099 staff adjusters must maintain their own individual bond or other qualifying financial responsibility unless specifically employed and covered by the adjuster business entity's qualifying bond or certificate of insurance. The bond or certificate of insurance must be issued by an insurer authorized to transact business in Iowa.

Financial responsibility may be satisfied through one of the following options:

- a. Surety Bonds.

1. Individual Bond. The bond must be individually written in an amount of no less than \$50,000 and issued in favor of the State of Iowa.

2. Business Entity Bond. A scheduled or blanket bond provided for an adjuster business entity employing multiple licensed adjusters with a per occurrence limit of \$50,000 and a total aggregate exposure limit, in any one policy period. Bond amounts according to the number of adjusters are as follows:

<u>Number of Adjusters</u>	<u>Bond Amount</u>
<u>2-20</u>	<u>\$250,000; or no less than five times the required individual bond of \$50,000</u>
<u>21-40</u>	<u>\$500,000; or no less than ten times the required individual bond of \$50,000</u>
<u>41 or more</u>	<u>\$1,000,000; or no less than twenty times the required individual bond of \$50,000</u>

b. Professional Liability or Errors and Omissions Certificate of Insurance. The coverage provides sufficient coverage for professional liability or acts or omissions in the performance of adjusting services for all affiliated adjusters performing activities pursuant to Iowa Code chapter 522C, individually or on behalf of the business entity in an amount of no less than \$50,000 per adjuster and with an aggregate limit of \$1,000,000.

c. Irrevocable Letter of Credit. The irrevocable letter of credit must:

1. Be issued by a qualified financial institution chartered under federal or state law, is regulated and supervised by federal or state authorities, and is authorized to transact business in the state of Iowa;

2. Be in the minimum amount of \$50,000;

3. Be subject to lawful levy of execution on behalf of any person to whom the adjuster has been found to be legally liable as the result of an adjuster's erroneous act, failure to act, fraud, acts in violation of Iowa Code chapter 522C, or unfair or deceptive act or practice as determined pursuant to Iowa Code chapter 507B; and

4. Provide written notice of termination to the licensee at least thirty (30) days prior to termination.

55.10(2) The division may request evidence of financial responsibility at any time the division deems relevant.

55.10(3) An adjuster shall immediately notify the division if evidence of financial responsibility terminates or becomes impaired. The authority to act as an adjuster shall automatically terminate if the evidence of financial responsibility terminates or becomes impaired.

This rule is intended to implement Iowa Code chapter 522C and 2026 Iowa Acts, HF 2582.

Emergency Rule-Making Document Filed by Agency