CHAPTER 509

GROUP INSURANCE

Referred to in §87.4, 296.7, 331.301, 364.4, 505.28, 505.29, 507B.4A, 508A.5, 509B.1, 510.11, 513C.10, 514C.1, 514C.2, 514C.3A, 514C.4, 514C.6, 514C.10, 514C.11, 514C.12, 514C.18, 514C.19, 514C.20, 514C.21, 514C.23, 514C.24, 514C.25, 514C.26, 514C.29, 514C.30, 514C.32, 514C.33, 514C.34, 514E.1, 514E.2, 514F.4, 514L.1, 669.14, 670.7

509.1 Form of policy.

No policy of group life, accident or health insurance shall be delivered in this state unless it conforms to one of the following descriptions:

1. A policy issued to an employer, or to the trustees of a fund established by an employer, which employer or trustee shall be deemed the policyholder, to insure employees of the employer for the benefit of persons other than the employer, subject to the following requirements:

a. The employees eligible for insurance under the policy shall be all of the employees of the employer, or all of any class or classes thereof determined by conditions pertaining to their employment. The policy may provide that the term *"employees"* shall include the employees of one or more subsidiary corporations, and the employees, individual proprietors, and partners of one or more affiliated corporations, proprietors or partnerships if the business of the employer and of such affiliated corporations, proprietors or partnerships is under common control through stock ownership, contract, or otherwise. The policy may provide that the term *"employees"* shall include the individual proprietor or partners if the employer is an individual proprietor or a partnership. The policy may provide that the term *"employees"* shall include retired employees. The policy may also provide that the term *"employees"* shall include the board of directors if the employer is a corporation.

b. The premium for the group policy shall be paid by the policyholder, either from the employer's funds or funds contributed by the insured employees, or from both. A policy of group accident and health insurance on which part of the premium is to be derived from funds contributed by the insured employees may be placed in force only if at least seventy-five percent of the then eligible employees, excluding any as to whom evidence of individual insurability is not satisfactory to the insurer, elect to make the required contributions. A policy on which no part of the premium is to be derived from funds contributed by the insured employees must insure all eligible employees, or all except any as to whom evidence of individual insurability is not satisfactory to the insurer. As used in this paragraph, *"accident and health insurance"* does not include disability income insurance.

c. The amounts of insurance under the policy must be based upon some plan precluding individual selection either by the employees or by the employer or trustees.

d. Group policies may include dependents of the employee, including the spouse.

e. The policy shall not exclude from coverage an employee or an employee's spouse or dependents on the basis of the eligibility of the employee or the employee's spouse or dependents for medical assistance under chapter 249A.

2. *a.* A policy issued to any one of the following to be considered the policyholder:

(1) An advisory, supervisory, or governing body or bodies of a regularly organized religious denomination to insure its clergy, priests, or ministers of the gospel.

(2) A teachers' association, to insure its members.

(3) A lawyers' association, to insure its members.

(4) A volunteer fire company, to insure all of its members.

(5) A fraternal society or association, or any subordinate lodge or branch thereof, to insure its members.

(6) A common principal of any group of persons similarly engaged between whom there exists a contractual relationship, to insure the members of such group.

(7) An association, the members of which are students, teachers, administrators or officials of any elementary or secondary school or of any college, to insure the members thereof. For the purpose of this subparagraph, the students, teachers, administrators or officials of or for any such school or college shall constitute an association.

b. The provisions and requirements of subsection 1 shall apply to the policy and the policyholder and insured in the same manner as subsection 1 applies to employers and employees, except that if a policy is issued to a volunteer fire company or an association, the members of which are students, teachers, administrators or officials of any elementary or secondary school or of any college, the requirement for twenty-five members shall not apply, and, if issued to a teachers' association or lawyers' association, not less than sixty-five percent of the members thereof may be insured.

3. A policy issued to a creditor, who shall be deemed the policyholder, to insure debtors of the creditor, subject to the following requirements:

a. The debtors eligible for insurance under the policy shall be all of the debtors of the creditor, or all of any class or classes thereof determined by conditions pertaining to the indebtedness or to the purchase giving rise to the indebtedness. The policy may provide that the term *"debtors"* shall include the debtors of one or more subsidiary corporations, and the debtors of one or more affiliated corporations, proprietors or partnerships if the business of the policyholder and of such affiliated corporations, proprietors or partnerships is under common control through stock ownership, contract, or otherwise.

b. The premium for the policy shall be paid by the policyholder, either from the creditor's funds, or from charges collected from the insured debtors, or from both. A policy on which part or all of the premium is to be derived from the collection from the insured debtors of identifiable charges not required of uninsured debtors shall not include, in the class or classes of debtors eligible for insurance, debtors under obligations outstanding at its date of issue without evidence of individual insurability unless at least seventy-five percent of the then eligible debtors elect to pay the required charges. A policy on which no part of the premium is to be derived from the collection of such identifiable charges must insure all eligible debtors, or all except any as to whom evidence of individual insurability is not satisfactory to the insurer.

c. The policy may be issued only if the group of eligible debtors is then receiving new entrants at the rate of at least one hundred persons yearly, or may reasonably be expected to receive at least one hundred new entrants during the first policy year, and only if the policy reserves to the insurer the right to require evidence of individual insurability if less than seventy-five percent of the new entrants become insured.

d. The amount of insurance on the life of a debtor shall not exceed the amount owed by the debtor to the creditor, or the face amount of a totally or partially executed loan or loan commitment creating personal liability and made in good faith for general agricultural or horticultural purposes to a debtor with seasonal income. However, in no event shall the amount of insurance exceed two hundred thousand dollars.

e. The insurance shall be payable to the policyholder. Such payment shall reduce or extinguish the unpaid indebtedness of the debtor to the extent of such payment. Provided that in the case of a debtor for agricultural or horticultural purposes of the type described in paragraph *"d"*, the insurance in excess of indebtedness to the creditor, if any, shall be payable to a named beneficiary, to the estate of the debtor or under the provision of a facility of payment clause.

4. A policy issued to a labor union, which shall be deemed the policyholder, to insure members of such union for the benefit of persons other than the union or any of its officials, representatives, or agents, subject to the following requirements:

a. The members eligible for insurance under the policy shall be all of the members of

the union or all of any class or classes thereof determined by conditions pertaining to their employment, or to membership in the union, or both.

b. The premium for the group life policy shall be paid by the policyholder, either wholly from the union's funds, or partly from such funds and partly from funds contributed by the insured members specifically for their insurance. No policy, except accident and health, may be issued on which the entire premium is to be derived from funds contributed by the insured members specifically for their insurance. A policy on which part of the premium is to be derived from funds contributed by the insured members specifically for their insurance may be placed in force only if at least sixty-five percent of the then eligible members, excluding any as to whom evidence of individual insurability is not satisfactory to the insurer, elect to make the required contributions. A policy on which no part of the premium is to be derived from funds contributed by the insured members specifically for their insurance must insure all eligible members, or all except any as to whom evidence of individual insurability is not satisfactory to the insurer.

c. The policy must cover at least ten members at date of issue.

d. The amounts of insurance under the policy must be based upon some plan precluding individual selection either by the members or by the union.

e. Policies may include dependents of the insured, including the spouse.

f. The policy shall not exclude from coverage a member or a member's spouse or dependents on the basis of the eligibility of the member or the member's spouse or dependents for medical assistance under chapter 249A.

5. A policy issued to the trustees of a fund established by two or more employers in the same industry or by two or more labor unions or by one or more employers and by one or more labor unions which trustees shall be deemed the policyholder, to insure employees of the employers or members of the unions for the benefit of persons other than the employers or the unions, subject to the following requirements:

a. The persons eligible for insurance shall be all of the employees of the employers or all of the members of the unions, or all of any class or classes thereof determined by conditions pertaining to their employment, or to membership in the unions, or both. The policy may provide that the term *"employees"* shall include the individual proprietor or partners if an employer is an individual proprietor or a partnership. The policy may provide that the term *"employees"* shall include the trustees or their employees, or both, if their duties are principally connected with such trusteeship. The policy may provide that the term "*employees*" shall include retired employees. The policy may also provide that the term "*employees*" shall include the board of directors if the employer is a corporation.

b. The premium for the policy shall be paid by the trustees wholly from funds established by the employers of the insured persons. The policy must insure all eligible persons, or all except any as to whom evidence of individual insurability is not satisfactory to the insurer, if the funds are contributed wholly by the employer or unions.

c. The policy must cover at least one hundred persons at date of issue.

d. The amounts of insurance under the policy must be based upon some plan precluding individual selection either by the insured persons or by the policyholder, employers, or unions.

e. Policies may include dependents of the insured, including the spouse.

f. The policy shall not exclude from coverage an employee or member or an employee's or member's spouse or dependents on the basis of the eligibility of the employee or member or employee's or member's spouse or dependents for medical assistance under chapter 249A.

6. A policy issued to any nonprofit industrial association, which shall be deemed the policyholder, incorporated for a period of at least ten years and organized for purposes other than obtaining insurance, subject to the following requirements:

a. If two or more members of the association, or any class or classes of members thereof determined by conditions pertaining to insurance, elect to insure their employees or any class or classes of employees determined by conditions pertaining to employment; and

b. The total number of insured employees must not be less than one thousand, and of these not less than seventy-five percent must be employees of members with at least twenty insured

employees each, and further, not more than ten percent may be employees of members with less than ten insured employees each; and

c. The insurance premiums are paid by such members to the association; each member, insofar as applicable to the member's own employees, may collect part of the premium from insured employees, and the method of apportionment of the premium payment between the member and the member's employees may be varied as among individual members; and

d. Not less than seventy-five percent of the eligible employees of each participating member may be insured where the employees pay a part of the premium. The word "employees" as used in this subsection shall also include the individual members and employees of such association.

e. Policies may include dependents of the employees, including the spouse.

f. The policy shall not exclude from coverage an employee or an employee's spouse or dependents on the basis of the eligibility of the employee or the employee's spouse or dependents for medical assistance under chapter 249A. This paragraph shall also apply to corporations operating within the state who provide insurance coverage for their employees directly, and the commissioner shall have the authority to enforce the provisions of this paragraph.

7. A policy issued to the department of human services, which shall be deemed the policyholder, to insure eligible persons for medical assistance, or for both mandatory medical assistance and optional medical assistance, as defined by chapter 249A as hereafter amended.

8. A policy of group health insurance coverage, as defined in section 513B.2, issued by a small employer carrier, as defined in section 513B.2, to a bona fide association, subject to the following requirements:

a. The policy provides group health insurance coverage to eligible employees of members of a bona fide association that are small employers as defined in section 513B.2, and to the spouses and dependents of such employees.

b. The policy is issued to a bona fide association. For the purposes of this subsection, a bona fide association is an association which meets all of the following requirements:

(1) The association is a trade, industry, or professional association which is organized in good faith as a nonprofit corporation under chapter 504 for purposes other than obtaining insurance and has been in existence and actively maintained for at least five continuous years at the time the policy is issued.

(2) The association does not condition membership in the association on the health status of employees of its members or the health status of the spouses and dependents of such employees.

(3) Group health insurance coverage offered by the association is available to all eligible employees of its members that are small employers as defined in section 513B.2 who choose to participate in the health insurance coverage offered, and to the spouses and dependents of such employees, regardless of the health status of such employees or their spouses and dependents.

(4) Group health insurance coverage offered by the association is available only to persons who are eligible employees of a small employer as defined in section 513B.2 that is a member of the association, or to the spouses or dependents of such employees.

9. A policy of group health insurance coverage issued to a multiple employer welfare arrangement pursuant to chapter 513D that is subject to regulation by the commissioner.

10. A policy issued to a resident of this state under a group life, accident, or health insurance policy issued to a group other than one described in subsections 1 through 9, subject to the following requirements:

a. The commissioner determines that all of the following apply:

(1) The issuance of the group policy is not contrary to the best interest of the public.

(2) The issuance of the group policy will result in economies of acquisition or administration.

(3) The benefits under the group policy are reasonable in relation to the premium charged.

b. The commissioner need not make a determination under paragraph "*a*" if the commissioner determines that the group insurance coverage offered in this state by an insurer or other person is offered under a policy issued in another state and that state or

another state in which the policy is offered, having requirements substantially similar to those in paragraph "*a*", has determined that the policy meets those requirements.

c. The premium for the policy shall be paid either from the policyholder's funds, or from funds contributed by the covered person, or both.

d. The insurer may exclude or limit the coverage on any person as to whom evidence of individual insurability is not satisfactory to the insurer.

e. If compensation of any kind will or may be paid to the policyholder in connection with the group policy, the insurer shall provide to the prospective insured written notice that compensation will or may be paid. Notice shall be provided whether the compensation is direct or indirect, and whether the compensation is paid to or retained by the policyholder, or paid to or retained by a third party at the direction of the policyholder or any entity affiliated with the policyholder by ownership, contract, or employment. The notice shall be placed on or accompany any document designed for the enrollment of prospective insureds.

[C24, 27, 31, §8675, 8676; C35, §8684-e1 – 8684-e3; C39, §**8684.01 – 8684.03;** C46, §509.1 – 509.3; C50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §509.1]

83 Acts, ch 96, §157, 159; 85 Acts, ch 69, §1; 87 Acts, ch 63, §1; 91 Acts, ch 244, §25; 92 Acts, ch 1162, §11; 2006 Acts, ch 1117, §33; 2007 Acts, ch 57, §1, 2, 8; 2012 Acts, ch 1023, §108; 2013 Acts, ch 138, §75; 2017 Acts, ch 29, §145; 2018 Acts, ch 1063, §3, 4; 2021 Acts, ch 181, §7

Referred to in §513B.2

509.2 Provisions as part of group life policy.

No policy of group life insurance shall be delivered in this state unless it contains in substance the following provisions, or provisions which in the opinion of the commissioner are more favorable to the persons insured or at least as favorable to the persons insured, and more favorable to the policyholder, provided, however, that provisions of subsections 6 through 10 shall not apply to policies issued to a creditor to insure debtors of such creditor; that the standard provisions required for individual life insurance policies shall not apply to group life insurance policies; and that if the group life insurance policy is on a plan of insurance other than the term plan, it shall contain a nonforfeiture provision or provisions which in the opinion of the commissioner is or are equitable to the insured persons and to the policyholder, but nothing herein shall be construed to require that group life insurance policies contain the same nonforfeiture provisions as are required for individual life insurance policies:

1. A provision that the policyholder is entitled to a grace period of thirty-one days for the payment of any premium due except that first, during which grace period the death benefit coverage shall continue in force, unless the policyholder shall have given the insurer written notice of discontinuance in advance of the date of discontinuance and in accordance with the terms of the policy. The policy may provide that the policyholder shall be liable to the insurer for the payment of a pro rata premium for the time the policy was in force during such grace period.

2. A provision that the validity of the policy shall not be contested, except for nonpayment of premiums, after it has been in force for two years from its date of issue; and that no statement made by any person insured under the policy relating to the person's insurability shall be used in contesting the validity of the insurance with respect to which such statement was made after such insurance has been in force prior to the contest for a period of two years during such person's lifetime, nor unless it is contained in a written instrument signed by the person.

3. A provision that a copy of the application, if any, of the policyholder shall be attached to the policy when issued, that all statements made by the policyholder or by the persons insured shall be deemed representations and not warranties, and that no statement made by any person insured shall be used in any contest unless a copy of the instrument containing the statement is or has been furnished to such person or to the person's beneficiary.

4. A provision setting forth the conditions, if any, under which the insurer reserves the right to require a person eligible for insurance to furnish evidence of individual insurability satisfactory to the insurer as a condition to part or all of the person's coverage.

5. A provision specifying an equitable adjustment of premiums or benefits or of both to be

made in the event the age of a person insured has been misstated, such provision to contain a clear statement of the method of adjustment to be used.

6. A provision that any sum becoming due by reason of the death of the person insured shall be payable to the beneficiary designated by the person insured, subject to the provisions of the policy in the event there is no designated beneficiary, as to all or any part of such sum, living at the death of the person insured, and subject to any right reserved by the insurer in the policy and set forth in the certificate to pay at its option a part of such sum, not exceeding five hundred dollars, to any person appearing to the insurer to be equitably entitled thereto by reason of having incurred funeral or other expenses incident to the last illness or death of the person insured.

7. A provision that the insurer will issue to the policyholder for delivery to each person insured an individual certificate setting forth a statement as to the insurance protection to which the person is entitled, to whom the insurance benefits are payable, and the rights and conditions set forth in subsections 8 through 10 if applicable.

8. A provision that if the insurance, or any portion of it, on a person covered under the policy ceases because of termination of employment or of membership in the class or classes eligible for coverage under the policy, such person shall be entitled to have issued to the person by the insurer, without evidence of insurability, an individual policy of life insurance without disability or other supplementary benefits, provided application for the individual policy shall be made, and the first premium paid to the insurer, within thirty-one days after such termination, and provided further that,

a. The individual policy shall, at the option of such person, be on any one of the forms, except term insurance, then customarily issued by the insurer at the age and for the amount applied for;

b. The individual policy shall be in an amount not in excess of the amount of life insurance which ceases because of such termination, provided that any amount of insurance which matures on the date of such termination, or has matured prior thereto as an endowment payable to the person insured, whether in one sum or in installments or in the form of an annuity, shall not, for the purposes of this provision, be included in the amount which is considered to cease because of such termination, and

c. The premium on the individual policy shall be at the insurer's then customary rate applicable to the form and amount of the individual policy, to the class of risk to which such person then belongs, and to the person's age attained on the effective date of the individual policy.

9. A provision that if the group policy terminates or is amended so as to terminate the insurance of any class of insured persons, every person insured thereunder at the date of such termination whose insurance terminates and who has been so insured for at least five years prior to such termination date shall be entitled to have issued to the person by the insurer an individual policy of life insurance, subject to the same conditions and limitations as are provided by subsection 8 above, except that the group policy may provide that the amount of such individual policy shall not exceed the smaller of the amount of the person's life insurance protection ceasing because of the termination or amendment of the group policy, less the amount of any life insurance for which the person is or becomes eligible under any group policy issued or reinstated by the same or another insurer within thirty-one days after such termination, and two thousand dollars.

10. A provision that if a person insured under the group policy dies during the period within which the person would have been entitled to have an individual policy issued to the person in accordance with subsection 8 or 9 above and before such an individual policy shall have become effective, the amount of life insurance which the person would have been entitled to have issued to the person under such individual policy shall be payable as a claim

under the group policy, whether or not application for the individual policy or the payment of the first premium therefor has been made.

[C24, 27, 31, §8677, 8678; C35, §8684-e4, -e5; C39, §**8684.04, 8684.05;** C46, §509.4, 509.5; C50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §509.2]

2021 Acts, ch 76, §125, 126; 2022 Acts, ch 1032, §86
Referred to in §508A.5, 509.4, 509.10, 509.14
Subsection 7 amended

509.3 Provisions as part of accident or health policy.

1. All policies of group accident or health insurance or combination thereof issued in this state shall contain in substance the following provisions:

a. The policy shall have a provision that a copy of the application, if any, of the policyholder shall be attached to the policy when issued or shall be furnished to the policyholder within thirty days after the policy is issued, that all statements made by the policyholder or by the persons insured shall be deemed representations and not warranties, and that no statement made by any person insured shall be used in any contest unless a copy of the instrument containing the statement is or has been furnished to such person.

b. A provision that the company will issue to the policyholder for delivery to each person insured under such policy an individual certificate setting forth a statement as to the insurance protection to which the person is entitled, to whom the insurance benefits are payable, and such provisions of the policy as are, in the opinion of the commissioner of insurance, necessary to inform the holder thereof as to the holder's rights under the policy.

c. A provision that to the group or class thereof originally insured shall be added, from time to time, all new persons eligible to insurance in such group or class.

d. A provision that if the insurance on a person or insurance on a person and the person's dependents covered by the policy ceases because of termination of employment or of membership in the class, the person and the person's dependents may continue their accident or health insurance under the group policy.

e. A provision shall be made available to policyholders, under group policies covering vision care services or procedures, for payment of necessary medical or surgical care and treatment provided by an optometrist licensed under chapter 154 if the care and treatment are provided within the scope of the optometrist's license and if the policy would pay for the care and treatment if the care and treatment were provided by a person engaged in the practice of medicine or surgery or osteopathic medicine and surgery as licensed under chapter 148. The policy shall provide that the policyholder may reject the coverage or provision if the coverage or provision for services which may be provided by an optometrist is rejected for all providers of similar vision care services as licensed under chapter 148 or 154. This paragraph applies to group policies delivered or issued for delivery after July 1, 1983, and to existing group policies on their next anniversary or renewal date, or upon expiration of the applicable collective bargaining contract, if any, whichever is later. This paragraph does not apply to blanket, short-term travel, accident-only, limited or specified disease, or individual or group conversion policies, or policies designed only for issuance to persons for coverage under Tit. XVIII of the Social Security Act, or any other similar coverage under a state or federal government plan.

f. A provision shall be made available to policyholders under group policies covering diagnosis and treatment of human ailments for payment or reimbursement for necessary diagnosis or treatment provided by a chiropractor licensed under chapter 151, if the diagnosis or treatment is provided within the scope of the chiropractor's license and if the policy would pay or reimburse for the diagnosis or treatment by a person licensed under chapter 148 of the human ailment, irrespective of and disregarding variances in terminology employed by the various licensed professions in describing the human ailment or its diagnosis or its treatment. The policy shall provide that the policyholder may reject the coverage or provision if the coverage or provision for diagnosis or treatment of a human ailment by a chiropractor is rejected for all providers of diagnosis or treatment for similar human ailments licensed under chapter 148 or 151. A policy of group health insurance may limit or make optional the payment or reimbursement for lawful diagnostic or treatment service by all licensees under

chapters 148 and 151 on any rational basis which is not solely related to the license under or the practices authorized by chapter 151 or is not dependent upon a method of classification, categorization, or description based directly or indirectly upon differences in terminology used by different licensees in describing human ailments or their diagnosis or treatment. This paragraph applies to group policies delivered or issued for delivery after July 1, 1986, and to existing group policies on their next anniversary or renewal date, or upon expiration of the applicable collective bargaining contract, if any, whichever is later. This paragraph does not apply to blanket, short-term travel, accident-only, limited or specified disease, or individual or group conversion policies, or policies under Tit. XVIII of the Social Security Act, or any other similar coverage under a state or federal government plan.

g. A provision shall be made available to policyholders, under group policies covering hospital, medical, or surgical expenses, for payment of covered services determined to be medically necessary provided by registered nurses certified by a national certifying organization, which organization shall be identified by the Iowa board of nursing pursuant to rules adopted by the board, if the services are within the practice of the profession of a registered nurse as that practice is defined in section 152.1, under terms and conditions agreed upon between the insurer and the policyholder, subject to utilization controls. This paragraph shall not require payment for nursing services provided by a certified nurse practicing in a hospital, nursing facility, health care institution, physician's office, or other noninstitutional setting if the certified nurse is an employee of the hospital, nursing facility, health care institution, physician, or other health care facility or health care provider. This paragraph applies to group policies delivered or issued for delivery in this state on or after July 1, 1989, and to existing group policies on their next anniversary or renewal dates, or upon expiration of the applicable collective bargaining contract, if any, whichever is later. This paragraph does not apply to blanket, short-term travel, accident-only, limited or specified disease, or individual or group conversion policies, policies rated on a community basis, or policies designed only for issuance to persons for eligible coverage under Tit. XVIII of the federal Social Security Act, or any other similar coverage under a state or federal government plan.

h. A provision that the insurer will permit continuation of existing coverage or reenrollment in previously existing coverage for an individual who meets the requirements of section 513B.2, subsection 14, paragraph *"a"*, *"b"*, *"c"*, *"d"*, or *"e"*, and who is an unmarried child of an insured or enrollee who so elects, at least through the policy anniversary date on or after the date the child marries, ceases to be a resident of this state, or attains the age of twenty-five years old, whichever occurs first, or so long as the unmarried child maintains full-time status as a student in an accredited institution of postsecondary education.

2. In addition to the provisions required in subsection 1, paragraphs *"a"* through *"h"*, the commissioner shall require provisions through the adoption of rules implementing the federal Health Insurance Portability and Accountability Act, Pub. L. No. 104-191.

[C24, 27, 31, §8677, 8678; C35, §8684-e4, -e6; C39, §**8684.04, 8684.06;** C46, §509.4, 509.6; C50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §509.3]

83 Acts, ch 166, §1; 84 Acts, ch 1290, §1; 86 Acts, ch 1124, §8; 86 Acts, ch 1180, §2; 89 Acts, ch 164, §2; 97 Acts, ch 103, §1; 99 Acts, ch 75, §2; 2005 Acts, ch 70, §7; 2008 Acts, ch 1088, §125; 2008 Acts, ch 1188, §38, 43; 2009 Acts, ch 118, §7, 11; 2012 Acts, ch 1021, §98

Referred to in §509.10, 509.14, 514.21, 514.23

509.3A Creditable coverage.

For the purposes of any policies of group accident or health insurance or combination of such policies issued in this state, *"creditable coverage"* means health benefits or coverage provided to an individual under any of the following:

1. A group health plan.
2. Health insurance coverage.
3. Part A or Part B Medicare pursuant to Tit. XVIII of the federal Social Security Act.
4. Medicaid pursuant to Tit. XIX of the federal Social Security Act, other than coverage consisting solely of benefits under section 1928 of that Act.
5. 10 U.S.C. ch. 55.

6. A health or medical care program provided through the Indian health service or a tribal organization.
7. A state health benefits risk pool.
8. A health plan offered under 5 U.S.C. ch. 89.
9. A public health plan as defined under federal regulations.
10. A health benefit plan under section 5(e) of the federal Peace Corps Act, 22 U.S.C. §2504(e).
11. A short-term limited duration policy.
12. The hawk-i program authorized by chapter 514I.

2009 Acts, ch 118, §19; 2017 Acts, ch 148, §34

509.4 Employees of common employer — rates.

An insurer may issue policies of individual life, accident, health, hospital, medical, or surgical insurance or any combination thereof at reduced rates to employees of a common employer including the state, a county, school district, city, or institution supported in whole or in part by public funds, but the number of employees to be insured must be more than one. The premium for such policies may be paid wholly or in part by the employer. If such policies shall provide term life insurance renewable only during the continuance of employment with the employer they shall also provide for conversion to a level premium life policy substantially in accordance with the provisions of section 509.2, subsection 8.

[C24, 27, 31, §8675, 8678; C35, §8684-e1, -e5; C39, §**8684.01, 8684.05;** C46, §509.1, 509.5; C50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §509.4]

2015 Acts, ch 29, §72

509.5 Authorized companies.

1. Any level premium life insurance company, organized on the stock or mutual plan and authorized to transact business under the provisions of chapter 508 may, upon complying with the provisions of said chapter and of this chapter, issue contracts providing for group life, or health, or accident insurance, or combinations thereof as defined in this chapter.

2. A casualty company organized on the stock or mutual plan, or accident and health association authorized to transact business under chapter 515, or a reciprocal or interinsurance exchange organized under chapter 520, may, by complying with those chapters and this chapter, issue contracts providing for health or accident insurance, or combinations of health and accident insurance, as defined in this chapter.

[C24, 27, 31, §8677; C35, §8684-e4; C39, §**8684.04;** C46, §509.4; C50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §509.5]

89 Acts, ch 83, §68

509.6 Approval of commissioner.

No policy or certificate of group insurance shall be issued in this state until the form thereof has been filed with the commissioner of insurance and approved by the commissioner.

[C24, 27, 31, §8678; C35, §8684-e7; C39, §**8684.07;** C46, §509.7; C50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §509.6]

Referred to in §509.7, 509.8

509.7 Grounds for revocation of authority.

Failure to comply with section 509.6 shall be deemed sufficient grounds for revocation of the certificate of authority of any company so violating.

[C35, §8684-e8; C39, §**8684.08;** C46, §509.8; C50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §509.7]

509.8 Foreign policies.

Policies of group insurance issued in other states or countries by companies organized in this state may contain any provision required by the laws of the state, territory, district,

or country in which the same are issued, anything in section 509.6 to the contrary notwithstanding.

[C24, 27, 31, §8679; C35, §8684-e9; C39, §**8684.09;** C46, §509.9; C50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §509.8]

509.9 Foreign companies.

Policies of group insurance, when issued in this state by any company not organized under the laws of this state, may contain when issued any provision required by the law of the state, territory, or district of the United States under which the company is organized.

[C24, 27, 31, §8680; C35, §8684-e10; C39, §**8684.10;** C46, §509.10; C50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §509.9]

509.10 Other provisions in policies.

Any group policy may contain any other provisions which meet the approval of the commissioner of insurance, provided such provisions are not in conflict with the standard provisions of section 509.2 or 509.3.

[C24, 27, 31, §8681; C35, §8684-e11; C39, §**8684.11;** C46, §509.11; C50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §509.10]

509.11 Voting by policyholders.

If policyholders are entitled to vote at meetings of a domestic insurance company, each policyholder of a group policy shall be entitled to one vote.

[C24, 27, 31, §8682; C35, §8684-e12; C39, §**8684.12;** C46, §509.12; C50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §509.11]

509.12 Proceeds exempt from execution.

A policy of group insurance and the proceeds of the policy are exempt from execution and attachment to the same extent as provided in chapter 627.

[C24, 27, 31, §8683; C35, §8684-e13; C39, §**8684.13;** C46, §509.13; C50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §509.12]

88 Acts, ch 1255, §1

509.13 Rules.

The commissioner of insurance shall issue rules establishing minimum standards for group Medicare supplement policies and minimum standards for benefits under coverages contained in group Medicare supplement policies. These rules shall be consistent with those rules established for individual Medicare supplement policies pursuant to chapter 514D. The commissioner also shall establish by rule reasonable and creditable anticipated minimum loss ratios for group Medicare supplement policies. Rules issued by the commissioner shall give issuers of group Medicare supplement policies a reasonable time to achieve compliance.

[81 Acts, ch 167, §1]

509.14 Group insurance on franchise plan.

It shall be lawful for an authorized insurer to issue life, accident and sickness insurance policies on a franchise plan at reduced rates, covering the members of an association, subject to the following:

1. An "*association*" as referred to herein shall consist of a labor union, trade association, association of employees, industrial association or professional association, which has been organized and operating more than two years for purposes other than procuring insurance.

2. A "*franchise plan*" as referred to herein shall consist of an insurance policy or policies covering the insurable members of an association, but in no case less than ten. Such policies may be written in the name of the association or may be written individually for the insured members, subject to the following:

a. A life insurance policy written in the name of the association, shall conform to the provisions of section 509.2.

b. An individual policy on the life of a member of an association, providing for term

insurance renewable only during the continuation of membership, shall also provide in the event of termination of membership the same provision for conversion as set out in section 509.2, subsection 8.

c. An individual life policy written on any basis other than term shall provide that the policyholder may elect to continue it in force upon the policyholder's termination of membership in the association by giving the insurer a notice in writing of such election within thirty days thereafter and paying therefor the renewal premium, which the insurer may increase to reflect the normal individual rate for the policyholder as determined by the policyholder's age and class at the date of issue of the policy.

d. If an accident and sickness policy is written in the name of the association, it shall conform to the provisions of section 509.3.

e. An individual accident and sickness policy shall be subject to the provisions of chapter 514A.

f. Premiums for such policies may be paid entirely from the funds of the association, entirely from the funds of the members or partly from the funds of each.

g. Accident and sickness policies may include the spouse and dependents of the insured.

[C54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §509.14]

Referred to in §509.19, 514D.3, 514D.4

509.15 Assignment of policy.

Any person insured under a group life insurance policy may assign the rights, benefits and all other incidents of ownership conferred on the person by any provision of such policy or by law, including specifically and not by way of limitation the right, if any, to have issued to the person an individual policy and the right to name a beneficiary. Subject to the terms of the policy or agreement between the insured, the group policyholder and the insurer, any such assignment, whether made before or after July 1, 1971, is valid for the purpose of vesting in the assignee, in accordance with any provisions included therein as to the time at which it is to be effective, all rights, benefits and incidents of ownership conferred upon the insured under the policy and shall entitle the insurer to deal with the assignee as the owner of such rights, benefits and incidents of ownership, provided the insurer shall not be affected by any assignment until the insurer has received written notice thereof. This section shall be construed as declaring the law as it existed prior to July 1, 1971 and not modifying it.

[C73, 75, 77, 79, 81, §509.15]

509.16 Premium rates approved.

1. An individual policy of credit life or credit accident and health insurance or certificate under a policy of group credit life or credit accident and health insurance shall not be issued for delivery or delivered in this state unless the premium rates charged for the insurance are approved by the commissioner of insurance.

2. The commissioner of insurance, after notice and hearing, may adopt rules as are necessary to identify specific methods of competition or acts or practices within the business of credit life and credit accident and health insurance which are unfair or deceptive.

[C75, 77, 79, 81, §509.16]

90 Acts, ch 1234, §27

509.17 Guidelines for rates.

Rates shall be made in accordance with the following provisions:

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

2. Due consideration shall be given to past and prospective loss experience within and outside this state, to a reasonable margin for underwriting profit and contingencies, to past and prospective expenses both countrywide and those especially applicable to this state, and to all other relevant factors within and outside this state.

3. The commissioner shall, after a public hearing, approve a reasonable charge or

premium for credit accident and health insurance and for credit life insurance as the commissioner deems appropriate and necessary for the implementation of this section.

[C71, 73, §535.2; C75, 77, 79, 81, §509.17]

90 Acts, ch 1234, §28, 29

509.18 Prohibited deposit in financial institution.

A company or its agent licensed to sell a policy of credit life or credit accident and health insurance or certificate under a policy of group credit life or credit accident and health insurance shall not deposit or offer to deposit funds in a financial institution of this state in exchange for the privilege of selling such insurance to or on behalf of the financial institution.

[C75, 77, 79, 81, §509.18]

2004 Acts, ch 1110, §27

509.19 Claims and premium disclosure.

1. *a.* A person issuing a policy or contract providing group health benefit coverages to a group of fifty-one or more eligible employees as defined in chapter 513B shall provide to the policyholder, contract holder, or sponsor of the group health benefit plan, upon request, annually, but not more than three months prior to the policy renewal date, the total amount of actual claims identified as paid or incurred and paid, and the total amount of premiums by line of coverage. If premiums are not billed for each line of coverage, it is not necessary to artificially separate premiums for each line of coverage and will be acceptable to supply total premiums for the period.

b. For purposes of this section, *"line of coverage"* includes medical, prescription drug card program, dental, vision, long-term disability, and short-term disability.

c. The information required by paragraph *"a"* shall be provided by the carrier for two separate years, either policy years or rolling twelve-month periods.

d. The information required by paragraph *"a"* shall not disclose any confidential information or otherwise disclose the identity of an individual insured, subscriber, or enrollee, who has submitted a claim within the time frame of the report.

2. For purposes of this section, *"person issuing a policy or contract providing group health benefit coverages"* includes all of the following:

a. A person issuing a group policy of accident or health insurance pursuant to this chapter.

b. A person issuing a group contract of a nonprofit health service corporation pursuant to chapter 514.

c. A person issuing a group contract of a health maintenance organization pursuant to chapter 514B.

d. A multiple employer welfare arrangement, as defined in section 3 of the federal Employee Retirement Income Security Act of 1974, 29 U.S.C. §1002, paragraph 40, or a multiple employer welfare arrangement formed as an association health plan pursuant to 29 C.F.R. pt. 2510, that meets the requirements of chapter 513D.

e. A plan for public employees established pursuant to chapter 509A.

f. A person issuing or sponsoring an association group policy under section 509.14.

90 Acts, ch 1159, §1; 2002 Acts, ch 1111, §12; 2003 Acts, ch 91, §11; 2016 Acts, ch 1011, §93; 2017 Acts, ch 148, §35; 2021 Acts, ch 181, §8