

**519A.5 Policy forms and rates.**

1. The rates, rating plans, rating classifications, and policy forms and endorsements applicable to insurance written by the association and the statistical and experience data relating thereto shall be subject to [sections 519A.2 through 519A.4](#), [this section](#), and [sections 519A.6 through 519A.13](#) and to the provisions of the general insurance code which are not inconsistent with the purposes and provisions of [this chapter](#).

2. All policies issued by the association shall provide for a continuous period of coverage beginning with their respective effective dates. All policies shall terminate at 12:01 a.m. two years from the date of finding of an emergency by the commissioner, or earlier in accordance with [sections 519A.2 through 519A.4](#), [this section](#), and [sections 519A.6 through 519A.13](#); or because of failure of the policyholder to pay any premium or stabilization reserve fund charge or portion of either when due. All policies shall be issued subject to the group retrospective rating plan and the stabilization reserve fund authorized by [this chapter](#). No policy form shall be used by the association unless it has been filed with and approved by the commissioner.

3. The commissioner shall specify whether policy forms and the rate structure shall be on a “claims-made” or “occurrence” basis and coverage shall be provided by the association only on the basis specified by the commissioner. The commissioner shall specify the “claims-made” basis only if the contract makes provision for residual “occurrence” coverage upon the retirement, death, disability or removal from this state of the insured. Provision may be made for a premium charge allocable to any such residual “occurrence” coverage and such premium charges for such residual coverage shall be segregated and separately maintained for such purpose which may include the reinsurance of all or a part of that portion of the risk.

4. The rates, rating plans, rating rules, and rating classifications applicable to the insurance written by the association shall be on an actuarially sound basis, giving due consideration to the group retrospective rating plan and the stabilization reserve fund, and shall be calculated to be self-supporting.

5. All policies issued by the association shall be subject to a nonprofit group retrospective rating plan to be approved by the commissioner under which the final premium for all policyholders of the association, as a group, will be equal to the administrative expenses, loss and loss adjustment expenses and taxes, plus a reasonable allowance for contingencies and servicing. Policyholders shall be given full credit for all investment income, net of expenses and a reasonable management fee, on policyholder supplied funds. The standard premium, before retrospective adjustment, for each policy issued by the association shall be established for portions of the policy period coinciding with the association’s fiscal year on the basis of the association’s rates, rating plans, rating rules, and rating classifications then in effect. The maximum final premium for all policyholders of the association, as a group, shall be limited as provided in [section 519A.6, subsection 5](#). Since the business of the association is subject to the nonprofit group retrospective rating plan required by [this subsection](#), there shall be a presumption that the rates filed and premiums imposed by the association are not unreasonable or excessive.

6. The association shall certify to the commissioner the estimated amount of any deficit remaining after the stabilization reserve fund has been exhausted in payment of the maximum final premium for all policyholders of the association. Within sixty days after that certification the commissioner shall authorize the members of the association to commence recoupment of their respective shares of the deficit by deducting their share of the deficit from past or future premium taxes due the state of Iowa. The association shall amend the amount of its certification of deficit to the commissioner as the values of its incurred losses become finalized and the members of the association shall amend their recoupment procedure accordingly.

7. In the event that sufficient funds are not available for the sound financial operation of the association, all members shall contribute to the financial requirements of the association

in the manner provided for in [section 519A.8](#). Any contribution shall be reimbursed to the members by recoupment as provided in [subsection 6](#).

[C77, 79, 81, §519A.5]

[2002 Acts, ch 1111, §33](#); [2016 Acts, ch 1073, §154](#)

Referred to in [§519A.1](#), [519A.2](#), [519A.3](#), [519A.4](#), [519A.10](#), [519A.13](#)