



BILL & AMENDMENT SUMMARY

Insurance Division Omnibus Bill HF 632

Status of Bill: House Floor
Committee: Commerce (23-0)
Ways & Means (24-0)
Lead Democrats: Reps. Forbes & McConkey
Floor Manager: Rep. Pettengill
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Background

Each year, the Insurance Division brings forward legislative changes that would affect areas that are under the purview of the Division. Usually, these changes have been discussed with the insurance industry and other affected industries so that no one is surprised when the bill is brought forward.

Bill Summary

Section 1 adds references to sections of the **Cemetery and Funeral Merchandise Act to chapter 22 (Open Records)** to ensure that the Division's work papers regarding the examinations of preneed funeral plan sellers is kept confidential.

Section 2 adds the **reference to the Dodd-Frank Act** to the list of federal statutes, and updates the reference to when these are in effect from 2005 to 2015.

Section 3 creates legislation to authorize the Insurance Commissioner to adopt administrative rules regarding intrastate crowdfunding. **Crowdfunding** allows businesses to seek investors through the sale of capital, and these provisions can only apply to Iowa companies. The language limits the amount of securities sold to investors in a twelve-month period to \$1 million, and allows the use of the internet to reach more investors. This language would become effective January 1, 2016 to allow for the adoption of administrative rules.

Sections 4-7 makes changes to the **securities law filing requirements for investment companies** by only requiring a flat filing fee of \$400 for initial filers, rather than allowing an initial filing fee based upon estimated future sales. The current flat fee is \$500, but the Division reports that these changes will be revenue neutral.

Section 8 allows for a two-year administrative look back, changed from a one-year look back, for securities sellers who voluntarily surrender licenses to avoid regulatory action. Last year, the Legislature did similar changes regarding administrative look-backs.

Sections 9-19 amends the **life insurance investment laws** regarding what is allowed to be included in investments used by insurance companies to satisfy the reserve requirements.

Section 20 adds language to apply a standard of payment that companies must meet for 'clean claims' by long-term care insurance providers. The intent is to ensure the timely payment of claims that are complete and ready to process.

Section 21 adds the '**Innovation Fund**' as an acceptable equity interest for life and property and casualty insurance investments. Under current law, the Venture Capital Funds are defined as an acceptable equity interest and an Innovation Fund is a type of venture capital.

Section 22 makes a change to the **composition of a corporate board for companies** to state that the majority of the members cannot have an official connection to their company. Currently, no members can have this official connection and it has created some problems for some companies.

Sections 23-42 makes changes to chapter 523A (**Cemetery and Funeral Merchandise and Funeral Service Act**). Some of the sections add language regarding confidentiality of records to correspond with section 1. Language is deleted that established a civil penalty for late filings by preneed sellers; the Division is adding language that will involve an annual license in an attempt to be less punitive. The current \$40 fee for a four-year license is struck and replaced with a one-year license where the fee will be set by administrative rule. Right now the Division is looking at a \$15 license fee.

Sections 43-46 makes changes to chapter 523I (**the Iowa Cemetery Act**). Allows for money from a Perpetual Care Fund to be spent on equipment used in the operation of the cemetery, and allows for the construction of a columbarium, mausoleum, or similar structure. New language is added to allow a perpetual care cemetery to apply to the Insurance Commissioner to withdraw funds in cases of emergency.

Amendment Summary

H-1222 by Forbes (D) - Adds language to the bill that was found in House File 600 establishing telehealth coverage. This language passed out of Commerce by a vote of 22-0, and Human Resources by a vote of 21-0. The bill creates a new chapter, 147B, and a portion of the intent language states that the purpose of this chapter is to "provide a framework for health care professionals to utilize in providing telehealth to Iowans in a manner that provides efficient and effective access to quality health care."

The language only mandates telehealth coverage for persons under Medicaid. Insurance companies are not required to cover telehealth services, but states that if it is covered under their contract, than it must be covered in the same manner as an in-person visit.

H-1221 by Pettengill (R) - Makes changes to the following areas of the bill:

- Adds definitions to the crowdfunding sections to define "Iowa crowdfunding portal."
- Strikes the definition of "guaranteed" regarding preneed contracts because the Division and the industry are still working together to define this term.
- Strikes the 'may' and replaces with 'shall' to state that the Insurance Commissioner must establish by administrative rule the terms and conditions under which a seller may file a surety bond with the Insurance Commissioner instead of trust requirements.