



CHESTER J. CULVER
GOVERNOR

SUSAN E. VOSS
COMMISSIONER OF INSURANCE

PATTY JUDGE
LT. GOVERNOR

BULLETIN 08-11

TO: INSURANCE CARRIERS AND LICENSED PRODUCERS

FROM: IOWA INSURANCE COMMISSIONER SUSAN E. VOSS

RE: Iowa Code sections 507B.4, subsection 8 and 515.130.

DATE: June 30, 2008

There continues to be an on-going discussion regarding what constitutes a rebate under the above sections of Iowa law. Several meetings have been held over the past couple of years regarding services provided to policy holders and prospective policy holders which are not incorporated as part of the policy contract and could be viewed as a rebate. Public meetings were held in both 2006 and 2007 to discuss the issue of rebates and what problems might be occurring in the market. Despite the best efforts of all who attended the meetings, consensus could not be found. And the Division continues to receive complaints regarding services, products and memberships that are being offered in conjunction with an insurance policy.

Because there is no provision for exceptions to the prohibition for rebates as stated in the Iowa Code sections referenced above, the Division finds that **any** goods or services offered to a policyholder or prospective policyholder which are not specifically incorporated as part of the policy contract and made a part of the pricing of the policy are rebates and therefore are prohibited under Iowa law. Therefore, effective the date of this Bulletin, all carriers and insurance producers licensed and doing business in Iowa shall cease offering any form of a good or service not specifically incorporated into the policy as set forth in this Bulletin. For policies in effect at the time of this Bulletin the prohibition shall take effect upon renewal.

The Division will be conducting a market survey for compliance regarding this Bulletin and shall take regulatory action if necessary.

We recognize that many carriers provide certain services to their policyholders. We believe that many of these services or products provide benefits to the policyholders. However, because the statute provides no exceptions or dollar limits and we have been unable to come to consensus over that past several years of discussions, the Division believes this is the best approach at this time until legislation can be considered during the 2009 Legislative Session. It is our hope to bring all interested parties together during the summer and fall to discuss an appropriate resolution to this issue.

