

681—8.7 (262) Insurance deductions.

8.7(1) *General provisions.* The state of Iowa may extend to eligible insurance companies the right to receive insurance premiums from state employees through payroll deduction upon presentation of insurance deduction authorization forms signed by state employees.

8.7(2) *Qualifications.* To qualify to receive insurance deductions, an insurance company must have and maintain 500 or more state officers or employees participating on a statewide basis. Insurance companies cannot count employees who currently have payroll deductions that have been authorized by existing sections of the Iowa Code, by collective bargaining contracts, or by the governing authority.

An insurance company seeking to be qualified shall supply responsible officials in charge of each affected payroll system with a certified list of all state employees for whom insurance deductions are sought. Such list shall contain, according to affected payroll systems, the names in alphabetical order and social security number of state employees for whom insurance deductions are being requested, and the name of the type of insurance being requested.

8.7(3) *Payroll system.* A payroll system for the purpose of this chapter is any one of the following.

1. State of Iowa centralized (including the Iowa state fair board)
2. Department of transportation
3. Iowa State University of science and technology
4. State University of Iowa
5. University of Northern Iowa
6. Iowa Braille and Sight Saving School
7. Iowa School for the Deaf

8.7(4) *Forms.* The administration of insurance deductions for qualified insurance companies must be done on authorization forms approved by the responsible official in charge of each payroll system.

8.7(5) *Noneligible types of insurance.* Deductions from salaries and wages will not be authorized by any type of insurance which is being provided for by the state, as follows: health and dental; term life; and long-term sickness or disability.

8.7(6) *Deduction limits and frequency.* Authorized deductions must be a minimum of \$1 per deduction. The frequency of the deductions shall be compatible with the payroll system. All payroll deductions shall be made in equal amounts on a monthly basis, or be made on a basis compatible with the payroll system.

8.7(7) *Distribution of literature.* The state of Iowa will not distribute literature for insurance deductions with payroll materials.

8.7(8) *Number of contributions.* Each payroll system shall provide for each employee to make insurance deductions to any combination of four insurance companies.

8.7(9) *Cash contributions.* No cash contributions will be accepted or administered through the payroll process or system.

8.7(10) *Terminations.* An employee wishing to terminate the deduction shall be required to give 30 days' notice in writing to the appointing authority of the department in which the employee works or, in the case of regents institutions, to the administrator of the payroll system through which the employee is paid.

8.7(11) *Remittance.* The administrator of the payroll system shall mail the monthly payment to each insurance company within 20 working days after the last pay date of each calendar month. Support documentation shall be limited to a listing of employees and amount deducted.

8.7(12) *Service charges.* Each payroll system may assess a service charge to eligible insurance companies. Service charges may not exceed the total cost of administering the payroll deduction.

8.7(13) *Solicitation prohibited.* Agency rules prohibiting solicitation on state property must be followed by sales persons or agents for eligible insurance companies.

8.7(14) *Annual review of participating employees.* During September of each year, each participating insurance company shall supply responsible officials in charge of each affected payroll system with a certified list of all state employees who have an insurance deduction. The list shall

contain the same information as required in subrule 8.7(2) and will be used by the state to determine if the insurance company has 500 employees participating as required in the rules.

If the minimum qualification is not being maintained, written notification will be provided to the insurance company, giving the insurance company 90 days to meet the minimum qualification. If, at the end of the 90-day period, the minimum qualification has not been attained, the insurance deduction for all participating employees in that company will be terminated.

8.7(15) *State held harmless.* Insurance companies shall indemnify and save the state harmless against any and all claims, demands, suits, or other forms of liability which may arise out of any action taken or not taken by the state for the purpose of complying with the provisions of this chapter.

This rule is intended to implement Iowa Code section 70A.17.