

February 15, 1963.
Place on Calendar.

House File 266
By COMMITTEE ON INSURANCE.

Passed House, Date..... Passed Senate, Date.....
Vote: Ayes..... Nays..... Vote: Ayes..... Nays.....
Approved.....

A BILL FOR

An Act relating to qualifying and licensing certain insurance adjusters.

Be It Enacted by the General Assembly of the State of Iowa:

- 1 Section 1. No person shall, directly or indirectly, act
- 2 within this state as an agent or otherwise in the business of
- 3 investigation or adjustment of claims arising under insurance
- 4 contracts other than life, until he has procured from the
- 5 commissioner of insurance a license authorizing him to so act.
- 1 Sec. 2. Nothing contained in this chapter shall apply to:
- 2 1. An attorney at law duly admitted to the practice of law in
- 3 the state of Iowa;
- 4 2. Any licensed agent of an authorize insurer who,
- 5 incidental to his insurance sales, adjusts losses for such
- 6 insurer;
- 7 3. A salaried employee of an authorized insurer who
- 8 undertakes on behalf of such insurer or other insurers under
- 9 common control or ownership to ascertain and determine the amount
- 10 of or liability for any claim, loss or damage payable under a
- 11 contract of insurance, or undertakes to effect settlement of such
- 12 claim, loss or damage; provided the name of such employee is
- 13 filed with the commissioner of insurance by the insurer or
- 14 insurers on behalf of which he acts;
- 15 4. Any person engaged in the investigation or adjustment of

16 losses for county mutuals or fraternal beneficiary associations;

17 5. Persons who adjust claims arising under contracts of
18 life insurance or annuities and claims arising under marine
19 contracts, other than inland marine;

20 6. Any adjuster who is employed by or acting on behalf of an
21 authorized insurer or adjusting firm or corporation for the
22 purpose of investigating or making adjustment of a particular
23 loss under an insurance policy issued by an authorized insurer or
24 as a lawful surplus line contract, or for the purpose of
25 temporarily assisting or substituting for a licensed adjuster who
26 is incapacitated due to illness, injury, or any unforeseeable or
27 uncontrollable incident, or for the adjustment of a series of
28 losses resulting from a catastrophe common to all such losses,
29 provided, however, that the name or names of such adjuster or
30 adjusters shall immediately be filed with the commissioner of
31 insurance.

1 Sec. 3. The commissioner of insurance shall require of each
2 applicant such reasonable proof of character and competency with
3 respect to the type and kind of insurance losses which the
4 applicant proposes to adjust as will protect the public interest
5 before issuing such a license.

1 Sec. 4. The commissioner of insurance is authorized to
2 establish and publish reasonable rules and regulations setting
3 forth the required qualifications for such license and further
4 rules and regulations which properly define the scope of
5 activities of all persons licensed under this chapter.
6 Competency for any applicant shall be established in accordance
7 with the rules and regulations established by the commissioner of
8 insurance as provided herein.

9 Any person who has been actively engaged as an insurance
10 adjuster for a major portion of his time during the six (6)
11 months' period immediately preceding the effective date of this
12 Act shall be deemed qualified for such a license in the absence
13 of proof to the contrary. Other applicants for an adjuster's
14 license shall be required to pay the commissioner of insurance a
15 single application fee of five (5) dollars covering all types and
16 kinds of insurance for which the applicant proposes to adjust
17 losses.

1 Sec. 5. The annual fee charged for each adjuster's license
2 shall be two (2) dollars, and said license shall expire on March
3 thirty-first.

1 Sec. 6. The license provided for herein, after a hearing held
2 upon not less than ten (10) days' notice to the licensee by
3 certified mail, may be suspended for a period of not more than
4 twelve (12) months or be revoked by the commissioner of insurance
5 for just cause. Any person acting in violation of the provisions
6 of this chapter shall be liable to a fine of twenty-five (25)
7 dollars for each day he shall so act.

EXPLANATION OF HOUSE FILE 266

Under the direction of the McCarran Act, Public Law 15, the individual states have been delegated the duty of regulating the insurance industry of their particular state subject to two qualifications: First, that they provide adequate laws for the purpose of regulation of the industry; and, second, that they maintain adequate departments for the administration of these laws.

The State of Iowa now regulates all insurance companies, agents, and almost all phases of the insurance industry except the adjusters, and requires all persons engaged in the solicitation and sale of insurance to prove their character and competency. It follows, therefore, that adjusters should also be qualified and licensed because they determine the extent of benefits payable under insurance contracts. This bill will give the insurance department the authority to so license and qualify adjusters and to suspend or revoke such license for cause.