

## Red Tape Review Rule Report (Due: September 1, 2023 )

<b>Department Name:</b>	Department of Insurance and Financial Services- Insurance Division	<b>Date:</b>	8/31/2023	<b>Total Rule Count:</b>	34
<b>IAC #:</b>	191	<b>Chapter/ SubChapter/ Rule(s):</b>	25	<b>Iowa Code Section Authorizing Rule:</b>	CH. 505
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**What is the intended benefit of the rule?**

The chapter shields members of the United States Armed Forces from abusive and misleading sales practices and protects from certain life insurance products that are improperly marketed as investment products pursuant to the Military Personnel Financial Services Protection Act.

**Is the benefit being achieved? Please provide evidence.**

Yes. This rule making is being proposed pursuant to Executive Order 10.

**What are the costs incurred by the public to comply with the rule?**

There are no known costs.

**What are the costs to the agency or any other agency to implement/enforce the rule?**

There are no known costs.

**Do the costs justify the benefits achieved? Please explain.**

Yes. The proposed changes streamline and eliminate redundant language.

**Are there less restrictive alternatives to accomplish the benefit?  YES  NO**

If YES, please list alternative(s) and provide analysis of less restrictive alternatives from other states, if applicable. If NO, please explain.

The Division did not find any less restrictive alternatives. This is National Association of Insurance Commissioners (NAIC) model law which is critical to maintaining the Division’s national accreditation.

Does this chapter/rule(s) contain language that is obsolete, outdated, inconsistent, redundant, or unnecessary language, including instances where rule language is duplicative of statutory language? [list chapter/rule number(s) that fall under any of the above categories]

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191—25.2  
191—25.3

**RULES PROPOSED FOR REPEAL (list rule number[s]):**

None.

**RULES PROPOSED FOR RE-PROMULGATION (list rule number[s] or include rule text if available):**

The following rulemaking action proposed:

ITEM 1. Amend rule 191—25.2(505) as follows:

**191—25.2 (505) Scope.** This chapter shall apply only to the solicitation or sale of any life insurance or annuity product by an insurer or insurance producer to ~~an active duty~~ a service member of the United States armed forces.

ITEM 2. Amend rule 191—25.3(505) as follows:

**191—25.3 (505) Exemptions.**

**25.3(1)** This chapter shall not apply to solicitations or sales involving:

- a.* Credit insurance;
- b.* Group life insurance or group annuities where in-person, face-to-face solicitation of individuals by an insurance producer does not occur or where the contract or certificate does not include a side fund;
- c.* An application to the existing insurer that issued the existing policy or contract when a contractual change or a conversion privilege is being exercised, when the existing policy or contract is being replaced by the same insurer pursuant to a program filed with and approved by the commissioner, or when a term conversion privilege is exercised among corporate affiliates;
- ~~*d.* Individual stand-alone health policies, including disability income policies;~~
- ed.* Contracts offered by Servicemembers' Group Life Insurance (SGLI) or Veterans' Group Life Insurance (VGLI), as authorized by 38 U.S.C. Section 1965 et seq.;
- fe.* Life insurance contracts offered through or by a nonprofit military association, qualifying under Section 501(c)(23) of the Internal Revenue Code (IRC), and which are not underwritten by an insurer; or
- gf.* Contracts used to fund:
  - (1) An employee pension or welfare benefit plan that is covered by the Employee Retirement and Income Security Act (ERISA);
  - (2) A plan described by Section 401(a), 401(k), 403(b), 408(k) or 408(p) of the IRC, if established or maintained by an employer;
  - (3) A government or church plan defined in Section 414 of the IRC, a government or church welfare benefit plan, or a deferred compensation plan of a state or local government or tax exempt organization under Section 457 of the IRC; or
  - ~~(4) A nonqualified deferred compensation arrangement established or maintained by an employer or plan sponsor;~~

~~(54)~~ Settlements of or assumptions of liabilities associated with personal injury litigation or of any dispute or claim resolution process; ~~or~~

~~(6) — Prearranged funeral contracts.~~

**25.3(2)** Nothing in this rule shall be construed to abrogate the ability of nonprofit or other organizations to educate members of the United States armed forces in accordance with Department of Defense DoD Instruction 1344.07, Personal Commercial Solicitation on DoD Installations or successor directive.

**25.3(3)** For purposes of this chapter, general advertisements, direct mail and Internet marketing shall not constitute solicitation. Telephone marketing shall not constitute solicitation, provided the caller explicitly and conspicuously discloses that the product concerned is life insurance and makes no statements that avoid a clear and unequivocal statement that life insurance is the subject matter of the telephone communication. However, nothing in this rule shall be construed to exempt an insurer or insurance producer from the requirements of this chapter in any in-person, face-to-face meeting established as a result of the solicitation exemptions identified in this rule.

***\*For rules being re-promulgated with changes, you may attach a document with suggested changes.***

#### METRICS

Total number of rules repealed:	0
Proposed word count reduction after repeal and/or re-promulgation	28
Proposed number of restrictive terms eliminated after repeal and/or re-promulgation	0

#### ARE THERE ANY STATUTORY CHANGES YOU WOULD RECOMMEND INCLUDING CODIFYING ANY RULES?

None.

