Bulletin 25-08

To: All Licensed Adjusters, Insurers, and Other Interested Parties
From: Doug Ommen, Iowa Insurance Commissioner
RE: Financial Responsibility Requirements of SF 619 under Iowa Code § 522C.7
Date: December 19, 2025

Background

Senate File 619 ("SF 619") was passed by the Iowa Legislature and signed by Governor Reynolds on April 22, 2025. SF 619 amended and expanded Iowa Code chapter 522C to create a comprehensive licensing structure for public adjusters, independent adjusters, staff adjusters (optional licensure), appraisers, and umpires.

As implementation of SF 619 continues, the Iowa Insurance Division (Division) is issuing this bulletin to address questions concerning the financial responsibility requirement established in Iowa Code § 522C.7. SF 619 requires each public adjuster and independent adjuster to demonstrate proper financial responsibility by filing a surety bond. The Division will also accept a business services bond, an employee dishonesty bond, a group bond, a corporate bond or a similar bond comparable in coverage to cover damages as a result of a public adjuster, independent adjuster or adjuster business entity; erroneous act, failure to act, fraud, acts in violation of Iowa Code chapter 522C, or unfair or deceptive act or practice as determined pursuant to Iowa Code chapter 507B. **Pursuant to Iowa Code § 522C.4(2)(a), a staff adjuster is not required to comply with Iowa Code § 522C.7.**

The Division recognizes that some adjusters and adjuster business entities may wish to demonstrate financial responsibility through alternative means that are comparable in scope to the bond required by Iowa Code § 522C.7. The Division intends to implement these requirements in a manner that provides meaningful consumer protection while also allowing least-burdensome options for compliance.

Acceptable Forms of Financial Responsibility for compliance with Iowa Code § 522C.7

The Division interprets Iowa Code § 522C.7 to permit an adjuster or adjuster business entity to demonstrate financial responsibility through one of the following options:

A. Surety Bond:

- **Individual Bond**. A bond, issued by an insurer authorized to transact business in Iowa, individually written in an amount not less than $50,000, issued in favor of the State of Iowa, provides coverage for damages resulting from an adjuster's erroneous act, failure to act, fraud, acts in violation of Iowa Code chapter 522C, or unfair or deceptive act or practice as determined pursuant to Iowa Code chapter 507B.
- **Business Entity Bond**. A bond, issued by an insurer authorized to transact business in Iowa, written either as a schedule or a blanket for an adjuster business entity employing multiple licensed adjusters, with a per occurrence limit of $50,000 and a total aggregate exposure limit, in any one policy period of:
    - Two to twenty licensed adjusters, not to be less than five times the required individual bond amount of $50,000 or $250,000.
    - Twenty-one to forty licensed adjusters, not less than ten times the required individual bond amount of $50,000 or $500,000.

- Over forty-one licensed adjusters, not less than twenty times the required individual bond amount of $50,000 or $1,000,000.

Unless specifically employed and covered by the adjuster business entity's qualifying bond, non-employee (independent contractor or 1099 staff) adjusters must maintain their own individual bond or other qualifying financial responsibility.

B. Professional Liability or E&O Insurance Coverage

An adjuster business entity or an individual adjuster may satisfy the financial responsibility requirement through a Certificate of Insurance (COI) evidencing professional liability or E&O coverage that meets all of the following:

- The policy is issued by an insurer authorized to transact business in Iowa.
- The policy provides sufficient coverage for professional liability or acts or omissions in the performance of adjusting services for all affiliated adjuster(s) performing activities pursuant to Iowa Code chapter 522C, individually or on behalf of the business entity.
- The professional liability or E&O insurance coverage would be in an amount sufficient to cover the work of the adjuster business entity and the adjusters employed by the business entity in an amount of no less than $50,000 per adjuster and with an aggregate limit of $1,000,000.
- The professional liability or E&O insurance policy must provide coverage for adjuster's erroneous act, failure to act, fraud, acts in violation of Iowa Code chapter 522C, or unfair or deceptive act or practice as determined pursuant to Iowa Code chapter 507B.

Unless specifically employed and covered by the adjuster business entity's qualifying professional liability or E&O coverage, non-employee (independent contractor or 1099 staff) adjusters must maintain their own individual bond or other qualifying financial responsibility.

C. Irrevocable Letter of Credit:

An adjuster or adjuster business entity may satisfy Iowa Code § 522C.7 by obtaining an irrevocable letter of credit issued by a qualified financial institution which is chartered under federal or state law and that are regulated and supervised by federal or state authorities, which letter of credit shall:

- Be in the minimum amount of fifty thousand dollars ($50,000).
- The letter is issued by a qualified financial institution authorized to transact business in Iowa.
- Be subject to lawful levy of execution on behalf of any person to whom the adjuster has been found to be legally liable as the result of an adjuster's erroneous act, failure to act, fraud, acts in violation of Iowa Code chapter 522C, or unfair or deceptive act or practice as determined pursuant to Iowa Code chapter 507B; and
- Not be terminated unless written notice is given to the licensee at least thirty (30) days prior to the termination.

Proof of Financial Responsibility – Filing Requirements

Adjusters and adjuster business entities that wish to continue using the bond previously filed with the Division are not required to take any additional action at this time, other than continuing to comply with Iowa Code § 522C.7.

Adjusters and adjuster business entities that wish to use another of the **acceptable forms of financial responsibility for compliance with Iowa Code § 522C.7 listed above should visit https://iid.iowa.gov/proof-financial-responsibility-independent-and-public-adjusters for more information and instructions.**

Recordkeeping and Verification

All licensees must maintain current evidence of their bond or qualifying coverage and make it available to the Division upon request. Lapses, cancellations, or failure to maintain continuous financial responsibility will result in license inactivation until proof of reinstatement or replacement coverage is submitted and approved.

The Division may request additional information or documentation from licensees, business entities, sureties, or insurers as needed to administer Iowa Code § 522C.7. Failure to comply with Iowa Code § 522C.7 may also constitute an unfair method of competition or unfair or deceptive act or practice in the business of insurance under Iowa Code chapter 507B.

Staff Adjusters, Appraisers, and Umpires

Pursuant to Iowa Code § 522C.4(2)(a), a staff adjuster is not required to comply with Iowa Code § 522C.7. However, staff adjusters shall comply with all other provisions of Iowa Code chapter 522C.

Pursuant to Iowa Code chapter 522F, there is no requirement for a licensed appraiser or a licensed umpire to comply with Iowa Code § 522C.7.

Bulletin Automatic Sunset Provision

This bulletin shall automatically sunset effective end of day on June 30, 2026.

The Division will continue to request and receive feedback from interested parties related to the financial responsibility requirements in Iowa Code chapter 522C, but it is likely that the Iowa Legislature may wish to review and consider possible legislative clarifications on this topic. The June 30, 2026, effective date should allow for that legislative review and clarification should it be needed.

Questions

Questions regarding this Bulletin may be submitted to the Iowa Insurance Division via email at producer.licensing@iid.iowa.gov or by phone at 515-654-6565.