

COMMERCE

IOWA HOUSE OF REPRESENTATIVES

END OF SESSION, 2010

CONSUMER PROTECTION

Real Estate Closing Agent Licensing: Requires licensing of closing agents to reduce fraud in real estate transactions. These agents make settlement statements, ensure documents conform to the parties' conditions, hold closing conference, and disburse funds related to the closing.

- Requires a \$200 license fee and a \$25,000 bond.
- Requires all funds received for disbursement during closing to be put in an insured trust account separate from the agent's account.
- Violators may be fined up to \$5,000 per violation and ordered to pay restitution, all investigation and prosecution costs, and attorney fees.

(Senate File 2348 – Signed by the Governor; effective July 1, 2011.)

Artisan Liens / Auto Repair: Currently a person who repairs property has a lien on the property and may hold it until paid. If an auto repair shop does unauthorized repairs or charges more than estimated, auto owners have no choice but to pay, as they need their car for work and other things. This bill make an exception for auto repairs. The auto owner may complain to the Attorney General. If there is reason to believe a deceptive practice occurred, the repair shop must return the auto to the owner within one business day of receiving notice from the Attorney General. (Senate File 2108 – Signed by the Governor; effective May 1, 2011.)

Insurance Credit Scores: Insurers may use credit scores to decide whether to insure and what rate to charge. This bill requires them to make exceptions for extraordinary situations that may affect one's credit rating, such as a disaster, illness, identity theft, etc. A written request must be made for an exception. (Senate File 2075 – Signed by the Governor; effects policies issued or renewed on or after July 1, 2010.)

INSURANCE

Health Insurance / Cancer Trials: Insurers say they pay for routine care for cancer patients in clinical trials, but policies differ, disputes happen, and coverage is often denied, making patients reluctant to participate in the trials. This bill creates a process to quickly verify coverage making it easier for patients to participate in these trials by assuring them that routine care will be covered. (House File 2075 – Signed by the Governor; effective July 1, 2010.)

Health Insurance Rate Transparency: Insurers now notify policyholders of rate increases on approval, typically 30 days before the rate takes effect. This does the following:

1. Requires notice when the insurer applies for an increase, including a description of those factors that make the increase necessary.
2. Requires the Insurance Consumer Advocate to solicit public comments on each proposed rate increase and post them on the Insurance Division's Internet site.
3. Requires the Insurance Commissioner to hold a public hearing if the proposed increase exceeds the national average annual health spending growth rate.
4. Creates a Health Insurance Work Group with health insurers, health care providers, small employers, and individual consumers, which will meet every year to consider ways to reduce costs of health insurance and health care services.
5. Requires the Insurance Commissioner and Consumer Advocate to file an annual report with the Legislature regarding health insurance plans, including loss ration data, health care expenditures, factors that result in higher costs or lower costs for

- each health insurance plan, medical cost trends, and any other useful information.
6. Creates an Iowa Insurance Exchange on the Insurance Division's internet site to post comparative health insurance information, including insurance plan designs, premium rate filings and approvals, health care cost data, and any other useful information.
- (Senate File 2201 & Senate File 2356 – Signed by the Governor; effective April 8, 2010, except item #6 is effective July 1, 2010)

Dental Insurance / Fee Structure: Beginning January 1, 2010, Delta Dental of Iowa initiated a new contract provision that limits the amount a participating dentist may charge for services that Delta Dental does not even cover. This bill prohibits a contract between a dental plan and a dentist from setting fees for services that are not reimbursed by the dental plan.

(HF 2229 – Sent to the Governor; effective July 1, 2010)

REAL ESTATE In addition to licensing closing agents as described on the first page, the following passed:

Broker / Agent Discipline: Modifies disciplinary provisions to clarify the distinction between those that relate to license suspension or revocation and those that relate to qualification for initial licensure. (Senate File 2326 – Signed by the Governor; effective July 1, 2010)

Installment Sales Contracts: In order to reduce abusive sales tactics, real estate installment sales contracts that must be recorded in 180 days will now need to be recorded within 90 days and those that are recorded in 90 days must now be recorded within 45 days. (Senate File 2157 – Signed by the Governor; effects contracts signed on or after March 19, 2010)

Condominium Meetings: Meetings must be open to all members with at least seven days notice provided. (Senate File 2224 – Signed by the Governor; effective July 1, 2010)

Transfer Fee Covenants: In order to avoid abuses that have occurred in other states, the bill states that transfer fee covenants do not run with the title and are not enforceable against a subsequent owner, and a lien to secure a transfer fee payment is void. (SF 2192 – Sent to the Governor; effective July 1, 2010)

UTILITIES Planning Future Electric Generation Needs: Despite aggressive construction of wind turbines and retrofitting plants to reduce emissions, it is unlikely Iowa utilities will be able to meet carbon reduction proposals being considered by the federal government without relying on nuclear energy to some extent. The bill requires utilities to consider:

- Fuel diversity and the availability, reliability, and price volatility of various fuel supplies.
- Alteration of existing facilities to manage emissions in a carbon-constrained environment.
- Analysis of building nuclear facilities in response to a carbon-constrained environment.

The bill specifically provides for MidAmerican Energy to begin an analysis of the possible construction of a nuclear plant allowing recovery of reasonable and prudent planning costs. MidAmerican must submit its plan to the Iowa Utilities Board before December 31, 2013. (House File 2399 – Sent to Governor; effective on date signed)

Statewide Cable Franchise Law: Addresses problems with the statewide cable

franchise law. It gives the Iowa Utilities Board (IUB) 30 days, rather than 15, to approve a franchise – but allows 60 more days if the IUB needs more information; requires the new franchisee to send a copy of its community notice to the IUB; requires an applicant to show that it is capable of providing – and its schedule for implementing - the proposed service; and allows IUB to cancel the franchise if the system isn't operating within 12 months, which automatically reinstates the previous franchise. (SF 2324 – Signed by Governor; effective April 12, 2010)

OTHER BILLS OF INTEREST

- HF 2111 Before a dissolved company is reinstated it must pay back unemployment taxes. (Signed 3/19/10)
- HF 2131 Updates Code references to the latest version of the federal Truth in Lending Act. (Signed 2/10/10)
- HF 2409 Repeals obsolete IFA requirement that banks file a certain paper report. (Signed 4/7/10)
- HF 2531 Expands autism coverage for state worker health plan to include behavior analysis. (Sent to Governor)
- SF 2073 Noncontroversial bill regarding licensing boards under the Banking Division. (Signed 3/19/10)
- SF 2191 Noncontroversial Omnibus Banking Division bill. (Signed 3/8/10)
- SF 2272 Makes changes to Iowa Insurance Guarantee Funds. (Signed 3/19/10)
- SF 2313 Clarifies the ability of Municipal Utilities to jointly finance power plants. (Signed 3/2/10)
- SF 2325 Requires audits of preneed funeral accounts within 35 days of being sold. (Signed 3/19/10)
- SJR 2009 Nullifies a State Building Code rule requiring fire sprinklers in residential property. (Enacted)