

of policy claims, accumulation of a reserve or emergency fund, the expense of management and prosecution of the business, by payment of assessments as provided in its contracts, and wherein the liability of the insured to contribute to the payment of policy claims is not limited to a fixed amount, shall be deemed to be engaged in the business of life insurance upon the assessment plan, and shall be subject to the provisions of this chapter, and chapter eight, of title nine of the code."

Approved March 23, A. D. 1906.

## CHAPTER 76.

### STIPULATED PREMIUM AND ASSESSMENT LIFE INSURANCE ASSOCIATIONS.

H. F. 197.

AN ACT to repeal the law as it appears in sections seventeen hundred eighty-four-a (1784-a) to seventeen hundred eighty-four-o (1784-o) inclusive, supplement to the code, relating to stipulated premium and assessment life insurance associations.

*Be it enacted by the General Assembly of the State of Iowa:*

SECTION 1. **Repealed.** That the law as it appears in sections seventeen hundred eighty-four-a (1784-a) to seventeen hundred eight-four-o (1784-o) inclusive, supplement to the code be, and the same are hereby repealed.

Approved March 15, A. D. 1906.

## CHAPTER 77.

### INVESTMENT OF FUNDS OF INSURANCE COMPANIES AND ASSOCIATIONS.

H. F. 47.

AN ACT to amend the law which appears as section eighteen hundred and six (1806) supplement to the code relating to the investment of funds of insurance companies and associations.

*Be it enacted by the General Assembly of the State of Iowa:*

SECTION 1. **Investment of funds.** That the law which appears as section eighteen hundred and six (1806), supplement to the code, be and the same is hereby repealed and the following enacted in lieu thereof:

"The funds required by law to be deposited with the auditor of state by any company or association contemplated in the two chapters preceding, and the funds or accumulations of any such company or association organized under the laws of this state, held in trust for the purpose of fulfilling any contract in its policies or certificates, shall be invested in the following described securities and no other:

1. The bonds of the United States;
2. The bonds of this state or of any other state when such bonds are at or above par;
3. Bonds or other evidences of indebtedness of any county, city, town or school district within the state or any other state, drainage district bonds of this state, improvement certificates issued by any municipal corporation of this state such certificates being a first lien upon real estate within the corporate limits of the municipality issuing the same, where such bonds or other evidences of indebtedness are issued by authority of and according to law and bearing interest, and are approved by the executive council;
4. Bonds and mortgages and other interest bearing securities being first liens upon real estate within this state or any other state worth at least double the amount loaned thereon and secured thereby exclusive of improvements, or two and one-half times such amount including the improvements thereon, if such improvements are constructed of brick or stone; but no such improvements shall be considered in estimating the value unless the

owner shall contract to keep the same insured in some reliable fire insurance company or companies authorized to do business in the state, during the life of the loan, in a sum at least double the excess of the loan above one-half the value of the ground exclusive of the improvements, the insurance to be made payable in case of loss to the company or association investing its funds, as its interests may appear at the time of loss; provided that before a company or association may invest any of its funds in such securities as are specified in this subdivision of this section in any state other than the state of Iowa it shall first obtain consent of the executive council so to do.

5. Loans upon its own policies, where the same have been in force at least two full years, in an amount not exceeding the net terminal reserve. If such loan is made, the company must describe in the note or contract taken, the amount of the loan, the name of the borrower, the number of the policy, and the terms of such note or contract shall make the amount loaned a lien against such policy and such note or contract shall be numbered, dated and signed, giving the postoffice address of the insured.

6. Any such real estate in this state as is necessary for its accomodation as a home office and in the erection of any building for such purposes, it may add thereto rooms for rent; provided that before any company or association shall invest any of its funds, in accordance with the provisions of this subdivision it shall first obtain the consent of the executive council, and provide[d] further that not to exceed ten per cent. of the lawful reserve of such company or association shall be so invested. Any company or association so investing its funds may use the value of any such home office as a part of the deposit of legal reserve in which case it shall convey the same to the auditor of state by deed, such property to be held by him in trust for the benefit of the policy holders or members of the company or association. The value thereof to be determined from time to time by the auditor of state.

All such securities shall be deposited with the auditor of state, subject to his approval, and shall remain with him until withdrawn in accordance with law. Any company or association receiving payments or partial payments on any securities deposited with the auditor of state shall notify him of such fact, giving the amount and date of payment, within thirty (30) days after such payment shall have been made. The officers of any company or association which fails to report the receipt of payments or partial payments as above provided, shall be liable to a fine in double the amount collected and not reported within the time and in the manner above specified. It shall be the duty of the company or association and of the officers thereof to withdraw from deposit any loans made in accordance with the provisions of subdivision five (5) of this section within fifteen (15) days after the date of the lapsing or termination of any policy of insurance upon which any such loan is made. Any association making deposit with the auditor of state as herein contemplated, shall at the time of making request for the withdrawal of any securities designate for what purpose the same are desired to be withdrawn. The auditor of state shall have authority to suspend or revoke the certificate of authority of any company or association failing to comply with any of the provisions of this section or for violating the same "

Approved March 10, A. D. 1906.