

2 1924, is hereby repealed, and the following enacted in lieu thereof:
 3 All such securities shall be deposited with the commissioner, sub-
 4 ject to his approval and kept at such place or places and on such
 5 terms as he may designate, and shall remain on deposit until with-
 6 drawn in accordance with law, or the order of the commissioner.

Approved April 14, A. D. 1927.

CHAPTER 201

INSURANCE—FRATERNAL

S. F. 316

AN ACT to repeal section eighty-eight hundred twenty-nine (8829) of the code, 1924, as amended by chapter one hundred seventy-five (175) of the acts of the forty-first general assembly and chapter one hundred sixty-six (166) of the acts of the forty-first general assembly, and to enact a substitute therefor; relating to the investment of funds of fraternal beneficiary societies, orders or associations, and the substitution of securities with the commissioner of insurance.

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

1 SECTION 1. Section eighty-eight hundred twenty-nine (8829) of
 2 the code, 1924, as amended by chapter one hundred seventy-five (175)
 3 of the acts of the forty-first general assembly; and chapter one hun-
 4 dred sixty-six (166) of the acts of the forty-first general assembly are
 5 hereby repealed and the following enacted in lieu thereof:

6 **Schedule of investments:** Any fraternal beneficiary society order
 7 or association, organized under the laws of this state, accumulating
 8 money to be held in trust for the purpose of fulfillment of its certifi-
 9 cates or contracts, shall invest such accumulation in the following
 10 securities and no other, except as provided in section eighty-eight
 11 hundred twenty-six (8826) of the code:

12 1. *Federal and dominion bonds:* The bonds of the United States,
 13 and farm loan bonds issued under the act of congress approved July
 14 17, 1918, as amended, and bonds issued or guaranteed by the Do-
 15 minion of Canada.

16 2. *State and province bonds:* The bonds of this or any other state
 17 and bonds issued or guaranteed by any province of the Dominion
 18 of Canada.

19 3. *Municipal and district bonds:* (a) Bonds of any county,
 20 city, town, school, road, drainage, or other taxing district, within
 21 the state of Iowa or any other state.

22 (b) Bonds or other evidence of indebtedness which are a gen-
 23 eral obligation of any county, city, town, village or school district,
 24 within the Dominion of Canada, and having a population of not
 25 less than ten thousand (10,000) according to the last dominion of
 26 provincial census taken prior to the date of such investment.

27 (c) Anticipation certificates issued by waterworks trustees, as
 28 provided by the laws of this state, and improvement certificates or

NOTE: The word "of" in line 25 is according to enrolled bill.

29 other evidences of indebtedness issued by any county, city, town,
30 school, road, drainage, or other district in this state or any other
31 state authorized by law to levy assessments for improvement pur-
32 poses, and to issue bonds or certificates as evidence of indebtedness
33 therefor; said certificates or other evidence of indebtedness being
34 secured by a lien upon any real estate within the limits of said pub-
35 lic corporation or district.

36 4. All bonds and other evidences of indebtedness referred to
37 above shall be issued by authority of and according to law, and
38 bearing interest.

39 5. *Public utility bonds:* Bonds or other evidences of indebt-
40 edness of any corporation incorporated under the laws of the United
41 States or any state and engaged in the generation and sale of elec-
42 tricity or artificial gas, or owning and operating any telephone
43 system; provided (a) the corporation, its predecessor or principal
44 subsidiary, shall have been in operation not less than five years
45 prior to the making of the investment, and (b) not more than
46 twenty-five per cent (25%) of the gross operating revenue of such
47 corporation shall be derived from property operating under a fran-
48 chise or franchises, which extend less than five years beyond the
49 date of maturity of such bonds, or under an indeterminate fran-
50 chise or permit, and (c) the gross earnings of such corporation shall
51 have been not less than one million dollars (\$1,000,000.00) for the
52 last fiscal year preceding the purchase of said bonds, or shall have
53 been at least two hundred fifty thousand dollars, (\$250,000.00) per
54 annum for the five years next preceding the date of purchase, and
55 the net earnings have averaged not less than one and three-fourths
56 ($1\frac{3}{4}$) times the interest charges on the total funded debt out-
57 standing for a period of five years next preceding the date of pur-
58 chase, and not less than one and three-fourths ($1\frac{3}{4}$) times the
59 interest requirements on the total funded debt for the year next
60 preceding the purchase, and (d) the bonds are secured by a mort-
61 gage, the lien of which covers at least seventy-five per cent (75%)
62 of the property owned in fee, and (e) at least seventy-five per cent
63 (75%) of the revenues of such corporation are derived from the
64 generation and sale of electricity or artificial gas, or the operation
65 of a telephone system, and (f) the total funded debt of such cor-
66 poration shall not exceed sixty per cent (60%) of the reasonable
67 value of the properties as shown by the books of the corporation,
68 provided, however, that no company shall be permitted to have
69 more than ten per cent (10%) of its reserve invested in securities
70 included in this subsection at any one time. No such investment in
71 utility bonds to be made except where the funded debt of said utility
72 company is less than seventy per cent of the total value of its
73 assets.

74 6. *Collateral loans:* In loans secured by collateral security con-
75 sisting of any securities enumerated in this act, provided there is
76 a margin of ten per cent (10%) between the amount of the loan
77 and the value of the securities.

78 7. *Real estate bonds and mortgages:* Entire bond issues and
79 mortgages and other interest-bearing securities being first liens upon

80 real estate within this state or any other state, worth at least double
81 the amount loaned thereon and secured thereby. Improvements shall
82 not be considered in estimating the value unless the owner shall
83 contract to keep the same insured in some reliable fire insurance
84 company or companies, association or associations, authorized to do
85 business in the state, during the life of the loan in the sum at least
86 equal to the excess of the loan above one-half the value of the ground
87 exclusive of the improvements, the insurance to be made payable
88 in cases of loss to the society, order or association investing its funds,
89 as its interests may appear at the time of loss.

90 Any mortgage lien upon real estate shall not, for the purpose of
91 this section, be held or construed to be other than a first lien by
92 reason of the fact that drainage or other improvement assessments
93 may have been levied against the real estate covered by said mort-
94 gage, whether the installments of said assessments be matured or
95 not, provided that in determining the value of said real estate for
96 loan purposes, the amount of the drainage or other assessment tax
97 unpaid, shall be deducted.

98 8. *Certificate loans:* Loans upon its own certificates, where the
99 same have been in force at least two full years, in an amount not
100 exceeding the net terminal reserve. If such loan is made, the com-
101 pany must describe in the note or contract taken, the amount of
102 the loan, the name of the borrower, the number of the certificate,
103 and the terms of such note or contract shall make the amount loaned
104 a lien against such certificate and such note or contract shall be
105 numbered, dated, and signed, giving the post office address of the
106 insured.

107 9. Companies may, with the consent of the commissioner of
108 insurance, substitute for such securities certificates of sale furnished
109 by the sheriff in connection with the foreclosure of mortgages on
110 real estate, owned only by said companies; but such certification
111 shall be accepted for deposit only for the amount of the original
112 securities and shall be withdrawn at the end of the period of re-
113 demption or within thirty (30) days if redemption is made or a
114 deed obtained prior to the expiration of the time fixed for redemption
115 by law.

116 Said companies may substitute for such securities warranty deeds
117 conveying any of the property included in the original mortgage
118 to the commissioner of insurance. Such deeds shall be held by the
119 commissioner of insurance in trust for the policy holders of said
120 company.

121 Before depositing any such deed with the commissioner of in-
122 surance, it shall first be recorded in the county where such property
123 is located. Said deeds shall be accompanied by an abstract showing
124 that the company has good title to the property conveyed and shall
125 be accepted for deposit only for the amount of the original security
126 and only so long as the company annually certifies the taxes are
127 paid and fire insurance maintained. All such property shall be
128 conveyed to the company, or other person designated by such com-
129 pany, within ten years from the date of the conveyance to the
130 commissioner, and the company required at such time to replace

131 such security with other approved securities. The company may
 132 agree to sell any of such property under contract to be approved
 133 by the commissioner of insurance, and the deed remain as a deposit
 134 on such terms as the commissioner shall require.

135 The total amount of certificates of sale and deeds deposited as
 136 herein provided shall not exceed fifteen per cent (15%) of the
 137 amount any such company is required by law to deposit with the
 138 insurance department.

139 No such change of security shall be made if the same has been
 140 purchased from any officer, stockholder, agent or employee of the
 141 insurer.

142 Nothing herein contained shall be construed to alter or change
 143 the provisions of section eight thousand seven hundred thirty-six
 144 (8736) of the code.

1 SEC. 2. This act being deemed of immediate importance shall be
 2 in full force and effect from and after its passage and publication
 3 in the Des Moines Daily Record, a newspaper published at Des
 4 Moines, Iowa, and The Nonpareil, a newspaper published at Council
 5 Bluffs, Iowa.

Approved April 7, A. D. 1927.

I hereby certify that the foregoing act was published in the Des Moines Daily Record
 April 11, 1927, and the Council Bluffs Nonpareil April 11, 1927.

W. C. RAMSAY, *Secretary of State.*

CHAPTER 202

INSURANCE—JUVENILE

H. F. 475

AN ACT to repeal section eighty-eight hundred thirty-seven (8837) as amended by section one (1) of chapter one hundred sixty-seven (167), acts of the forty-first (41) general assembly, sections eighty-eight hundred thirty-eight (8838), eighty-eight hundred thirty-nine (8839), eighty-eight hundred forty (8840), eighty-eight hundred forty-one (8841), eighty-eight hundred forty-two (8842), and eighty-eight hundred forty-four (8844) of the code, 1924, and to enact substitutes therefor, relating to benefits on lives of children.

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

Section eighty-eight hundred thirty-seven (8837), as amended by section one (1) of chapter one hundred sixty-seven (167), acts of the forty-first (41) general assembly, sections eighty-eight hundred thirty-eight (8838), eighty-eight hundred thirty-nine (8839), eighty-eight hundred forty (8840), eighty-eight hundred forty-one (8841), eighty-eight hundred forty-two (8842), and eighty-eight hundred forty-four (8844) of the code, 1924, are hereby repealed and the following enacted in lieu thereof:

1 SECTION 1. Any fraternal benefit society authorized to do business
 2 in this state may provide in its laws, in addition to other benefits