

18 The court shall determine whether the filing of the petition for
19 such writ shall operate as a stay of any such order or decision of the
20 commissioner. The court may, in disposing of the issue before it,
21 modify, affirm or reverse the order or decision of the commissioner
22 in whole or in part.

1 **SEC. 19. Laws affected.** Compliance with this Act shall not be
2 deemed to be a violation of section five hundred fifteen point one
3 hundred thirty-one (515.131), Code 1946.

1 **SEC. 20. Constitutionality.** If any section, subsection, subdivision,
2 paragraph, sentence or clause of this Act is held invalid or un-
3 constitutional, such decision shall not affect the remaining portions
4 of this Act.

1 **SEC. 21.** The provisions of this Act shall be in full force and effect
2 beginning October 1, 1947.

Approved March 24, 1947.

CHAPTER 260

FIRE AND MARINE INSURANCE RATES

S. F. 178

AN ACT relating to the regulation of rates for fire, marine and inland marine insurance, and to rating organizations.

Be It Enacted by the General Assembly of the State of Iowa:

1 **SECTION 1. Purpose of Act.** The purpose of this Act is to promote
2 the public welfare by regulating insurance rates to the end that they
3 shall not be excessive, inadequate or unfairly discriminatory, and to
4 authorize and regulate co-operative action among insurers in rate
5 making and in other matters within the scope of this Act. Nothing in
6 this Act is intended (1) to prohibit or discourage reasonable
7 competition, or (2) to prohibit or encourage except to the extent
8 necessary to accomplish the aforementioned purpose, uniformity in
9 insurance rates, rating systems, rating plans or practices. This Act
10 shall be liberally interpreted to carry into effect the provisions of this
11 section.

1 **SEC. 2. Scope of Act.** This Act applies to fire, marine and inland
2 marine insurance and allied lines on risks located in this state written
3 by stock and mutual companies and reciprocal and interinsurance
4 exchanges. Inland marine insurance shall be deemed to include insurance
5 now or hereafter defined by statute, or by interpretation thereof,
6 or if not so defined or interpreted, by ruling of the commissioner of
7 insurance, hereinafter referred to as "commissioner", or as established
8 by general custom of the business, as inland marine insurance.

9 This Act shall not apply:

10 (a) To reinsurance, other than joint reinsurance to the extent
11 stated in section eleven (11);

12 (b) To insurance of vessels or craft, their cargoes, marine builders'
13 risks, marine protection and indemnity, or other risks commonly

14 insured under marine, as distinguished from inland marine, insurance
15 policies;

16 (c) To insurance of hulls of aircraft, including their accessories
17 and equipment, or against liability arising out of the ownership, main-
18 tenance or use of aircraft;

19 (d) To motor vehicle insurance, nor to insurance against liability
20 arising out of the ownership, maintenance or use of motor vehicles.

21 (e) To county mutual assessment associations doing business under
22 chapter five hundred eighteen (518), Code 1946.

23 If any kind of insurance, subdivision or combination thereof, or
24 type of coverage, subject to this Act, is also subject to regulation by
25 another rate regulatory act of this state, an insurer to which both acts
26 are otherwise applicable shall file with the commissioner a designation
27 as to which rate regulatory act shall be applicable to it with respect
28 to such kind of insurance, subdivision or combination thereof, or type
29 of coverage.

1 **SEC. 3. Making of rates.** (a) Rates shall be made in accordance
2 with the following provisions:

3 1. Manual, minimum, class rates, rating schedules or rating plans,
4 shall be made and adopted, except in the case of specific inland marine
5 rates on risks specially rated.

6 2. Rates shall not be excessive, inadequate or unfairly discrimi-
7 natory.

8 3. Due consideration shall be given to past and prospective loss
9 experience within and outside this state, to the conflagration and
10 catastrophe hazards, to a reasonable margin for underwriting profit
11 and contingencies, to dividends, savings or unabsorbed premium
12 deposits allowed or returned by insurer to their policyholders,
13 members or subscribers, to past and prospective expenses both
14 countrywide and those specially applicable to this state, and to all
15 other relevant factors within and outside this state; and in the case
16 of fire insurance rates consideration shall be given to the experience
17 of the fire insurance business during a period of not less than the
18 most recent five year period for which such experience is available.

19 (b) Except to the extent necessary to meet the provisions of sub-
20 division two (2) of subsection (a) of this section, uniformity among
21 insurers in any matters within the scope of this section is neither
22 required nor prohibited.

23 (c) Rates made in accordance with this section may be used subject
24 to the provisions of this Act.

1 **SEC. 4. Rate filings.** (a) Every insurer shall file with the commis-
2 sioner, except as to inland marine risks which by general custom of the
3 business are not written according to manual rates or rating plans,
4 every manual, minimum, class rate, rating schedule or rating plan
5 and every other rating rule, and every modification of any of the
6 foregoing which it proposes to use. Every such filing shall state the
7 proposed effective date thereof, and shall indicate the character and
8 extent of the coverage contemplated. When a filing is not accompanied
9 by the information upon which the insurer supports such filing, and
10 the commissioner does not have sufficient information to determine
11 whether such filing meets the requirements of the Act, he shall require
12 such insurer to furnish the information upon which it supports such

13 filing and in such event the waiting period shall commence as of the
14 date such information is furnished. The information furnished in
15 support of a filing may include (1) the experience or judgment of
16 the insurer or rating organization making the filing, (2) its inter-
17 pretation of any statistical data it relies upon, (3) the experience of
18 other insurers or rating organizations, or (4) any other relevant
19 factors. A filing and any supporting information shall be open to
20 public inspection after the filing becomes effective. Specific inland
21 marine rates on risks specially rated, made by a rating organization,
22 shall be filed with the commissioner.

23 (b) An insurer may satisfy its obligation to make such filings by
24 becoming a member of, or a subscriber to, a licensed rating organiza-
25 tion which makes such filings, and by authorizing the commissioner
26 to accept such filings on its behalf; provided that nothing contained
27 in this Act shall be construed as requiring any insurer to become a
28 member of or a subscriber to any rating organization.

29 (c) The commissioner shall review filings as soon as reasonably
30 possible after they have been made in order to determine whether
31 they meet the requirements of this Act.

32 (d) Subject to the exception specified in subsection (e) of this
33 section, each filing shall be on file for a waiting period of fifteen (15)
34 days before it becomes effective, which period may be extended by
35 the commissioner for an additional period not to exceed fifteen (15)
36 days if he gives written notice within such waiting period to the
37 insurer or rating organization which made the filing that he needs
38 such additional time for the consideration of such filing. Upon written
39 application by such insurer or rating organization, the commissioner
40 may authorize a filing which he has reviewed to become effective
41 before the expiration of the waiting period or any extension thereof.
42 A filing shall be deemed to meet the requirements of this Act unless
43 disapproved by the commissioner within the waiting period or any
44 extension thereof.

45 (e) Specific inland marine rates on risks specially rated by a rating
46 organization shall become effective when filed and shall be deemed to
47 meet the requirements of this Act until such time as the commissioner
48 reviews the filing and so long thereafter as the filing remains in effect.

49 (f) Under such rules and regulations as he shall adopt, the com-
50 missioner may, by written order, suspend or modify the requirement
51 of filing as to any kind of insurance, subdivision or combination
52 thereof, or as to classes of risks, the rates for which cannot practi-
53 cally be filed before they are used. Such orders, rules, and regulations
54 shall be made known to insurers and rating organizations affected
55 thereby. The commissioner may make such examination as he may
56 deem advisable to ascertain whether any rates affected by such order
57 meet the standards set forth in subdivision two (2) of subsection (a)
58 of section three (3).

59 (g) Upon the written application of the insured, stating his
60 reasons therefor, filed with and approved by the commissioner, a rate
61 in excess of that provided by a filing otherwise applicable may be
62 used on any specific risk.

63 (h) Beginning ninety (90) days after the effective date of this
64 Act, no insurer shall make or issue a contract or policy except in
65 accordance with the filings which are in effect for said insurer as

66 provided in this Act or in accordance with subsection (f) or (g) of
67 this section. This subsection shall not apply to contracts or policies
68 for inland marine risks as to which filings are not required.

1 **SEC. 5. Disapproval of filings.** (a) If within the waiting period
2 or any extension thereof as provided in subsection (d) of section four
3 (4), the commissioner finds that a filing does not meet the require-
4 ments of this Act, he shall send to the insurer or rating organization
5 which made such filing, written notice of disapproval of such filing
6 specifying therein in what respects he finds such filing fails to meet
7 the requirements of this Act and stating that such filing shall not

8 become effective.

9 (b) If within thirty (30) days after a specific inland marine rate
10 on a risk specially rated by a rating organization, subject to subsection
11 (e) of section four (4) has become effective, the commissioner finds
12 that such filing does not meet the requirements of this Act, he shall
13 send to the rating organization which made such filing written notice
14 of disapproval of such filing specifying therein in what respects he
15 finds that such filing fails to meet the requirements of this Act and
16 stating when, within a reasonable period thereafter, such filing shall
17 be deemed no longer effective. Said disapproval shall not affect any
18 contract made or issued prior to the expiration of the period set forth
19 in said notice.

20 (c) If at any time subsequent to the applicable review period
21 provided for in subsection (a) or (b) of this section, the commis-
22 sioner finds that a filing does not meet the requirements of this Act, he
23 shall, after a hearing held upon not less than ten (10) days' written
24 notice, specifying the matters to be considered at such hearing, to
25 every insurer and rating organization which made such filing, issue
26 an order specifying in what respects he finds that such filing fails
27 to meet the requirements of this Act, and stating when, within a
28 reasonable period thereafter, such filing shall be deemed no longer
29 effective. Copies of said order shall be sent to every such insurer and
30 rating organization. Said order shall not affect any contract or policy
31 made or issued prior to the expiration of the period set forth in said
32 order.

33 (d) Any person or organization aggrieved with respect to any
34 filing which is in effect may make written application to the commis-
35 sioner for a hearing thereon, provided, however, that the insurer
36 or rating organization that made the filing shall not be authorized
37 to proceed under this subsection. Such application shall specify
38 the grounds to be relied upon by the applicant. If the commissioner
39 shall find that the application is made in good faith, that the
40 applicant would be so aggrieved if his grounds are established,
41 and that such grounds otherwise justify holding such a hearing,
42 he shall, within thirty (30) days after receipt of such application,
43 hold a hearing upon not less than ten (10) days' written notice
44 to the applicant and to every insurer and rating organization which
45 made such filing.

46 If, after such hearing, the commissioner finds that the filing
47 does not meet the requirements of this Act, he shall issue an order
48 specifying in what respects he finds that such filing fails to meet
49 the requirements of this Act, and stating when, within a reasonable

50 period thereafter, such filing shall be deemed no longer effective.
51 Copies of said order shall be sent to the applicant and to every such
52 insurer and rating organization. Said order shall not affect any
53 contract or policy made or issued prior to the expiration of the
54 period set forth in said order.

55 (e) No manual, minimum, class rate, rating schedule, rating plan,
56 rating rule, or any modification of any of the foregoing which has
57 been filed pursuant to the requirements of section four (4) of this
58 Act shall be disapproved if the rates thereby produced meet the
59 requirements of this Act.

1 SEC. 6. **Rating organizations.** (a) A corporation, an unincorpo-
2 rated association, a partnership or an individual, whether located
3 within or outside this state, may make application to the commis-
4 sioner for license as a rating organization for such kinds of insur-
5 ance, or subdivision or class of risk or a part or combination
6 thereof as are specified in its application and shall file therewith
7 (1) a copy of its constitution, its articles of agreement or association
8 or its certificate of incorporation, and of its bylaws, rules and regula-
9 tions governing the conduct of its business, (2) a list of its members
10 and subscribers, (3) the name and address of a resident of this
11 state upon whom notices or orders of the commissioner or process
12 affecting such rating organization may be served and (4) a statement
13 of its qualifications as a rating organization. If the commissioner
14 finds that the applicant is competent, trustworthy and otherwise
15 qualified to act as a rating organization and that its constitution,
16 articles of agreement or association or certificate of incorporation,
17 and its bylaws, rules and regulations governing the conduct of its
18 business conform to the requirements of law, he shall issue a license
19 specifying the kinds of insurance, or subdivision or class of risk
20 or part or combination thereof for which the applicant is authorized
21 to act as a rating organization. Every such application shall be
22 granted or denied in whole or in part by the commissioner within
23 sixty (60) days of the date of its filing with him. Licenses issued
24 pursuant to this section shall remain in effect for three (3) years
25 unless sooner suspended or revoked by the commissioner. The fee
26 for said license shall be twenty-five dollars. Licenses issued pursuant
27 to this section may be suspended or revoked by the commissioner,
28 after hearing upon notice, in the event the rating organization
29 ceases to meet the requirements of this subsection. Every rating
30 organization shall notify the commissioner promptly of every change
31 in (1) its constitution, its articles of agreement or association, or
32 its certificate of incorporation, and its bylaws, rules and regulations
33 governing the conduct of its business, (2) its list of members and
34 subscribers and (3) the name and address of the resident of this
35 state designated by it upon whom notices or orders of the commis-
36 sioner or process affecting such rating organization may be served.

37 (b) Subject to rules and regulations which have been approved
38 by the commissioner as reasonable, each rating organization shall
39 permit any insurer, not a member, to be a subscriber to its rating
40 services for any kind of insurance, subdivision, or class of risk
41 or a part or combination thereof for which it is authorized to act
42 as a rating organization. Notice of proposed changes in such rules

43 and regulations shall be given to subscribers. Each rating organiza-
44 tion shall furnish its rating services without discrimination to its
45 members and subscribers. The reasonableness of any rule or regula-
46 tion in its application to subscribers, or the refusal of any rating
47 organization to admit an insurer as a subscriber, shall, at the request
48 of any subscriber or any such insurer, be reviewed by the commis-
49 sioner at a hearing held upon at least ten (10) days' written notice
50 to such rating organization and to such subscriber or insurer. If
51 the commissioner finds that such rule or regulation is unreasonable
52 in its application to subscribers, he shall order that such rule or
53 regulation shall not be applicable to subscribers. If the rating
54 organization fails to grant or reject an insurer's application for
55 subscribership within thirty (30) days after it was made, the
56 insurer may request a review by the commissioner as if the applica-
57 tion had been rejected. If the commissioner finds that the insurer
58 has been refused admittance to the rating organization as a
59 subscriber without justification, he shall order the rating organiza-
60 tion to admit the insurer as a subscriber. If he finds that the action
61 of the rating organization was justified, he shall make an order
62 affirming its action.

63 (c) No rating organization shall adopt any rule the effect of which
64 would be to prohibit or regulate the payment of dividends, savings
65 or unabsorbed premium deposits allowed or returned by insurers
66 to their policyholders, members or subscribers.

67 (d) Cooperation among rating organizations or among rating
68 organizations and insurers in rate making or in other matters
69 within the scope of this Act is hereby authorized, provided the filings
70 resulting from such cooperation are subject to all the provisions of
71 this Act which are applicable to filings generally. The commissioner
72 may review such cooperative activities and practices and if, after
73 a hearing, he finds that any such activity or practice is unfair or
74 unreasonable or otherwise inconsistent with the provisions of this
75 Act, he may issue a written order specifying in what respects such
76 activity or practice is unfair or unreasonable or otherwise inconsistent
77 with the provisions of this Act, and requiring the discontinuance
78 of such activity or practice.

79 (e) Any rating organization may provide for the examination of
80 policies, daily reports, binders, renewal certificates, endorsements
81 or other evidence of insurance, or the cancellation thereof, and may
82 make reasonable rules governing their submission. Such rules shall
83 contain a provision that in the event any insurer does not within sixty
84 (60) days furnish satisfactory evidence to the rating organization of
85 the correction of any error or omission previously called to its
86 attention by the rating organization, it shall be the duty of the rating
87 organization to notify the commissioner thereof. All information
88 so submitted for examination shall be confidential.

89 (f) Any rating organization may subscribe for or purchase
90 actuarial, technical or other services, and such services shall be
91 available to all members and subscribers without discrimination.

1 SEC. 7. Deviations. Every member of or subscriber to a rating
2 organization shall adhere to the filings made on its behalf by such
3 organization except that any such insurer may make written applica-

4 tion to the commissioner for permission to file a deviation from the
5 class rates, schedules, rating plans or rules respecting any kind of
6 insurance, or class of risk within a kind of insurance or combination
7 thereof. Such application shall specify the basis for the modification
8 and a copy thereof shall also be sent simultaneously to such rating
9 organization. The commissioner shall set a time and place for a
10 hearing at which the insurer and such rating organization may be
11 heard and shall give them not less than ten (10) days' written notice
12 thereof. In the event the commissioner is advised by the rating
13 organization that it does not desire a hearing, he may, upon the
14 consent of the applicant, waive such hearing. In considering the
15 application for permission to file such deviation the commissioner
16 shall give consideration to the available statistics and the principles
17 for rate making as provided in section three (3) of this Act. The
18 commissioner shall issue an order permitting the deviation for
19 such insurer to be filed if he finds it to be justified and it shall there-
20 upon become effective. He shall issue an order denying such applica-
21 tion if he finds that the resulting premiums would be excessive,
22 inadequate or unfairly discriminatory. Each deviation permitted
23 to be filed shall be effective for a period of one (1) year from the
24 date of such permission unless terminated sooner with the approval
25 of the commissioner.

1 **SEC. 8. Appeal by minority.** Any member of or subscriber to a
2 rating organization may appeal to the commissioner from the action
3 or decision of such rating organization in approving or rejecting
4 any proposed change in or addition to the filings of such rating
5 organization and the commissioner shall, after a hearing held upon
6 not less than ten (10) days' written notice to the appellant and to
7 such rating organization, issue an order approving the action or
8 decision of such rating organization or directing it to give further
9 consideration to such proposal, or, if such appeal is from the action
10 or decision of the rating organization in rejecting a proposed addition
11 to its filings, he may, in the event he finds that such action or decision
12 was unreasonable, issue an order directing the rating organization
13 to make an addition to its filings, on behalf of its members and
14 subscribers, in a manner consistent with his findings, within a
15 reasonable time after the issuance of such order.

1 **SEC. 9. Information to be furnished insureds: hearings and**
2 **appeals of insureds.** Every rating organization and every insurer
3 which makes its own rates shall, within a reasonable time after
4 receiving written request therefor and upon payment of such
5 reasonable charge as it may make, furnish to any insured affected
6 by a rate made by it, or to the authorized representative of such
7 insured, all pertinent information as to such rate. Every rating
8 organization and every insurer which makes its own rates shall
9 provide within this state reasonable means whereby any person
10 aggrieved by the application of its rating system may be heard, in
11 person or by his authorized representative, on his written request
12 to review the manner in which such rating system has been applied
13 in connection with the insurance afforded him. If the rating organiza-
14 tion or insurer fails to grant or reject such request within thirty
15 (30) days after it is made, the applicant may proceed in the same

16 manner as if his application had been rejected. Any party affected
17 by the action of such rating organization or such insurer on such
18 request may, within thirty (30) days after written notice of such
19 action, appeal to the commissioner, who, after a hearing held upon
20 not less than ten (10) days' written notice to the appellant and to
21 such rating organization or insurer, may affirm or reverse such action.

1 **SEC. 10. Advisory organizations.** (a) Every group, association
2 or other organization of insurers, whether located within or outside
3 this state, which assists insurers which make their own filings or
4 rating organizations in rate making, by the collection and furnishing
5 of loss or expense statistics, or by the submission of recommendations,
6 but which does not make filings under this Act, shall be known as
7 an advisory organization.

8 (b) Every advisory organization shall file with the commissioner
9 (1) a copy of its constitution, its articles of agreement or association
10 or its certificate of incorporation and of its bylaws, rules and regula-
11 tions governing its activities, (2) a list of its members, (3) the name
12 and address of a resident of this state upon whom notices or orders
13 of the commissioner or process issued at his direction may be served,
14 and (4) an agreement that the commissioner may examine such
15 advisory organization in accordance with the provisions of section
16 twelve (12) of this Act.

17 (c) If, after a hearing, the commissioner finds that the furnishing
18 of such information or assistance involves any act or practice which
19 is unfair or unreasonable or otherwise inconsistent with the provisions
20 of this Act, he may issue a written order specifying in what respects
21 such act or practice is unfair or unreasonable or otherwise inconsis-
22 tent with the provisions of this Act, and requiring the discontinuance
23 of such act or practice.

24 (d) No insurer which makes its own filings nor any rating
25 organization shall support its filings by statistics or adopt rate making
26 recommendations, furnished to it by an advisory organization which
27 has not complied with this section or with an order of the commis-
28 sioner involving such statistics or recommendations issued under
29 subsection (c) of this section. If the commissioner finds such insurer
30 or rating organization to be in violation of this subsection he may
31 issue an order requiring the discontinuance of such violation.

1 **SEC. 11. Joint underwriting or joint reinsurance.** (a) Every
2 group, association or other organization of insurers which engages
3 in joint underwriting or joint reinsurance, shall be subject to regula-
4 tion with respect thereto as herein provided, subject, however, with
5 respect to joint underwriting, to all other provisions of this Act and,
6 with respect to joint reinsurance, to sections twelve (12) and sixteen
7 (16) to twenty (20) of this Act.

8 (b) If, after a hearing, the commissioner finds that any activity
9 or practice of any such group, association or other organization
10 is unfair or unreasonable or otherwise inconsistent with the provisions
11 of this Act, he may issue a written order specifying in what respects
12 such activity or practice is unfair or unreasonable or otherwise
13 inconsistent with the provisions of this Act, and requiring the
14 discontinuance of such activity or practice.

1 **SEC. 12. Examinations.** The commissioner shall, at least once in
2 five (5) years, make or cause to be made an examination of each
3 rating organization licensed in this state as provided in section six
4 (6), and he may, as often as he may deem it expedient, make or cause
5 to be made an examination of each advisory organization referred
6 to in section ten (10) and of each group, association or other organiza-
7 tion referred to in section eleven (11). The reasonable costs of any
8 such examination shall be paid by the rating organization, advisory
9 organization, or group, association or other organization examined
10 upon presentation to it of a detailed account of such costs. The
11 officers, manager, agents and employees of such rating organization,
12 advisory organization, or group, association or other organization
13 may be examined at any time under oath and shall exhibit all books,
14 records, accounts, documents, or agreements governing its method
15 of operation. In lieu of any such examination, the commissioner may
16 accept the report of an examination made by the insurance supervisory
17 official of another state, pursuant to the laws of such state.

1 **SEC. 13. Rate administration.** (a) Recording and Reporting of
2 Loss and Expense Experience. The commissioner shall promulgate
3 reasonable rules and statistical plans, reasonably adapted to each
4 of the rating systems on file with him, which may be modified from
5 time to time and which shall be used thereafter by each insurer
6 in the recording and reporting of its loss and countrywide expense
7 experience, in order that the experience of all insurers may be
8 made available at least annually in such form and detail as may be
9 necessary to aid him in determining whether rating systems comply
10 with the standards set forth in section three (3). Such rules and
11 plans may also provide for the recording and reporting of expense
12 experience items which are specially applicable to this state and
13 are not susceptible of determination by a prorating of countrywide
14 expense experience. In promulgating such rules and plans, the
15 commissioner shall give due consideration to the rating systems on
16 file with him and, in order that such rules and plans may be as
17 uniform as is practicable among the several states, to the rules
18 and to the form of the plans used for such rating systems in other
19 states. No insurer shall be required to record or report its loss
20 experience on a classification basis that is inconsistent with the
21 rating system filed by it. The commissioner may designate one or
22 more rating organizations or other agencies to assist him in gathering
23 such experience and making compilations thereof, and such compila-
24 tions shall be made available, subject to reasonable rules promulgated
25 by the commissioner, to insurers and rating organizations.

26 (b) Interchange of Rating Plan Data. Reasonable rules and plans
27 may be promulgated by the commissioner for the interchange of data
28 necessary for the application of rating plans.

29 (c) Consultation with Other States. In order to further uniform
30 administration of rate regulatory laws, the commissioner and every
31 insurer and rating organization may exchange information and
32 experience data with insurance supervisory officials, insurers and
33 rating organizations in other states and may consult with them with
34 respect to rate making and the application of rating systems.

35 (d) Rules and Regulations. The commissioner may make reason-
36 able rules and regulations necessary to effect the purposes of this Act.

1 **SEC. 14. False or misleading information.** No person or organiza-
2 tion shall wilfully withhold information from, or knowingly give
3 false or misleading information to, the commissioner, any statistical
4 agency designated by the commissioner, any rating organization, or
5 any insurer, which will affect the rates or premiums chargeable
6 under this Act. A violation of this section shall subject the one
7 guilty of such violation to the penalties provided in section sixteen
8 (16) of this Act.

1 **SEC. 15. Rebates prohibited.** No agent shall knowingly charge,
2 demand or receive a premium for any policy of insurance except
3 in accordance with the provisions of this Act. No insurer or employee
4 thereof, and no agent, shall pay, allow, or give, or offer to pay,
5 allow, or give, directly or indirectly, as an inducement to insurance,
6 or after insurance has been effected, any rebate, discount, abatement,
7 credit or reduction of the premium named in a policy of insurance,
8 or any special favor or advantage in the dividends or other benefits
9 to accrue thereon, or any valuable consideration or inducement
10 whatever, not specified in the policy of insurance, except to the extent
11 provided for in an applicable filing. No insured named in a policy
12 of insurance, nor any employee of such insured shall knowingly
13 receive or accept, directly or indirectly, any such rebate, discount,
14 abatement, credit or reduction of premium, or any such special favor
15 or advantage or valuable consideration or inducement.

16 Nothing in this section shall be construed as prohibiting the
17 payment of commissions or other compensation to duly licensed agents,
18 nor as prohibiting any insurer from allowing or returning to its
19 participating policyholders, members or subscribers, dividends
20 savings or unabsorbed premium deposits. As used in this section the
21 word "insurance" includes suretyship and the word "policy" includes
22 bond.

1 **SEC. 16. Penalties.** The commissioner may, if he finds that any
2 person or organization has violated any provision of this Act, impose
3 a penalty of not more than fifty dollars (\$50) for each such violation,
4 but if he finds such violation to be wilful he may impose a penalty
5 of not more than five hundred dollars (\$500) for each such violation.
6 Such penalties may be in addition to any other penalty provided
7 by law.

8 The commissioner may suspend the license of any rating organiza-
9 tion or insurer which fails to comply with an order of the commis-
10 sioner within the time limited by such order, or any extension thereof
11 which the commissioner may grant. The commissioner shall not
12 suspend the license of any rating organization or insurer for failure
13 to comply with an order until the time prescribed for an appeal
14 therefrom has expired or if an appeal has been taken, until such order
15 has been affirmed. The commissioner may determine when a
16 suspension of license shall become effective and it shall remain in
17 effect for the period fixed by him, unless he modifies or rescinds
18 such suspension, or until the order upon which such suspension is
19 based is modified, rescinded or reversed.

20 No penalty shall be imposed and no license shall be suspended or
 21 revoked except upon a written order of the commissioner, stating
 22 his findings, made after a hearing held upon not less than ten (10)
 23 days' written notice to such person or organization specifying the
 24 alleged violation.

1 **SEC. 17. Hearing procedure and judicial review.** (a) Any insurer
 2 or rating organization aggrieved by any order or decision of the
 3 commissioner made without a hearing may, within thirty (30) days
 4 after notice of the order to the insurer or organization make written
 5 request to the commissioner for a hearing thereon. The commissioner
 6 shall hear such party or parties within twenty (20) days after receipt
 7 of such request and shall give not less than ten (10) days' written
 8 notice of the time and place of the hearing. Within fifteen (15) days
 9 after such hearing the commissioner shall affirm, reverse or modify
 10 his previous action, specifying his reasons therefor. Pending such
 11 hearing and decision thereon, the commissioner may suspend or
 12 postpone the effective date of his previous action.

13 (b) Nothing contained in this Act shall require the observance
 14 at any hearing of formal rules of pleading or evidence.

15 (c) Any order or decision of the commissioner shall be subject to
 16 review by writ of certiorari to the district court at the instance of
 17 any party in interest.

18 The court shall determine whether the filing of the petition for such
 19 writ shall operate as a stay of any such order or decision of
 20 the commissioner. The court may, in disposing of the issue before
 21 it, modify, affirm or reverse the order or decision of the commissioner
 22 in whole or in part.

1 **SEC. 18. Laws affected.** Compliance with this Act shall not be
 2 deemed to be a violation of section five hundred fifteen point one
 3 hundred thirty-one (515.131), Code 1946.

1 **SEC. 19. Constitutionality.** If any section, subsection, subdivision,
 2 paragraph, sentence or clause of this Act is held invalid or unconstitu-
 3 tional, such decision shall not affect the remaining portions of this
 4 Act.

1 **SEC. 20.** The provisions of this Act shall be in full force and effect
 2 beginning October 1, 1947.

Approved March 25, 1947.

CHAPTER 261

COMBINATION INSURANCE RISKS

S. F. 139

AN ACT to amend section five hundred fifteen point forty-nine (515.49), code 1946, relative to the combination and limitation on insurance risks.

Be It Enacted by the General Assembly of the State of Iowa:

1 **SECTION 1.** Section five hundred fifteen point forty-nine (515.49),
 2 Code 1946, is amended by striking therefrom subsections two (2)
 3 through five (5), inclusive, and inserting in lieu thereof the following: