

Sec. 17. Section five hundred two point six hundred four (502.604), subsection one (1), Code 1979, is amended to read as follows:

1. Issue an order directed at any such person requiring such person to cease and desist from engaging in such act or practice; or

Sec. 18. Section four hundred ninety-six B point eighteen (496B.18), Code 1979, is repealed. Chapter five hundred one (501), Code 1979, is repealed.

Approved April 20, 1979

## CHAPTER 121 MEMBERSHIP SALES

S. F. 425

AN ACT relating to chapter five hundred three (503) of the Code.

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

Section 1. Section five hundred three point two (503.2), unnumbered paragraph one (1), Code 1979, is amended to read as follows:

The term "association" when used in this chapter shall mean any person, firm, company, partnership, association, or corporation other than building and loan associations, state and national banks, insurance companies and associations, and corporations and co-operative associations subject to the provisions of chapters 497, 498 and 501, which sell, or offer for sale ~~or issue~~ to the public generally memberships or certificates of membership entitling the holder thereof to purchase merchandise, materials, equipment or services on a discount or cost-plus basis.

Sec. 2. Section five hundred three point two (503.2), unnumbered paragraph two (2), Code 1979, is amended by striking that paragraph.

Sec. 3. Section five hundred three point three (503.3), Code 1979, is amended to read as follows:

503.3 NONAPPLICABILITY. This chapter shall not apply to any ~~corporation or association organized upon the assessment plan, for the purpose of insuring the lives of individuals or furnishing benefits to the widows, heirs, orphans, or legatees of deceased members, or insuring the health of persons, or furnishing accident indemnity, nor to any benevolent associations or societies.~~ of the following:

1. A corporation or association organized upon the assessment plan for the purpose of insuring the lives of individuals or furnishing benefits to the widows, heirs, orphans or legatees of deceased members.

2. A benevolent association or society.

3. An association which sells or offers for sale memberships to an individual or to a family unit for consideration which is fifty dollars or less for a one-year period.

Sec. 4. Section five hundred three point four (503.4), unnumbered paragraph one (1), Code 1979, is amended to read as follows:

No association contemplated by this chapter shall ~~issue~~ sell or offer for sale any membership until it shall have procured from the commissioner of insurance a certificate of authority authorizing it to engage in such business.

Sec. 5. Section five hundred three point five (503.5), Code 1979, is amended to read as follows:

503.5 CERTIFICATE OF AUTHORITY. Upon the filing of the application referred to in section 503.4, if the commissioner of insurance is satisfied that the business is not in violation of law, or against public policy, ~~and is safe, reliable, and entitled to public confidence,~~ and that the certificate or contract is in proper form, he may issue a certificate of authority authorizing it to transact business within this state for the period of one year from the date of the issuance thereof.

Sec. 6. Section five hundred three point eleven (503.11), Code 1979, is amended to read as follows:

503.11 REVOCATION OF CERTIFICATE--RECEIVER--INJUNCTION. If upon such examination, or at any other time after reasonable notice and a hearing, it shall appear that such association does not conduct its business in accordance with law, or is insolvent, or is doing an unsafe and unsound business, or is conducting its business contrary to public policy, or that the further continuance of its business is hazardous and against the public interest, or if such association upon request refuses to be examined, or fails to make the ~~deposit and~~ reports as herein required, he shall revoke its certificate of authority, and having revoked the certificate of authority of such association he shall report this fact to the attorney general, who shall at once apply to the district court or a judge thereof, for the appointment of a receiver to close up the affairs of such association, and an injunction may issue in the same proceeding enjoining and restraining the association from transacting business in this state.

Sec. 7. Sections five hundred three point seven (503.7) and five hundred three point twelve (503.12), Code 1979, are repealed.

Approved June 1, 1979