

A BILL

FOR AN ACT TO REGULATE MUTUAL LIFE AND ACCIDENT INSURANCE COMPANIES, DEFINING DUTIES OF THE OFFICERS, AND PROVIDING PENALTIES FOR VIOLATION OF ITS PROVISIONS.

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

SECTION 1. That every mutual life or accident insurance company or association organized within this State for the purpose of collecting and paying a fund to its members in case of death, accident or disease, by assessments made upon other members, except brotherhoods or benevolent institutions or societies where the business is done through the local lodges of the order; and every such company organized under the laws of any other State or foreign country, shall, before issuing any policies or beneficiary certificates or any other business, except perfecting its organization, and while continuing business in this State, comply with the provisions of this chapter.

SEC. 2. Such company or organization, if organized under the laws of any other State or foreign country, shall, before issuing any policies in this State, incorporate under the laws of this State, in accordance with the laws governing corporations of like character.

SEC. 3. Such company or organization shall, before issuing any policy or beneficiary certificate, have actual applications for at least two hundred and fifty individual lives or persons to be insured against accident or disease, for an average amount of at least one thousand dollars upon each life, or for the payment of such weekly sum or stipend as their by-laws provide in case of accidents; a list of which applications, giving the name, age, residence, and amount of insurance, amount of annual dues or premiums, and amount of each assessment and conditions upon which assessments shall be made, shall be filed with the Auditor of State.

SEC. 4. Every such company or organization, now or hereafter doing business in this State, shall execute and file with the Auditor of State a bond to the State of Iowa, for its use and benefit, and for the use and benefit of any person interested in said company, in the sum of ten thousand dollars; which bond shall be increased to twenty thousand dollars whenever the amount collected upon any one assessment shall exceed ten thousand dollars; which shall be signed by at least two sureties, who shall justify in a sum double the amount named in the bond. Such bond shall be conditioned that the said company will account for and pay over to the person or persons entitled thereto any and all money received by

9 such company or organization from any assessment made upon its members to pay losses by
10 death, accident or disease, according to the by-laws, rules and regulations of such company:
11 *Provided*, That any such company may, in lieu of such bond, deposit with the Auditor of
12 State, bonds of this State, of the United States, or *bona fide* first mortgage securities upon
13 real estate equal in value to the amount required in the bond.

SEC. 5. The president, or vice-president, and secretary, or the officers corresponding
2 thereto, or a majority of the directors or trustees, of every company, organization, brother-
3 hood or fraternal society doing business in this State, or collecting money to pay losses by
4 death, disease or accident, shall, on the first day of January and July of each year, or within
5 thirty days thereafter, prepare under oath and deposit in the office of the Auditor of State
6 a statement showing:

7 FIRST—NAME AND OFFICERS.

- 8 1. The name of the company and where located.
- 9 2. The place where it is incorporated in this State, if a foreign corporation comply-
10 ing with the provisions of this chapter.
- 11 3. The name of its officers.
- 12 4. The plan of insurance, whether life or accident.

13 SECOND—ASSETS.

- 14 1. Amount of cash on hand.
- 15 2. Amount of cash deposited in bank, giving name of bank or banks.
- 16 3. Amount of cash in hands of agents or in course of transmission.
- 17 4. Amounts of stocks or bonds, if any, giving name, denomination and value of each,
18 and of the whole.
- 19 5. Amount, if any, of loans secured by mortgage, with rate of interest.
- 20 6. Amount of notes held by the company.
- 21 7. Amount of interest due and unpaid.
- 22 8. All other securities.

23 THIRD—POLICIES.

- 24 1. Number of policies or beneficiary certificates in force at last statement.
- 25 2. Number of policies issued since last statement.
- 26 3. Number of policies lapsed since last statement.
- 27 4. Number of policies in force at the time the statement is made.

28 FOURTH—RECEIPTS.

- 29 1. Amount received from assessments since last statement.
- 30 2. Amount received from membership fees and dues since last statement.
- 31 3. Amount collected upon notes and other outstanding securities since last statement.

32 4. Amount of interest received since last statement.

33 5. Amount received from all other sources.

34 FIFTH—DISBURSEMENTS.

35 1. Amount of losses paid since last statement; and whether for death, accident or
36 disease since last statement.

37 2. Amount of salaries and perquisites paid to officers since last statement.

38 3. Amount of salaries and commissions paid to agents since last statement.

39 4. Amount paid for rents and taxes since last statement.

40 5. Amount paid for printing, stationery and postage since last statement.

41 6. Amount of all other payments and expenditures.

42 SIXTH—LIABILITIES.

43 1. Amount of salaries to officers and agents unpaid.

44 2. Amount of losses due and unpaid.

45 3. Amount of losses adjusted, but not due.

46 4. Amount of losses unadjusted.

47 5. Amount of claims for losses resisted.

48 6. Amount of money borrowed to pay losses or expenses.

49 7. Amount of all other outstanding claims against the organization.

SEC. 6. Every such company, organization or society shall also deposit with the Auditor
2 of State a certified copy of the charter or articles of incorporation; also, a certified copy of
3 all by-laws, rules and regulations governing the manner of making and collecting assess-
4 ments.

SEC. 7. Upon compliance with the provisions of this chapter by any mutual insurance
2 company, the Auditor of State shall issue to such agents as the said company shall name,
3 certificates of authority to solicit and receive applications for insurance or to transact such
4 other business as the company shall direct; a certified copy of such certificate shall be filed
5 in the office of the recorder of the county where such agent is located or doing business.
6 And notice of suit upon any such agent shall be sufficient to confer jurisdiction upon any
7 court of the county in which the loss occurred having jurisdiction of such matters. Any
8 person soliciting or receiving applications for insurance without first having such certificate
9 from the Auditor of State, shall be deemed guilty of a misdemeanor. But this section shall
10 not apply to beneficiary institutions doing their business through local lodges.

SEC. 8. In every assessment notice, or other notice from any company, organization or
2 society to its members, calling for the payment of assessments, there shall be a statement
3 containing the following:

4 *First.* Number of policies in force.

5 *Second.* Number of policies liable to such assessment.

6 *Third.* Amount collected upon last assessment.

7 *Fourth.* Amount paid to beneficiary by last assessment; *provided*, that in societies
8 such statement sent to the local lodges shall be a sufficient compliance with this section.

SEC. 9. In case any member of any company, organization or society, shall suffer his
2 policy to lapse, he shall still be liable to such company, organization, or society, for the pay-
3 ment of his assessments upon all deaths or other losses that occurred, and for which he
4 would otherwise be liable under the conditions of his policy before his policy was lapsed or
5 cancelled, and the same may be recovered by civil suit before any court having jurisdiction.

SEC. 10. The funds of every such company, organization or society, shall be separately
2 kept upon the books of such company, and separately deposited, if deposited in bank, to
3 show at all times the amount of each fund, apart from any other fund of such institution;
4 and no beneficiary fund shall be appropriated or used for any other purpose than that for
5 which it was collected, as shown by the assessment notice upon which it was paid in. Any
6 officer or agent of such company, or organization, or other person violating the provisions of
7 this section shall be deemed guilty of a misdemeanor.

SEC. 11. Every such company or organization shall, within thirty days after proof of loss
2 has been received, unless the payment of the same is resisted, make an assessment upon its
3 members to pay such loss, unless there is sufficient funds in the hands of the treasurer to
4 pay the same, or the payment has been otherwise provided for.

SEC. 12. Any officer or agent of such company, organization, or society, who shall appro-
2 priate any of the beneficiary funds of such company to his own use, shall be deemed guilty
3 of larceny by embezzlement.

SEC. 13. In all suits against any such company, organization or society upon any policy
2 or beneficiary certificate, the court before whom the case is pending may, in its discretion
3 if the plaintiff recover in the action, enter judgment against the sureties on the bond filed
4 with the Auditor, as provided herein, for the amount which the plaintiff shall recover in
5 such action.

SEC. 14. Upon the failure of any company organized in this State to file the statement or
2 bonds as required herein, or to pay losses, unless the payment of such losses is contested,
3 the Auditor of State shall notify the county attorney of the county where such company is
4 situated who shall at once apply to the district court if in session, or if in vacation, to the
5 judge thereof, for an order for such company to show cause why its business shall not be
6 closed up; and if upon hearing, such company or organization fail to show sufficient cause for
7 such neglect, then the court shall decree its dissolution. In such proceeding the court shall
8 have power to appoint a receiver to take charge of the affairs and close up the business of
9 such company or organization if deemed expedient. The proceeding shall be in the name of
10 the State of Iowa, and the court may in such proceeding enter judgment against the sureties

11 upon the bonds of said company as herein provided, for any deficiency in the money
12 received by such company to pay losses, as well as for costs of the proceeding, including a
13 reasonable attorney fee to be taxed by the court.

SEC. 15. Each company or organization contemplated in this chapter, shall pay the same
2 fees as provided in sections eleven hundred and fifty-three and eleven hundred and fifty-
3 four of chapter four, title nine, of the Code.

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