

A BILL FOR AN ACT

To provide for the organizing, admitting, licensing and regulating of insurance companies other than life, and to repeal the law as it appears in sections sixteen hundred ninety-two (1692), sixteen hundred ninety-three (1693), sixteen hundred ninety-four (1694), sixteen hundred ninety-five (1695), seventeen hundred (1700), and seventeen hundred twenty-three (1723) of the Code, and section sixteen hundred eighty-nine (1689), Supplement to the Code, 1913, and section seventeen hundred twenty-one (1721), Supplemental Supplement, 1915, and to enact substitutes for each of them, and to amend the law as it appears in subdivision four (4), section seventeen hundred and nine (1709), Supplement to the Code, 1913, and to repeal the law as it appears in sections sixteen hundred ninety (1690), seventeen hundred and four (1704), seventeen hundred five (1705), seventeen hundred and six (1706), seventeen hundred and seven (1707), seventeen hundred and eight (1708), and seventeen hundred seventeen (1717) of the Code, and all acts and parts of acts in conflict herewith, all relating to the matter of insurance.

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

1 Section 1. That the law as it appears in section sixteen hundred
2 eighty-nine (1689), Supplement to the Code, 1913, be and the same
3 is hereby repealed, and the following enacted in lieu thereof:

4 Every domestic and foreign insurance company shall indicate
5 upon the first page of every policy and renewal receipt that the
6 policy is issued by a mutual company in case of a mutual company,
7 and by a stock company in case of a stock company.

1 Sec. 2. That the law as it appears in section sixteen

2 hundred ninety (1690) of the Code be and the same is hereby
3 repealed.

1 Sec. 3. That the law as it appears in section sixteen
2 hundred ninety-two (1692) of the Code, be and the same is hereby
3 repealed, and the following enacted in lieu thereof:

4 No mutual company shall issue policies or transact
5 any business of insurance unless it shall hold a certificate of
6 authority from the commissioner of insurance authorizing the
7 transaction of such business, which certificate of authority shall
8 not be issued until and unless the company shall comply with the
9 following conditions:

10 (1) It shall hold bona fide applications for insurance
11 upon which it shall issue simultaneously, or it shall have in
12 force, at least two hundred policies issued to at least two hundred
13 members for the same kind of insurance upon not less than two
14 hundred separate risks, each within the maximum single risk
15 described herein; provided, that not more than one hundred members
16 shall be required for employer's liability and workmen's com-
17 pensation insurance.

18 (2) The maximum single risk shall not exceed twenty per
19 cent of the admitted assets, or three times the average risk, or
20 one per cent of the insurance in force, whichever is the greater,
21 any reinsurance taking effect simultaneously with the policy being
22 deducted in determining such maximum single risk.

23 (3) It shall have collected a premium upon each appli-
24 cation, which premium shall be held in cash or securities in

25 which insurance companies are authorized to invest, which shall
26 be equal, in case of fire insurance, to not less than twice the
27 maximum single risk assumed subject to one fire nor less than
28 ten thousand dollars; and in any other kind of insurance, to
29 not less than five times the maximum single risk assumed; and,
30 in case of employer's liability and workmen's compensation
31 insurance, to not less than fifty thousand dollars.

32 (4) For the purpose of transacting employer's liability
33 and workmen's compensation insurance, the applications shall cover
34 not less than one thousand five hundred employees, each such
35 employee being considered a separate risk for determining the
36 maximum single risk.

1 Sec. 4. That the law as it appears in section six-
2 teen hundred and ninety-three (1693), of the Code, be and the
3 same is hereby repealed and the following enacted in lieu thereof:

4 Any public or private corporation, board or
5 association in this state, or elsewhere, may make applications,
6 enter into agreements for and hold policies in any such mutual
7 insurance company. Any officer, stockholder, trustee or local
8 representative of any corporation, board, association or
9 estate may be recognized as acting for or on its behalf for the
10 purpose of such membership, but shall not be personally liable
11 upon such contract of insurance by reason of acting in such
12 representative capacity. The right of any corporation organized
13 under the laws of this state to participate as a member of any
14 such mutual insurance company is hereby declared to be incident-

15 al to the purpose for which such corporation is organized and as
16 much granted as the rights and powers expressly conferred.

1 Sec. 5. Every policyholder of such mutual company
2 shall be a member of the company and shall be entitled to one
3 vote, and such members may vote in person or by proxy as may be
4 provided in the by-laws.

1 Sec. 6. The maximum premium payable by any member
2 of a mutual company shall be expressed in the policy and in the
3 application for the insurance. Such maximum may be a cash prem-
4 ium and an additional contingent premium not less than the cash
5 premium, or may be solely a cash premium. No policy shall be
6 issued for a cash premium without an additional contingent
7 premium unless the company has a surplus which is not less in
8 amount than the capital stock required of domestic stock insurance
9 companies transacting the same kind of insurance.

1 Sec. 7. Such mutual company shall maintain unearned
2 premium and other reserves separately for each kind of insurance,
3 upon the same basis as that required of domestic stock insurance
4 companies transacting the same kind of insurance; provided, that
5 any reserve for losses or claims based upon the premium income
6 shall be computed upon the net premium income, after deducting
7 any so-called dividend or premium returned or credited to the
8 member.

1 Sec. 8. Any such mutual company not possessed of
2 assets at least equal to the unearned premium reserve and other
3 liabilities shall make an assessment upon its members liable to

4 assessment to provide for such deficiency, such assessment to be
5 against each such member in proportion to such liability as
6 expressed in his policy; provided, the commissioner may by written
7 order, relieve the company from an assessment or other proceed-
8 ings to restore such assets during the time fixed in such order.

1 Sec. 9. Any director, officer or member of any such
2 mutual company, or any other person, may advance to such company,
3 any sum or sums of money necessary for the purpose of its business
4 or to enable it to comply with any of the requirements of the law,
5 and such moneys and such interest thereon as may have been agreed
6 upon, not exceeding the maximum statutory rate of interest, shall
7 not be a liability or claim against the company or any of its
8 assets, except as herein provided, and upon approval of the comm-
9 issioner of insurance may be repaid, but only out of the surplus
10 earnings of such company. No commission or promotion expenses
11 shall be paid in connection with the advance of any such money
12 to the company. The amount of such advance shall be reported in
13 each annual statement.

1 Sec. 10. Such mutual company may insert in any form
2 of policy prescribed by the law of this state any additional
3 provisions or conditions required by its plan of insurance if
4 not inconsistent or in conflict with any law of this state.

1 Sec. 11. Such mutual company shall comply with the
2 provisions of any law applicable to stock insurance companies
3 affecting the same kind of insurance requiring that policies
4 be countersigned and delivered through a resident agent, provided

5 that this requirement shall not apply to any policy of such mutual
6 company on which no commission shall be paid to any local agent.

1 Sec. 12. The provisions of this chapter shall not
2 apply to any company or association of this state now doing business
3 whether organized under chapter four or chapter five, title nine of
4 the Code, as amended unless such company or association shall
5 so elect by resolution of its board of directors duly certified
6 to by the president and secretary and filed with and approved by
7 the commissioner, and shall further amend its articles, if nec-
8 essary, to permit full compliance with this chapter and to include
9 such additional kind or kinds of insurance as such company or
10 association intends to transact. On the filing and approval of
11 such resolution and on making such amendment if required, such
12 company may be authorized to transact such kinds of insurance
13 under this chapter.

1 Sec. 13. That the law as it appears in section six-
2 teen hundred ninety-four (1694) of the Code, be and the same is
3 hereby repealed and the following enacted in lieu thereof:

4 After approval of the articles of incorporation,
5 as provided in section sixteen hundred eighty-five (1685) of the
6 Code, and upon completing the publications of the notice of in-
7 corporations required by chapter one of this title and filing of
8 the publisher's affidavit thereof with the secretary of state to-
9 gether with the articles of incorporation as required in this chapter,
10 which shall be certified to the commissioner of insurance by the
11 secretary of state; and upon issuance of his certificate, the

12 company shall have the legal existence as a corporation, and the
13 persons named in such articles as incorporators, or a majority
14 of them, are authorized to open books for subscriptions to stock
15 company, or to take applications and receive premiums for insur-
16 ance, if a mutual company, at such times and places as they may
17 find convenient, and to keep such books open until the full amount
18 required is subscribed or taken.

1 Sec. 14. That the law as it appears in section
2 sixteen hundred ninety-five (1695) of the Code be and the same
3 is hereby repealed and the following enacted in lieu thereof:

4 The affairs of a company organized under this
5 chapter shall be managed by not less than five and not more than
6 twenty-one directors, all of whom, in case of a stock company,
7 shall be stockholders, or, in case of a mutual company, be sub-
8 scribers for stock or for insurance as the case may be. When
9 the subscriptions required by this chapter for stock, if a stock
10 company, or for insurance, if a mutual company, shall have been
11 obtained, the incorporators shall give at least ten days' written
12 notice by mail to such subscribers of a meeting of the subscribers
13 for the election of directors and such meeting shall be held within
14 thirty days after such subscriptions have been completed and the
15 directors then elected shall continue in office until their success-
16 ors have been elected and qualified.

1 Sec. 15. That the law as it appears in section
2 seventeen hundred (1700) of the Code, be and the same is hereby
3 repealed and the following enacted in lieu thereof:

4 After complying with the requirements of the preced-
5 ing sections, the company shall file with the commissioner of
6 insurance a satisfactory detailed statement showing the financial
7 condition of the company, including all transactions had during
8 its organization, together with a record of all moneys received
9 and disbursed, a list of the stockholders, the amount of stock
10 purchased by each, and the price paid, and such commissioner may
11 appoint in writing some disinterested person to make an examinat-
12 ion and if it shall be found that the capital or assets herein
13 required of the company named, according to the nature of the
14 business proposed to be transacted by such compnay, have been
15 paid in, and are now possessed by it in money or such stock, bonds
16 and mortgages as are required by the preceding sections of this
17 chapter, he shall so certify; but if the examination is made by
18 another than the commissioner, the certificate shall be by him,
19 and under his oath. The incorporators or officers of any such
20 company, or proposed company, shall be required to state to the
21 commissioner of insurance under oath that the capital or assets
22 exhibited to the person making the examination are actually and
23 in good faith the property of the company examined, and free and
24 clear of any lien or claim on the part of any other person. The
25 certificate of examination of a mutual company shall be to the
26 effect that it has received and has in its actual possession (a)
27 the cash premiums, (b) actual contracts of insurance upon property,
28 belonging to the signers thereof, and upon which the insurance
29 applied for can properly be issued, and (c) other securities, as

30 the case may be, to the extent and value hereinbefore required.
31 The incorporators or officers of such mutual company shall file
32 the statement under oath required of stock companies. The certifi-
33 cate and statements above contemplated shall be filed in the in-
34 surance department and the commissioner of insurance shall deliver
35 to the company a copy of the report of the examination, in the
36 event one is made, together with his written permission for it to
37 commence the business proposed in its articles of incorporation,
38 which permission shall be its authority to commence business and
39 issue policies. Such certificates of authority shall expire on
40 the first day of March next succeeding its issue, and shall be
41 renewed annually so long as such company shall transact business
42 in accordance with the requirements of law; a copy of which certi-
43 ficate, when certified to by the commissioner of insurance, shall
44 be admissible in evidence for or against a company with the same
45 effect as the original.

1 Sec. 16. That the law as it appears in sections
2 seventeen hundred four (1704), seventeen hundred five (1705),
3 seventeen hundred six (1706), seventeen hundred seven (1707),
4 and seventeen hundred eight (1708), of the Code, be and the
5 same are hereby repealed.

1 Sec. 17. That the law as it appears in sub-division
2 four (4), section seventeen hundred nine (1709), Supplement to
3 the Code, 1913, be and the same is hereby repealed, and the
4 following enacted in lieu thereof:

5 4. Insure against loss or damage by theft, injury,

6 sickness or death of animals and to furnish veterinary service.

1 Sec. 18. That the law as it appears in section
2 seventeen hundred seventeen (1717), of the Code, be and the same
3 is hereby repealed.

1 Sec. 19. That the law as it appears in section
2 seventeen hundred twenty-one (1721), Supplemental Supplement,
3 1915, be and the same is hereby repealed and the following
4 enacted in lieu thereof:

5 No stock insurance company organized under or by the
6 laws of any other state or foreign government shall, directly
7 or indirectly, take risks or transact any business of insurance
8 in this state unless possessed of two hundred thousand dollars of
9 actual paid up capital, exclusive of any assets deposited in any
10 state, territory, district or country for the special benefit or
11 security of those insured therein, but companies organized to insure
12 plate glass exclusively are not required to have a greater capital
13 than one hundred thousand dollars; and such companies organized to
14 insure the health of persons against personal injuries, disable-
15 ment or death resulting from traveling or general accidents by
16 land or water, having an actual paid up capital of one hundred thou-
17 sand dollars surplus in an amount to be approved by the commissioner
18 of insurance, exclusive of any assets deposited in other states
19 and territories for the special benefit or security of the in-
20 sured therein, shall be deemed sufficient within the meaning of
21 this section.

1 Sec. 20. That the law as it appears in section

2 seventeen hundred twenty-three (1723) of the code, be and the
3 same is hereby repealed and the following enacted in lieu thereof:

4 Any mutual insurance company organized outside of this
5 state and authorized to transact the business of insurance on the
6 mutual plan in any state of the United States or in the District
7 of Columbia, may be admitted to this state and authorized to trans-
8 act herein any of the kinds of insurance authorized by its charter
9 or articles of incorporation, when so permitted by the provisions
10 of this chapter, with the powers and privileges and subject to the
11 conditions and limitations specified in said chapter; provided,
12 however, such company has complied with all the statutory pro-
13 visions which require stock companies to file papers and to furnish
14 information and to submit to examination, and is also solvent
15 according to the requirements of this chapter and is possessed of
16 a surplus safely invested as follows:

17 1. In case any such mutual company issuing policies
18 for a cash premium without an additional contingent liability equal
19 to or greater than the cash premium, the surplus shall be at least
20 two hundred thousand dollars.

21 2. In case of any other such mutual company issuing
22 policies for a cash premium with an additional contingent lia-
23 bility equal to or greater than the cash premium, the surplus
24 shall be such an amount as the insurance commissioner of Iowa
25 may require, but in no case less than fifty thousand dollars;
26 provided, that no such mutual company shall be authorized to
27 transact compensation insurance without a surplus of at least

28 two hundred thousand dollars unless all liability for each adjust-
29 ed claim in this state, the payment of any part of which is
30 deferred for more than one year, shall be provided for by a
31 special deposit, in a trust company of this state, which shall
32 be a trust fund applicable solely and exclusively to the payment
33 of the compensation benefits for which such deposit is made, or
34 shall be re-insured in an authorized stock company, or is an
35 authorized mutual company with a surplus of at least two hundred
36 thousand dollars.

1 Sec. 21. For the purpose of determining the basis
2 of any tax upon the "gross amount of premiums", or "gross receipts
3 from premiums, assessments, fees and promissory obligations", now
4 or hereafter imposed upon any mutual fire or casualty insurance
5 company under any law of this state, such gross amount or gross
6 receipts shall consist of the gross premiums or receipts for
7 direct insurance, without including or deducting any amounts
8 received or paid for reinsurance, but with such other deductions
9 as provided by law, and in addition deducting any so called
10 dividends or return of savings or gains to policyholders; provided,
11 that as to any deposits or deposit premiums received by any such
12 company, the taxable premiums shall be the portion of such deposits
13 or deposit premiums earned during the year with such deductions
14 therefrom as provided by law.

1 Sec. 22. All acts and parts of acts in conflict
2 herewith, are hereby repealed.