

## CHAPTER 519

## LIABILITY INSURANCE — CERTAIN PROFESSIONS

Referred to in [§87.4](#), [§296.7](#), [§331.301](#), [§364.4](#), [§423.3](#), [§505.28](#), [§505.29](#), [§515B.2](#), [§669.14](#), [§670.7](#)

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**519.1 Authorization.**

Any number of physicians and surgeons, osteopathic physicians and surgeons, podiatric physicians, chiropractors, pharmacists, dentists, and graduate nurses, licensed to practice their profession in this state, and hospitals licensed under [chapter 135B](#), may, by complying with the provisions of [this chapter](#) and without regard to other statutory provisions, enter into contracts with each other for the purpose of protecting themselves by insurance against loss by reason of actions at law on account of their alleged error, mistake, negligence, or carelessness in the treatment and care of patients, including the performance of surgical operations, or in the prescribing and dispensing of drugs and medicines, or for loss by reason of damages in other respects, and to reimburse any member in case of such loss.

[C24, 27, 31, 35, 39, [§9069](#); C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §519.1]

[95 Acts, ch 108, §19](#); [2008 Acts, ch 1088, §141](#)

Action on liability policy, chapter 516

**519.2 Incorporation — powers.**

All corporations, organized for the purpose of transacting such insurance business under the provisions of [this chapter](#), shall incorporate under the provisions of [chapter 491](#), and be known as mutual corporations; and are hereby empowered to collect such assessments, or premium payments, provided for in their articles of incorporation or bylaws, as are required to pay losses and expenses incurred in the conduct of their business and to cede reinsurance. Such mutual insurance corporations may issue certificates of membership, or policies; and may provide that all assessments, or premium payments, payable thereunder, be made in cash, or on the installment, or assessment plan.

[C24, 27, 31, 35, 39, [§9070](#); C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §519.2]

**519.3 Articles — approval — bylaws.**

The articles of incorporation, and any subsequent amendments, of such mutual insurance corporation shall be filed with and approved by the commissioner of insurance before being filed with the secretary of state. A mutual insurance corporation shall file with the commissioner bylaws and subsequent amendments to the bylaws within thirty days of adoption of the bylaws or amendments.

[C24, 27, 31, 35, 39, [§9072](#); C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §519.3]

[2009 Acts, ch 145, §50](#)

**519.4 Approval of policy — certificate of authority.**

No such mutual insurance corporation shall issue membership certificates, or policies, until its form of certificate or policy, shall have been submitted to, and approved by, the commissioner of insurance and until it has secured from such commissioner of insurance a certificate authorizing it to transact such an insurance business.

[C24, 27, 31, 35, 39, [§9073](#); C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §519.4]

**519.5 Conditions.**

No such certificate shall be issued by the commissioner of insurance until two hundred fifty individual applications or ten or more applications from a hospital group, have been received,

and until the commissioner of insurance is satisfied that such mutual insurance corporation has bona fide applications representing the number of applicants required, and that there is in the possession of such mutual insurance corporation cash assets amounting to not less than ten times the maximum single retained risk.

[C24, 27, 31, 35, 39, §9074; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §519.5]

#### **519.6 Reports.**

Such mutual insurance corporations doing business under the provisions of [this chapter](#) shall, annually, before the first day of March, report to the commissioner of insurance, upon blanks furnished by the commissioner, the same facts, so far as applicable, as are required to be furnished by mutual insurance associations under the statutes of Iowa, which report shall be tabulated by the commissioner of insurance and published by the commissioner in the annual report on insurance.

[C24, 27, 31, 35, 39, §9075; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §519.6]

Annual report, §515.63

#### **519.7 Reinsurance reserve.**

Such mutual insurance corporations shall, annually, set aside and maintain as a reinsurance reserve, an amount equal to ten percent of the receipts from assessments, or premium payments, during the year until the total amount thus accumulated shall equal forty percent, but not to exceed fifty percent of the amount of the annual assessment, or premium payment, at the rate charged for such insurance on all policies in force. The reserve thus accumulated may be used for the payment of losses and expenses, and when so used shall be restored and maintained in like manner as originally accumulated.

[C24, 27, 31, 35, 39, §9076; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §519.7]

#### **519.8 Cancellation of policy.**

Any certificate of membership, or policy, issued by such a mutual insurance corporation may be canceled by the corporation by giving thirty days' written notice thereof to the insured; or such cancellation may be upon demand of the insured; and such cancellation, when so made, either by the corporation or by the insured, shall be upon a pro rata basis, and the cancellation of such certificate or policy shall release the member from all other future obligations to such corporation.

[C24, 27, 31, 35, 39, §9077; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §519.8]

#### **519.9 Fees.**

Such a mutual insurance corporation shall pay the same fees for admission into the state, for annual reports, and for annual certificates of authority as are required to be paid by domestic mutual companies organized and doing business under [chapter 515](#); such certificate shall expire June 1 of the year following the date of its issue.

[C24, 27, 31, 35, 39, §9078; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §519.9]

[88 Acts, ch 1112, §109](#)

#### **519.10 Powers of commissioner.**

The commissioner of insurance shall have and exercise the same control over such corporations as the commissioner now has over state mutual insurance associations organized and doing business under [chapter 518A](#).

[C24, 27, 31, 35, 39, §9079; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §519.10]

[2000 Acts, ch 1023, §54](#)

#### **519.11 Liability to assessments.**

The provisions as to maximum liability of members to assessments when assets are insufficient and to assessments when the corporation is insolvent, found in [section 518A.9](#), shall apply to all mutual insurance corporations organized under [this chapter](#).

[C24, 27, 31, 35, 39, §9080; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §519.11]

[99 Acts, ch 165, §22; 2000 Acts, ch 1023, §55](#)

**519.12 Foreign companies.**

Any mutual insurance association organized under the laws of any other state, for the purpose of transacting the kind of business described in [this chapter](#), and which has on hand surplus amounting to not less than ten times the maximum single retained risk, and has not less than two hundred fifty members, may upon application, be admitted to do business in this state if the commissioner finds such admission is in the public interest; and shall thereafter make all reports and be subject to taxation, examination, and supervision by the commissioner of insurance to the same extent and in the same manner as are domestic corporations organized under the provisions of [this chapter](#).

[C24, 27, 31, 35, 39, §9081; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §519.12]

**519.13 Construction.**

All laws, or parts of laws, in conflict herewith shall be so construed as not to include corporations regulated by [this chapter](#).

[C24, 27, 31, 35, 39, §9082; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §519.13]