

March 17, 1967
Passed on File

*Colabor 3/27
Commerce 4/12 Pass as amended 4-26*

Senate File 601

By COMMITTEE ON COMMERCE

Passed Senate, Date 4-7-67 Passed House, Date 5-25-67

Vote: Ayes 46 Nays 1 Vote: Ayes 104 Nays 4

Approved June 22, 1967

*Passed
Senate as amended
by House 6-5-67
48-1*

A BILL FOR

An Act relating to the regulation of benevolent associations.

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

1 Section 1. When used in this Act, unless the context other-
2 wise requires:

3 1. "Benevolent association" means any group of persons who
4 as members make voluntary contributions or pay any membership
5 fees or dues through the association, whereby all or a part of
6 the proceeds are paid to the beneficiaries of deceased members
7 or to members as contributions toward expense incurred by ac-
8 cident or sickness.

9 2. "Member" means any person who participates in a plan or
10 agreement to make voluntary contribution through a benevolent
11 association.

12 3. "Commissioner" means the commissioner of insurance.

1 Sec. 2. The commissioner shall promulgate such reasonable
2 rules and regulations as he deems necessary to assure the
3 proper operation of benevolent associations.

1 Sec. 3. Before a benevolent association shall operate in
2 this state, it shall first incorporate in accordance with the
3 provisions of chapter five hundred four (504) of the Code and
4 the articles of incorporation shall be submitted to the com-
5 missioner. If the commissioner finds the articles conform to
6 the requirements of the law and all rules and regulations
7 promulgated under this Act, he shall approve and file the
8 articles of incorporation with the secretary of state. Every

9 benevolent association formed and operating before January 1,
10 1967, and not so incorporated, shall be required to complete
11 their incorporation prior to January 1, 1968. Every benevolent
12 association at the time of incorporation shall submit its gen-
13 eral plan of operation to the commissioner, and if the commis-
14 sioner finds the plan conforms to the requirements of the law
15 and all reasonable rules and regulations promulgated under this
16 Act, he shall issue a license to expire on the thirty-first day
17 of March after issuance. Said license may be renewed from year
18 to year upon application of the association, if the commissioner
19 finds from his examination that the association has conformed
20 to the requirements of all laws and regulations applicable
21 thereto.

1 Sec. 4. The association shall keep a record of all transac-
2 tions and shall file an annual report thereof for the preceding
3 calendar year on or before the first day of March on a form
4 prescribed by the commissioner. The commissioner shall also
5 prescribe the method of keeping books and accounts of benevolent
6 associations.

1 Sec. 5. There shall be paid to the commissioner for services
2 required under the provisions of this Act the following fees,
3 which shall be accounted for by him in the same manner as other
4 fees received in the discharge of the duties of his office:

5 1. For filing and examination of the articles of incorpora-
6 tion for organization in this state and the accompanying general
7 plan of operation of any benevolent association, and the issuing
8 of the permission to do business, ten (10) dollars.

9 2. For filing an annual statement of a benevolent associa-
10 tion, and issuing the renewal of the permission required by law
11 to authorize continuance in business, three (3) dollars.

1 Sec. 6. Such an association shall be governed by a board of
2 not less than five (5) directors to be elected from the members,
3 whose terms may be staggered but shall not exceed three (3)
4 years. Said directors shall be elected at an annual meeting

5 of the membership at a time and place to be determined by the
6 board of directors which shall be in the general locality
7 where a majority of the members reside. Notice of the hour
8 and place of the annual meeting shall be given to the member-
9 ship in writing and may be included in the notice of contri-
10 butions due. The directors shall serve without compensation
11 but may be reimbursed for the actual expense incurred in
12 attending meetings.

13 Members may vote in person or by proxy if so provided for
14 in the association's bylaws. All proxies shall be subject to
15 the provisions of chapter five hundred twenty-three (523) of
16 the Code and any applicable regulations promulgated thereunder.

1 Sec. 7. The directors may select a secretary or other em-
2 ployees deemed necessary for the operation of the association
3 whose compensation shall be reasonable for the services ren-
4 dered.

1 Sec. 8. Such association may operate without the establish-
2 ment of reserves or surplus except for current expenses. Con-
3 tributions for expenses shall be added as a separate item to
4 contributions for membership benefits. A reasonable membership
5 fee to cover initial expenses may be charged.

1 Sec. 9. Within thirty (30) days after acceptance to member-
2 ship, a certificate, the form of which has been approved by the
3 commissioner, shall be delivered to each member. The certifi-
4 cate shall set forth the name of the association, the name of
5 the member, a statement as to the benefits of membership, to
6 whom such benefits are payable, and such other provisions as
7 are, in the opinion of the commissioner, necessary to inform
8 the member of his rights in the association. The certificate
9 shall not indicate therein that the plan or benefits constitute
10 an insurance policy.

1 Sec. 10. Except as otherwise provided by law, it shall be
2 unlawful for any person or corporation to operate a benevolent
3 association in this state except as provided for in this Act.

4 Any person violating the provisions of this Act shall be subject
5 to a fine not exceeding one thousand (1,000) dollars or impri-
6 sonment in the county jail not exceeding thirty (30) days, or
7 both.

1 Amend Senate File 601 as follows:
2 "Sec. 3, line 3 by striking the words "five hundred four
3 (504)" and inserting in lieu thereof the words "five hundred
4 (504 A)". four A

Filed and adopted
April 7, 1967

By BURNS

PAGE 1

1 Amend Senate File 601 by striking everything after
2 the enacting clause and substituting the following:

3 Section 1. When used in this Act:

4 1. A "benevolent association" shall mean any person,
5 firm, company, partnership, association or corporation,
6 organized to enroll persons as members of a group for
7 the purpose of providing an agency by which persons so
8 enrolled may in the event of the death of any other
9 member of the group make voluntary contributions to be
10 distributed in whole or in part by the benevolent associa-
11 tion to the beneficiary of the deceased member, or to
12 members as contribution towards expense incurred by
13 accident or sickness.

14 2. A "member" shall be any person who participates
15 in a plan or agreement to make voluntary contribution
16 through a benevolent association.

17 3. "Commissioner" when used in this Act shall mean
18 the commissioner of insurance.

19 Sec. 2. The commissioner shall promulgate such
20 reasonable rules and regulations as he deems necessary
21 to assure the proper operation of benevolent associations.

22 Sec. 3. Before a benevolent association shall operate
23 in this state it shall first incorporate in accordance
24 with the laws of this state, and the articles of incorpora-
25 tion and bylaws shall be submitted to the commissioner.
26 If he finds they conform to the requirements of the law
27 and all rules and regulations promulgated under this Act,
28 he shall approve the articles of incorporation and file
29 them with the secretary of state. Every benevolent
30 association formed and operating before January 1,
31 1967, and not so incorporated, shall be required to com-
32 plete their incorporation before January 1, 1968. Every
33 benevolent association at the time of its incorporation,
34 or in the case of a benevolent association incorporated
35 and operating prior to January 1, 1967 within six months
36 after the effective date of this Act, shall submit its
37 general plan of operation to the commissioner and if he
38 finds it conforms to the requirements of the law and all
39 reasonable rules and regulations promulgated under this
40 Act, he shall issue a license to expire on the thirty-

41 first day of March after issuance. Said license shall be
42 renewed from year to year upon application of the association,
43 if the commissioner finds from his examination that it has
44 conformed to the requirements of all laws and regulations
45 applicable thereto.

46 Sec. 4. The association shall keep a record of all
47 its transactions and shall file an annual report thereof
48 for the preceding calendar year on or before the first
49 day of March on a form prescribed by the commissioner.
50 The commissioner shall also prescribe the method of keeping
51 books and accounts of benevolent associations.

52 Sec. 5. There shall be paid to the commissioner for
53 services required under the provisions of this Act the
54 following fees, which shall be accounted for by him in the
55 same manner as other fees received in the discharge of the
56 duties of his office;

57 1. For filing and examination of the articles of
58 incorporation for organization in this state and the
59 accompanying general plan of operation of any benevolent
60 association, and the issuing of the permission to do
61 business, ten dollars.

62 2. For filing an annual statement of a benevolent
63 association, and issuing the renewal of permission
64 required by law to authorize continuance in business,
65 three dollars.

66 Sec. 6. Such associations may operate without the
67 establishment of reserves of surplus except for current
68 expenses. Contributions for expenses shall be added as
69 a separate item to contributions for membership benefits.
70 A reasonable membership fee to cover initial expenses
71 may be charged.

72 Sec. 7. Within thirty days after acceptance to
73 membership a certificate, the form of which has been
74 approved by the commissioner, shall be delivered to each
75 member. The certificate shall set forth the name of the
76 association, the name of the member, a statement as to
77 the benefits of membership, to whom such benefits are
78 payable, and such other provisions as are, in the opinion
79 of the commissioner, necessary to inform the member of
80 his rights in the association. The commissioner before
81 approving any certificate shall be satisfied that any
82 benefits to be paid a member or the beneficiary of a member
83 are reasonable in relationship to any and all charges
84 made or assessed against the membership. The certificate
85 shall not indicate therein that the plan or benefits
86 constitute an insurance policy.

87 Sec. 8. Except as otherwise provided by law, it shall
88 be unlawful for any person or corporation to operate a
89 benevolent association in this state except as provided
90 for in this Act. Any person violating the provisions of
91 this Act shall be subject to a fine not exceeding one
92 thousand dollars or imprisonment in the county jail not
93 exceeding thirty days, or both such fine and imprisonment.

Filed - *Senate refused concurred* 6-5
May 26, 1967

1 Amend Senate File 601 by striking everything after the
2 enacting clause and substituting the following:

3 Section 1. When used in this Act:

4 1. A "benevolent association" shall mean any person, firm,
5 company, partnership, association or corporation, organized to
6 enroll persons as members of a group for the purpose of providing
7 an agency by which persons so enrolled may in the event of the
8 death of any other member of the group make voluntary
9 contributions to be distributed in whole or in part by the
10 benevolent association to the beneficiary of the deceased
11 member, or to members as contribution towards expense incurred by
12 accident or sickness.

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14 or agreement to make voluntary contribution through a benevolent
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22 state it shall first incorporate in accordance with the laws of
23 this state, and the articles of incorporation and bylaws
24 shall be submitted to the commissioner. If he finds they conform
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26 promulgated under this Act, he shall approve the articles of
27 incorporation and file them with the secretary of state. Every
28 benevolent association formed and operating before January 1,
29 1967, and not so incorporated, shall be required to complete
30 their incorporation before January 1, 1968. Every benevolent
31 association at the time of its incorporation, or in the case of a
32 benevolent association incorporated and operating prior to
33 January 1, 1967 within six months after the effective date of
34 this Act, shall submit its general plan of operation to the
35 commissioner and if he finds it conforms to the requirements of
36 the law and all reasonable rules and regulations promulgated
37 under this Act, he shall issue a license to expire on the
38 thirty-first day of March after issuance. Said license shall be
39 renewed from year to year upon application of the association,

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41 the commissioner finds from his examination that it has conformed
42 to the requirements of all laws and regulations applicable
thereto.

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44 transactions and shall file an annual report thereof for the
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63 contributions for membership benefits. A reasonable membership
64 fee to cover initial expenses may be charged.

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66 certificate, the form of which has been approved by the
67 commissioner, shall be delivered to each member. The

certificate
68 shall set forth the name of the association, the name of the
69 member, a statement as to the benefits of membership, to whom
70 such benefits are payable, and such other provisions as are, in
71 the opinion of the commissioner, necessary to inform the member
72 of his rights in the association. The commissioner before
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74 be paid a member or the beneficiary of a member are reasonable

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75 relationship to any and all charges made or assessed against the
76 membership. The certificate shall not indicate therein that the
77 plan or benefits constitute an insurance policy.

78 Sec. 8. Except as otherwise provided by law, it shall be
79 unlawful for any person or corporation to operate a benevolent
80 association in this state except as provided for in this Act.
81 Any person violating the provisions of this Act shall be subject
82 to a fine not exceeding one thousand dollars or imprisonment in
83 the county jail not exceeding thirty days, or both such fine
84 and imprisonment.

Filed - *adopted 5-25*
April 26, 1967

By COMMITTEE ON COMMERCE

1 Amend the Committee on Commerce amendment to Senate File 601
2 filed April 26, 1967 as follows:

3 1. By adding a new Section 8 to read as follows:

4 Sec. 8. The provisions of this Act shall not apply to any
5 benevolent association, as defined herein, that shall have
6 been in continuous operation prior to December 1, 1966."

7 2. By renumbering Section 8 as Section 9.

Filed - *Last 5-25*
May 18, 1967

CAFFREY of Polk.
THORSEN of Scott.
CARNAHAN of Wapello.