

Reprinted 4/79

5112 100-1001

SENATE FILE 425

By COMMITTEE ON JUDICIARY
Approved 3/19 (p. 254)

Passed Senate, Date 3-28-1979 Passed House, Date _____
Vote: Ayes 43 Nays 3 Vote: Ayes _____ Nays _____
Approved June 1, 1979

A BILL FOR

1 An Act to repeal chapter five hundred three (503) of the
2 Code.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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1 Section 1. Chapter five hundred three (503), Code 1979,
2 is repealed.

3 EXPLANATION

4 This bill repeals Chapter 503 of the Code. Presently,
5 Chapter 503 regulates persons, firms, companies, partnerships,
6 associations, corporations (except those entities subject
7 to the provisions of Chapter 497, 498 or 501 of the Code
8 or exempted pursuant to section 503.3 of the Code) which sell,
9 offer for sale or issue to the public generally, memberships
10 or certificates of membership entitling the holder thereof
11 to purchase merchandise or services on a discount or cost-
12 plus basis.

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S-3309

1 Amend Senate File 425 as follows:

2 1. By striking everything after the enacting
3 clause and inserting in lieu thereof the following:
4 "Section 1. Section five hundred three point two
5 (503.2), unnumbered paragraph one (1), Code 1979,
6 is amended to read as follows:
7 The term "association" when used in this chapter
8 shall mean any person, firm, company, partnership,
9 association, or corporation other than building and
10 loan associations, state and national banks, insurance
11 companies and associations, and corporations and co-
12 operative associations subject to the provisions of
13 chapters 497, 498 and 501, which sell, or offer for
14 sale ~~or~~ issue to the public generally memberships
15 or certificates of membership entitling the holder
16 thereof to purchase merchandise, materials, equipment
17 or services on a discount or cost-plus basis.

18 Sec. 2. Section five hundred three point two
19 (503.2), unnumbered paragraph two (2), Code 1979,
20 is amended by striking that paragraph.

21 Sec. 3. Section five hundred three point three
22 (503.3), Code 1979, is amended to read as follows:

23 503.3 NONAPPLICABILITY. This chapter shall not
24 apply to any ~~corporation or association organized~~
25 ~~upon the assessment plan for the purpose of insuring~~
26 ~~the lives of individuals or furnishing benefits to~~
27 ~~the widows, heirs, orphans, or legatees of deceased~~
28 ~~members, or insuring the health of persons, or~~
29 ~~furnishing accident indemnity, nor to any benevolent~~
30 ~~associations or societies.~~ of the following:

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

35 2. A benevolent association or society.

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

40 Sec. 4. Section five hundred three point four
41 (503.4), unnumbered paragraph one (1), Code 1979,
42 is amended to read as follows:

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

48 Sec. 5. Section five hundred three point five
49 (503.5), Code 1979, is amended to read as follows:

50 503.5 CERTIFICATE OF AUTHORITY. Upon the filing

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Page 2

1 of the application referred to in section 503.4, if
2 the commissioner of insurance is satisfied that the
3 business is not in violation of law, or against public
4 policy, ~~and is safe, reliable, and entitled to public~~
5 ~~confidence,~~ and that the certificate or contract is
6 in proper form, he may issue a certificate of authority
7 authorizing it to transact business within this state
8 for the period of one year from the date of the
9 issuance thereof.

10 Sec. 6. Section five hundred three point eleven
11 (503.11), Code 1979, is amended to read as follows:

12 503.11 REVOCATION OF CERTIFICATE--RECEIVER--
13 INJUNCTION. If upon such examination, or at any other
14 time after reasonable notice and a hearing, it shall
15 appear that such association does not conduct its
16 business in accordance with law, or is insolvent,
17 or is doing an unsafe and unsound business, or is
18 conducting its business contrary to public policy,
19 or that the further continuance of its business is
20 hazardous and against the public interest, or if such
21 association upon request refuses to be examined, or
22 fails to make the ~~deposit~~ and reports as herein
23 required, he shall revoke its certificate of authority,
24 and having revoked the certificate of authority of
25 such association he shall report this fact to the
26 attorney general, who shall at once apply to the
27 district court or a judge thereof, for the appointment
28 of a receiver to close up the affairs of such
29 association, and an injunction may issue in the same
30 proceeding enjoining and restraining the association
31 from transacting business in this state.

32 Sec. 7. Sections five hundred three point seven
33 (503.7) and five hundred three point twelve
34 (503.12), Code 1979, are repealed."

35 2. Amend the title, line 1, by striking the words
36 "to repeal" and inserting in lieu thereof the words
37 "relating to".

S-3309 FILED & ADOPTED (f. 748)
MARCH 28, 1979

BY PATRICK DELUHERY

(AS AMENDED AND PASSED BY THE SENATE MARCH 28, 1979)

Passed Senate, Date 5-28-79 (p. 998) Passed House, Date 5-4-79 (p. 2074)
Vote: Ayes 43 Nays 3 Vote: Ayes 78 Nays 10
Approved June 1, 1979

A BILL FOR

1 An Act relating to chapter five hundred three (503) of the
2 Code.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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————— = New Language
by the Senate

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

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

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

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

19 503.3 NONAPPLICABILITY. This chapter shall not apply
20 to any corporation or association organized upon the assessment
21 plan, for the purpose of insuring the lives of individuals
22 or furnishing benefits to the widows, heirs, orphans, or
23 legatees of deceased members, or insuring the death of
24 persons, or furnishing accident indemnity, nor to any
25 benevolent associations or societies, of the following:

26 1. A corporation or association organized upon the assess-
27 ment plan for the purpose of insuring the lives of individuals
28 or furnishing benefits to the widows, heirs, orphans or
29 legatees of deceased members.

30 2. A benevolent association or society.

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

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

1 as follows:

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

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

8 503.5 CERTIFICATE OF AUTHORITY. Upon the filing of the
9 application referred to in section 503.4, if the commissioner
10 of insurance is satisfied that the business is not in violation
11 of law, or against public policy, ~~and is safe, reliable, and~~
12 ~~entitled to public confidence,~~ and that the certificate or
13 contract is in proper form, he may issue a certificate of
14 authority authorizing it to transact business within this
15 state for the period of one year from the date of the issuance
16 thereof.

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

19 503.11 REVOCATION OF CERTIFICATE--RECEIVER--INJUNCTION.
20 If upon such examination, or at any other time after reasonable
21 notice and a hearing, it shall appear that such association
22 does not conduct its business in accordance with law, or is
23 insolvent, or is doing an unsafe and unsound business, or
24 is conducting its business contrary to public policy, or that
25 the further continuance of its business is hazardous and
26 against the public interest, or if such association upon
27 request refuses to be examined, or fails to make the deposit
28 and reports as herein required, he shall revoke its certificate
29 of authority, and having revoked the certificate of authority
30 of such association he shall report this fact to the attorney
31 general, who shall at once apply to the district court or
32 a judge thereof, for the appointment of a receiver to close
33 up the affairs of such association, and an injunction may
34 issue in the same proceeding enjoining and restraining the
35 association from transacting business in this state.

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

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SF 425
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SENATE FILE 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.

TERRY E. BRANSTAD
President of the Senate

FLOYD H. MILLEN
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 425, Sixty-eighth General Assembly.

FRANK J. STORK
Secretary of the Senate

Approved June 1, 1979

ROBERT D. RAY
Governor