

CHAPTER 65.

RELATING TO STIPULATED PREMIUM LIFE INSURANCE ASSOCIATIONS.

S. F. 191.

AN ACT relating to insurance companies and associations and to provide for the incorporation, regulation, and government of life insurance corporations on the stipulated premium plan, and to amend chapter seven (7), title nine (9) of the code, and providing a penalty for the violation of the provisions hereof:

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

SECTION 1. "Stipulated premium plan" excluded. That section seventeen hundred and eighty-four (1784) of the code be, and the same is hereby, amended, by striking from the first and second lines thereof the words "stipulated premium plan or," and by striking out, in the eighth line thereof, the words "stipulated premiums," and by striking out in the twelfth (12) line the words, "stipulated premium plan or".

SEC. 2. Organization—articles of incorporation. Any number of persons not less than five, a majority of whom are citizens and residents of the state of Iowa, may associate themselves together and organize a stock or mutual [natural] corporation for the purpose of issuing policies of insurance on the lives of individuals upon the stipulated premium plan, and to grant and purchase annuities, as defined and regulated herein, and to provide for indemnity in event of death. Such associations shall adopt articles of incorporation in writing, which shall set forth:

First.—The name of the corporation, which shall not be the same as that of any corporation theretofore organized, or doing business in the state of Iowa, or so nearly like the name of such other corporation as to be likely to mislead the public.

Second.—The name of the city or town, and county, in which the principal office of the corporation is located.

Third.—The amount of the capital stock of the corporation, which shall not be less than fifty thousand dollars, if the same is a stock company; the number of shares into which the capital stock is divided and the par value thereof, and that the entire capital stock has been subscribed in good faith; that fifty per cent thereof is actually paid in, and is in the possession of the directors of the corporation.

Fourth.—The names and place of residence of the stockholders, and the number of shares subscribed for by each.

Fifth.—The number of years which the corporation is to continue.

Sixth.—A statement that the corporation is formed for the purpose of carrying on the business of insurance under the provisions of this act.

SEC. 3. Stock notes—approved by auditor—revocation of certificate. The remainder of the capital stock shall be paid in at such time as the directors of the corporation may order, and until it is so paid in it shall be evidenced and secured by the promissory notes of the stock holders, which notes shall be certified and accepted only as provided in section seventeen hundred and seventy-one of the code. Such notes shall be approved by the auditor of state and deposited with him for preservation, and he shall examine the same and the security thereon at least once each year and approve or disapprove the same. In all cases where such notes or any of them are disapproved, the association shall at once substitute new notes therefor to be approved by the auditor; and the certificate authorizing any such association to do business in the state shall be revoked in case it fails to comply with this provision.

SEC. 4. Number of directors. The number of directors or managers of the corporation shall not be less than five, and shall be named for the first year of the existence of the corporation in its articles of incorporation, and their powers and duties shall be defined therein.

SEC. 5. Stipulated premium—plan of, defined. Any corporation, company, or association, except level or natural premium companies,

issuing policies of insurance promising money or other benefits to the policy holder, or upon his decease, to his legal representatives, or to the beneficiaries designated by him, which money or benefit is derived from stipulated premiums collected in advance from its policy holders, and from interest and other accumulations, and by which the money or other benefits so realized is applied to, or accumulated solely for, the use and purpose of the corporation and the prosecution and enjoyment of its business, and which shall comply with all the provisions of this act, shall be deemed engaged in the business of life insurance upon the stipulated premium plan, and shall be subject only to the provisions of this act.

SEC. 6. Mortuary premium. Every corporation or association doing business under this act shall charge a mortuary premium at least equal to that of yearly term insurance at age of entry, according to the actuaries' or combined experience table of mortality, with interest at four per cent, and such mortuary premium shall be increased not less than twenty per cent for age twenty and all ages under twenty, and one per cent additional for each additional year above the age of twenty. The net premium for renewable term policies shall not be less than the net premium at age of entrance for the term applied for, according to the actuaries' or combined experience table of mortality, with interest at four per cent.

SEC. 7. Mortuary fund. After the first policy year, the mortuary premium, according to the terms of premium payments of each policy, with the percentage for age added thereto, as provided in section six hereof, together with all interest and other accumulations, except the special increase for limited payment policies, with interest thereon, as provided in section eight hereof, shall constitute the mortuary fund of the corporation.

SEC. 8. Limited payment and investment policies. Any corporation or association issuing stipulated premium policies, under the provisions of this act, may issue limited payment and investment policies, on which the net premium rates shall equal the full requirements of the actuaries' or combined experience table of mortality and four per cent interest. All policies issued under the provisions of this act shall be valued as provided in section seventeen hundred and seventy-four of the code, and the net value thereof shall be deposited with the auditor of state, as therein provided.

SEC. 9. Surrender value. Any corporation transacting business under the provisions of this act may allow fixed cash surrender value on the limited payment or investment policies, or the equivalent of such cash value in extended or paid up insurance, or a loan made upon the policy after three years; the amount set apart for such fixed cash value, or its equivalent, must be plainly stated in the policy, and such fixed cash value shall not be in excess of the portion of the premium, with interest accretions, collected for that purpose.

SEC. 10. Consolidation—reinsurance. Any stipulated premium life insurance corporation may consolidate with any other corporation organized under this act or which is engaged in the business of life insurance, or transfer, or reinsure its risks with any other corporation, or assume, or reinsure, the risks of any other corporation doing business on a similar plan, with the approval of three-fourths of the stock holders and policy holders at a regular or special meeting either in person or by written proxy, duly called for the purpose of submitting such question, provided such consolidation or reinsurance shall be approved by the auditor of state; and any such corporation may reinsure a fractional part of any single risk, but no such reinsurance shall in any manner release the corporation from its obligation under the contract with the policy holder; all such reinsurance shall be reported annually to the auditor of state.

SEC. 11. Reincorporation—existing contracts—deposit of securities. Any life insurance company, corporation, or association, incorporated and doing business only upon the stipulated premium plan under the laws of this state at the time this act takes effect, may, by a majority vote of its

stock or members, at an annual or special meeting of the stock or policy holders called for that purpose, reincorporate as a stock or mutual [natural] corporation or association, and accept the provisions of this act, and amend its articles of incorporation to conform herewith, and such company shall, when so reincorporated under the provisions of this act, exercise and enjoy all the provisions and privileges hereof, as though it had been originally incorporated hereunder, after it has filed such amended articles of incorporation in the office of the secretary of state; such reincorporation however shall be subject to the approval of the auditor of state and the attorney-general and shall not annul, modify, or change any of the existing contracts or liabilities of such corporation, company, or association, and such contracts or liabilities shall continue as though such corporation, company, or association had not reincorporated under this act, and such reincorporation shall not prejudice or affect any pending litigation, or any rights previously acquired. A deposit by such association with the auditor of state of approved securities in an equal amount to the valuation of all limited payment and investment policies within ninety (90) days, and the full valuation of all ordinary life and all other kinds of policies within seven years from the date of such reincorporation, shall be deemed a compliance with section eight (8) hereof.

SEC. 12. Certificates—association. The term "certificates of membership" or "certificate," when used with respect to insurance of persons on a stipulated premium plan, shall be taken to mean and include policies of insurance. The words "association" or "associations," when so used, shall be taken to mean and include corporation or corporations.

SEC. 13. Approval of articles of incorporation—notice published. The articles of incorporation of companies organized under the provisions of this act shall be submitted to the auditor of state and the attorney-general, and if found by them to comply with the provisions of this act they shall approve the same. When the articles of incorporation are so approved, they shall be recorded in the office of the secretary of state, and a notice published within ninety days thereafter, in the manner, and for the time provided in the general corporation laws of the state.

SEC. 14. Foreign companies—compensation of officers. Any corporation or association organized under the laws of any other state, for the purpose of insuring the lives of persons on the stipulated premium plan, may be permitted to do business in this state under the provisions of this act, upon the following conditions: Such company shall file with the auditor of state a copy of its articles of incorporation, duly certified by the proper officer of the state in which it was organized, together with a copy of its by-laws, applications, and policy contracts. It shall also file with the auditor of state a statement signed and verified by its president and secretary, which shall give the name and location of the corporation or association, its principal place of business, the name of its president, secretary, and other principal officers, the number of policies in force, the aggregate amount insured thereby, the amount paid to beneficiaries in event of death, the amount paid on the last death loss and the date thereof, the amount of cash and other assets owned by the corporation or association, the manner in which the same is invested, and any other information which the auditor of state may require. If the statements, papers, and proofs thus filed shall show that it has sufficient available funds to comply with its contracts and pay them in full, and that it is legally organized and honestly managed, the auditor of state shall, upon its complying with the provisions of this section and of section eighteen hundred and eight of the code and upon the payment to the auditor of the sum of twenty-five dollars, issue to it a certificate of authority to do business in this state, if the same right is extended by the state in which such corporation or association is organized to corporations or associations of the same class organized and doing business in this state. If at any time the auditor doubts the solvency of any foreign corporation or association doing business in this state under the provisions hereof, and the

failure to pay the full limit named in its policies of insurance shall be evidence of such insolvency, he shall, at the expense of such corporation or association, cause an examination of its books, papers, and business; and if upon such examination he finds such corporation or association not to be financially sound, or that it is not paying its policies in full, or that it is conducting its business fraudulently, or that it has failed to make the statement required by law, he may revoke its authority and prohibit it from doing business in this state until it shall in all respects comply with the provisions of this act. If the auditor appoints some person not receiving a regular salary in his office to make such examination, the person so appointed and making such examination shall receive five dollars per day for his services, and in addition thereto his traveling and hotel expenses, which amounts shall be paid by the corporation or association examined, or by the state, upon the approval of the executive council, if such corporation or association fails to pay the same. No insurance corporation, company, or association incorporated and doing business under the provisions of this act shall pay its officers or agents any compensation in excess of the fair and reasonable value of such services to the corporation; and any excess of compensation so paid may be recovered in an action brought in a court of competent jurisdiction against any officer or agent receiving such compensation, or any officer knowingly consenting to the allowance thereof within three years from the receipt of said illegal compensation. Said action may be brought in the name of the insurance company or association, or may be brought in the name of any share holder or policy holder for the benefit of such share holder or policy holder.

SEC. 15. What statutes apply. The provisions of sections seventeen hundred and seventy (1770), seventeen hundred and seventy five (1775), seventeen [hundred] and eighty five (1785), seventeen hundred and eighty-nine (1789), seventeen hundred and ninety (1790), seventeen hundred and ninety one (1791), seventeen hundred and ninety-two (1792), seventeen hundred and ninety-three (1793), seventeen hundred and ninety-five (1795), eighteen hundred and thirty-nine (1839), chapter (8), and the provisions of chapter eight (8), of title nine (9) of the code, and all acts amendatory of said sections and chapter, and all statutes now or hereafter enacted affecting life insurance companies so far as applicable and not inconsistent with this act shall apply to and control corporations organized under this act.

SEC. 16. Penalty. Any company, corporation, or association transacting, attempting, or claiming to transact business under this act, or using the term "stipulated premium" in its applications, policies, contracts, advertisements, or literature, without having complied with the provisions hereof, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined in a sum not exceeding five hundred dollars.

SEC. 17. In effect. This act, being deemed of immediate importance, shall be in force from and after its publication in the Des Moines Leader and the Iowa State Register, newspapers published at Des Moines, Iowa.

Approved April 7, 1900.

I hereby certify that the foregoing act was published in the Des Moines Leader April 10, 1900, and in the Iowa State Register April 12, 1900.

G. L. DOBSON,
Secretary of State.

CHAPTER 66.

RELATING TO LOANS ON INSURANCE POLICIES.

H. F. 174.

AN ACT to amend section eighteen hundred and six (1806) of the code, relating to loans on life insurance policies.