

**SEC. 2. Companies heretofore organized.** The certificate of authority of any company heretofore organized and transacting business on the stock plan shall not be renewed after January 1st, 1910, unless said company shall have, at said time, at least one hundred thousand dollars (\$100,000) of capital stock; at least fifty thousand dollars (\$50,000) of which shall be paid up in cash and invested according to law. The remainder of said capital may be represented by stock notes payable to the company on demand of its board of directors and said notes shall be deposited with the auditor of state subject to his approval. But no increase of the capital stock of any company shall hereafter be made unless the amount of said increase is paid up in cash.

**SEC. 3. May not advertise authorized capital.** No insurance company shall, after the taking effect of this act, be permitted to advertise or publish an authorized capital, or to represent in any manner itself as possessed of any greater capital than that actually paid up and invested as above provided.

**SEC. 4. Penalty.** Any person, firm or corporation violating any of the provisions of this act, or failing to comply with any of its provisions, shall be subjected to the penalties provided in section four of chapter fifty-six, acts of the Thirtieth General Assembly.

Approved April 4, A. D. 1907.

## CHAPTER 80.

### MUTUAL ASSESSMENT ASSOCIATIONS.

S. F. 20.

AN ACT to repeal chapter five (5) of title nine (IX) of the code and enact a substitute therefor. [And to repeal section seventeen hundred and fifty-nine (1759) of the code as amended, and sections seventeen hundred and sixty (1760) to seventeen hundred and sixty-seven (1767), inclusive, of the code, relating to mutual assessment associations.]

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

**SECTION 1. Repealed—organization—purposes.** That chapter five (5) of title IX (9) of the code be repealed and the following enacted in lieu thereof:

Any number of persons may, without regard to the provisions of the preceding chapter, enter into contracts with each other for the insurance from loss or damage by fire, tornadoes, lightning, hailstorms, cyclones or windstorms and to insure plate glass against breakage from accident, but such associations of persons shall in no case insure any property not owned by one of their own number, except such school and church property as may be situated within the territory in which they do business and the reinsurance of the risks of similar associations. Associations organizing for the purpose of transacting business under the provisions of this chapter shall incorporate under the provisions of chapter one (1) of title IX (9) of the code.

Risks or hazards above mentioned shall be classified as follows:

1. Fire and lightning.
2. Tornadoes, cyclones and windstorms.
3. Hailstorms.
4. Plate glass.

**SEC. 2. County and state associations.** Any association incorporated under the laws of this state for the purpose of furnishing insurance as provided for in this chapter, doing business only within the county in which

is situated the town or city named in its articles of incorporation as its principal place of business, or the counties contiguous thereto, shall, for the purposes of this chapter, be deemed a county mutual assessment association; all other associations operating hereunder shall, for the purposes of this chapter, be deemed state mutual assessment associations.

**Sec. 3. Conditions of authorization.** No state mutual assessment association shall issue any policies until at least one hundred and twenty-five (125) applications have been received in any class as shown by section one (1) hereof, representing the following amount of insurance: Classes 1, 2 and 3, two hundred and fifty thousand dollars (\$250,000.00). Class 4, one hundred thousand dollars (\$100,000.00), and no county mutual assessment association shall issue any policies until applications for insurance to the amount of fifty thousand dollars (\$50,000.00), representing at least fifty (50) applicants, have been received. Neither shall any association issue any policies of insurance until its articles of incorporation and form of policy shall have been submitted to, and approved by, the auditor of state, nor until he has satisfied himself that the association has, in good faith, applications representing the number of applicants and the amount of insurance above required and has issued to the association a certificate authorizing it to transact an insurance business.

**Sec. 4. Annual report.** Each association doing business under the provisions of this chapter shall, annually, in the month of January, report to the auditor of state, upon blanks furnished by him the following facts:

- 1st. The name, place of doing business, date of commencement and objects of the association.
- 2d. Names and postoffice addresses of president, secretary and treasurer.
- 3d. Amount of risks in force at beginning of year.
- 4th. Amount of risks written during the year.
- 5th. Amount of risks expired and cancelled during the year.
- 6th. Amount of risks in force at the end of the year.
- 7th. The amount of receipts from assessments during the year.
- 8th. The receipts from other sources.
- 9th. Amount paid for losses during the year.
- 10th. Amount paid to agents for services during the year.
- 11th. Amount paid to officers during the year, specifying amount paid each.
- 12th. Amount paid to employes during the year.
- 13th. Amount of other expenses.
- 14th. Amount of losses adjusted and due.
- 15th. Amount of losses adjusted and not due.
- 16th. Amount and number of claims reported but not adjusted.
- 17th. Number and amount of claims resisted and in litigation.
- 18th. Cost per thousand during the year.
- 19th. Average cost per thousand during the past five years. Provided that state mutual assessment insurance associations shall, in addition to the foregoing, report the following facts.
- 20th. The value of real estate owned by the association.
- 21st. The amount of cash on hand and deposited in bank to the credit of the association, and in what bank deposited.
- 22d. The amount of cash in hands of agents and in course of transmission.
- 23d. The amount of loans secured by first mortgage on real estate, with the rate of interest thereon.
- 24th. The amount of all other loans and bonds, and how secured, with the rate of interest thereon.
- 25th. The amount of interest on investments actually due and unpaid.

- 26th. The amount of all other securities and their value.
- 27th. The amount which the association is required by law to hold as a reinsurance reserve.
- 28th. The amount due officers and employes.
- 29th. The amount due agents.
- 30th. The amount due banks or other creditors and the security given therefor.
- 31st. All other claims against the association.
- 32d. The largest amount insured in any one risk.
- 33d. The amount reinsured and names of companies and associations carrying such reinsurance, and such other information as the auditor of state may deem necessary for the purpose of ascertaining the true condition of the association. The report herein contemplated shall be made as of December 31st of each year, and verified by the oath of the president or vice-president and secretary of the association.

**SEC. 5. Publication of report.** The report referred to in the preceding section shall be tabulated by the auditor of state and published by him in the annual report on insurance, one copy of which shall be sent to each association. The county associations, the state associations and those doing an exclusive tornado and an exclusive hailstorm insurance business shall be separately classified.

**SEC. 6. Fees—certificates.** Such associations shall pay the same fees for annual reports and annual certificates of authority as are required to be paid by domestic companies organized and doing business under the preceding chapter, which certificate shall expire March 1st of the year following the date of its issue.

**SEC. 7. Inquiries by auditor.** The auditor of state may address inquiries to any association in relation to its doings and condition and any association so addressed shall promptly reply thereto in writing.

**SEC. 8. Fees and assessments.** Such associations may collect a policy and survey fees and such assessments, provided for in their articles of incorporation and by-laws, as are required to pay losses and necessary expenses incurred in the conduct of their business. State mutual fire insurance associations shall provide for and maintain a reinsurance reserve as hereinafter designated. No state mutual association shall collect assessments for more than one year in advance where such assessments exceed three (3) mills on each dollar of insurance in force.

**SEC. 9. Reinsurance reserve.** From and after the taking effect of this act, all state mutual fire insurance associations operating under the provisions of this chapter, except such associations as confine their business exclusively to farm and dwelling property, churches and schoolhouses, shall, annually, set aside and maintain as a reinsurance reserve an amount equal to ten (10) per cent of the receipts from assessments during the year until the total amount thus accumulated shall equal forty (40) per cent, but not to exceed fifty (50) per cent of the amount of one annual assessment at the basis 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 by the collection of assessments as hereinafter provided.

**SEC. 10. Maximum liability of members.** Every association contemplated by the preceding section shall provide in its by-laws and specify in its policies the maximum liability of its members to the association. Such liability shall not be less than a sum equal to the basis rate charged by the association for insurance nor greater than a sum equal three times such basis rate. The

maximum liability of the member shall be plainly and legibly stated in each policy. Whenever reductions shall be made in the liability of members such reduction shall apply proportionately to all policies in force.

**SEC. 11. Assessments when assets are insufficient.** Whenever the assets of any association required to maintain a reinsurance reserve are insufficient for the payment of losses and expenses, it shall make an assessment for the required amount ratably upon its members liable therefor, and whenever by reason of depreciation, loss or otherwise, the net assets of any association required to maintain a reinsurance reserve, after providing for other debts, are less than the required reserve, the deficiency shall be restored by assessment as above provided.

**SEC. 12. Assessments when association is insolvent.** Whenever the board of directors or the auditor of state shall ascertain that any association is insolvent, such board, or upon its failure so to do, the auditor of state may direct an assessment ratably upon all members liable therefor in such amount as may be necessary as follows:

1st. It shall be determined what amount each policy-holder should pay or receive in case he desires to withdraw from the association.

2d. What further sum each policy-holder should pay to reinsure his policy with some other solvent association.

The board of directors shall forthwith cause written notice and demand of payment to be served personally or by mail upon each policy-holder liable therefor. The notice of assessment shall show separately the amount required to be paid in case of withdrawal and the amount required to be paid where withdrawal or cancellation is not desired. The amount due under the assessment shall be payable at the home office of the association within thirty (30) days after date of the notice, but the insured may elect whether to pay the amount called for in case of withdrawal is desired or the amount called for where it is desired that the insurance shall be continued and his policy shall be cancelled or continued according to such payment. In case of state mutual assessment associations if, within sixty (60) days after the assessment is made, it shall appear that the amount of insurance remaining in force is less than the amounts required by section three (3) hereof the reinsurance reserve of such policies as are in force shall be used to reinsure such policies in some solvent association or at the option of the policy-holder contributing the same shall be returned to him and the association shall continue only for the purpose of adjusting its affairs and closing up its business.

**SEC. 13. Cancellation of policies.** Any policy of insurance issued by any association operating under the provisions of this chapter may be cancelled by the association giving five (5) days written notice thereof to the insured, or if the insured shall demand in writing or in person, of the association, the cancellation of his policy, the association shall immediately advise him, by letter to address named, the amount, if any, due, as his pro-rata share of losses and expenses incurred since date of his policy. Upon surrender of his policy and payment of all sums due, his membership shall cease, provided, that during the months of June, July and August, hail insurance policies may be cancelled only at the option of the officers of the association carrying the risk. Upon the expiration or cancellation of any policy of insurance issued under the provisions of this act, all obligations to the association having been paid, the members shall be entitled to and shall be paid by the association a sum equal to at least seventy-five per cent, (75%) of the unexpended portion of the amount contributed by him to the reinsurance reserve.

**SEC. 14. State associations—bonds of officers.** Any state mutual assessment association contemplated by this chapter, before being authorized to do

business in this state, shall require its secretary and treasurer to give bond to the association in such sum as the directors shall deem sufficient, not less, however, than ten thousand dollars (\$10,000.00) for each office, which bond after being approved by the president of the association and by the auditor of state, shall be deposited with the auditor of state as security for the faithful performance of the duties of the secretary and treasurer in handling the funds of the association. Should the auditor of state consider the surety on said bonds, or the amount thereof, insufficient he may require additional security, or an increase in the amount of the bond. If such additional security or increase be not furnished within thirty (30) days after notice thereof, the auditor of state may revoke the certificate of authority of the association.

SEC. 15. **Annual meetings.** The annual meetings of the members of associations transacting business under the provisions of this chapter shall be held at the home office of the association, except as hereinafter provided. Such associations as confine their membership to persons of one occupation, which persons maintain a state organization and hold annual meetings thereof, may for the purpose of electing directors and changing or amending their articles of incorporation and by-laws, hold their annual meetings at the same time and place as the annual meeting of the members of the occupation to which the association confines its membership, provided, that until such time as the articles of incorporation of the association provide for the holding of meetings as above contemplated other than at the home office of the association twenty (20) days' notice of the time and place of the holding of said meetings shall be given to all members of the association.

SEC. 16. **Repealed.** Section seventeen hundred fifty-nine (1759) of the code as amended and sections seventeen hundred sixty (1760) to seventeen hundred and sixty-seven (1767) inclusive, are hereby repealed.

Approved April 13, A. D. 1907.

## CHAPTER 81.

### APPROVAL OF ARTICLES OF INCORPORATION OF LIFE INSURANCE COMPANIES.

H. F. 239.

AN ACT to amend section seventeen hundred and sixty-eight (1768) of the code, relating to life insurance companies.

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

SECTION 1. **Approval of articles of incorporation.** That section seventeen hundred and sixty-eight (1768) of the code be and the same is hereby amended by adding thereto the following:

"Before any such company shall be permitted to incorporate under the laws of this state, it shall present its articles of incorporation to the auditor of state and the attorney general and have the same by them approved. Such articles shall show the name, location of principal place of business, object, amount of capital, if a stock company, and shall contain such other provisions as may be necessary to a full understanding of the nature of the business to be transacted and the plan upon which the same is to be conducted. All amendments to such articles and amendments hereafter made to the articles of incorporation of companies already organized under the laws of this state shall be approved in like manner."