

CHAPTER 429.

INSURANCE OTHER THAN LIFE.

H. F. 284.

AN ACT to provide for the organizing, admitting, licensing and regulating of insurance companies other than life, and to repeal the law as it appears in sections sixteen hundred ninety two (1692), sixteen hundred ninety three (1693), sixteen hundred ninety four (1694), sixteen hundred ninety five (1695), seventeen hundred (1700), and seventeen hundred twenty three (1723), of the code, and section sixteen hundred eighty nine (1689), supplement to the code, 1913, and section seventeen hundred twenty one (1721), supplemental supplement to the code, 1915, and to enact substitutes for each of them, and to amend the law as it appears in sub-division four (4), section seventeen hundred and nine (1709), supplement to the code, 1913, and to repeal the law as it appears in sections seventeen hundred and four (1704), seventeen hundred and five (1705), seventeen hundred and six (1706), seventeen hundred and seven (1707), seventeen hundred and eight (1708), and seventeen hundred seventeen (1717), of the code, and all acts and parts of acts in conflict herewith, all relating to the matter of insurance.

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

1 SECTION 1. Nature of organization. That the law as it appears
2 in section sixteen hundred eighty-nine (1689), supplement to the code,
3 1913, be and the same is hereby repealed, and the following enacted
4 in lieu thereof:

5 Every domestic and foreign insurance company organized and do-
6 ing business under this chapter shall indicate upon the first page of
7 every policy and renewal receipt that the policy is issued by a mutual
8 company in case of a mutual company, and by a stock company in
9 case of a stock company.

1 SEC. 2. Mutual companies—conditions. That the law as it ap-
2 pears in section sixteen hundred ninety-two (1692), of the code, be
3 and the same is hereby repealed, and the following enacted in lieu
4 thereof:

5 No mutual company shall issue policies or transact any business of
6 insurance unless it shall hold a certificate of authority from the com-
7 missioner of insurance authorizing the transaction of such business,
8 which certificate of authority shall not be issued until and unless
9 the company shall comply with the following conditions:

10 (1) It shall hold bona fide applications for insurance upon which
11 it shall issue simultaneously, or it shall have in force, at least two
12 hundred policies issued to at least two hundred members for the
13 same kind of insurance upon not less than two hundred separate risks,
14 each within the maximum single risk described herein; provided, that
15 not more than one hundred members shall be required for employer's
16 liability and workmen's compensation insurance.

17 (2) The maximum single risk shall not exceed twenty per cent of the
18 admitted assets, or three times the average risk, or one per cent of
19 the insurance in force, whichever is the greater, any reinsurance
20 taking effect simultaneously with the policy being deducted in de-
21 termining such maximum single risk.

22 (3) It shall have collected a premium upon each application,
23 which premium shall be held in cash or securities in which insurance

24 companies are authorized to invest, which shall be equal, in case of
25 fire insurance, to not less than twice the maximum single risk as-
26 sumed subject to one fire nor less than ten thousand dollars; and in
27 any other kind of insurance, to not less than five times the maximum
28 single risk assumed; and, in case of employer's liability and work-
29 men's compensation insurance, to not less than fifty thousand dollars.

30 (4) For the purpose of transacting employer's liability and work-
31 men's compensation insurance, the applications shall cover not less
32 than one thousand five hundred employees, each such employe being
33 considered a separate risk for determining the maximum single risk.

1 SEC. 3. **Membership in mutuals.** That the law as it appears in
2 section sixteen hundred ninety-three (1693), of the code, be and the
3 same is hereby repealed and the following enacted in lieu thereof:

4 Any public or private corporation, board or association in this
5 state, or elsewhere, may make applications, enter into agreements
6 for and hold policies in any such mutual insurance company. Any
7 officer, stockholder, trustee or local representative of any such cor-
8 poration, board, association or estate may be recognized as acting for
9 or on its behalf for the purpose of such membership, but shall not
10 be personally liable upon such contract of insurance by reason of
11 acting in such representative capacity. The right of any corporation
12 organized under the laws of this state to participate as a member of
13 any such mutual insurance company is hereby declared to be inci-
14 dental to the purpose for which such corporation is organized and as
15 much granted as the rights and powers expressly conferred.

1 SEC. 4. **Voting power.** Every policyholder of such mutual com-
2 pany shall be a member of the company and shall be entitled to one
3 vote, and such members may vote in person or by proxy as may be
4 provided in the by-laws.

1 SEC. 5. **Maximum premium.** The maximum premium payable by
2 any member of a mutual company shall be expressed in the policy
3 and in the application for the insurance. Such maximum may be a
4 cash premium and an additional contingent premium not less than
5 the cash premium, or may be solely a cash premium, which premium
6 may be made payable in instalments or regular assessments. No
7 policy shall be issued for a cash premium without an additional con-
8 tingent premium unless the company has a surplus which is not less
9 in amount than the capital stock required of domestic stock insurance
10 companies transacting the same kind of insurance.

1 SEC. 6. **Unearned premiums, etc.** Such mutual company shall
2 maintain unearned premium and other reserves separately for each
3 kind of insurance, upon the same basis as that required of domestic
4 insurance companies transacting the same kind of insurance; pro-
5 vided, that any reserve for losses or claims based upon the premium
6 income shall be computed upon the net premium income, after deduct-
7 ing any so called dividend or premium returned or credited to the
8 member.

1 SEC. 7. **Assessments.** Any such mutual company not possessed
2 of assets at least equal to the unearned premium reserve and other
3 liabilities shall make an assessment upon its members liable to assess-
4 ment to provide for such deficiency, such assessment to be against

5 each member in proportion to such liability as expressed in his policy;
6 provided, the commissioner may by written order, relieve the com-
7 pany from an assessment or other proceedings to restore such assets
8 during the time fixed in such order.

1 **SEC. 8. Advancement of funds—conditions.** Any director, of-
2 ficer or member of any such mutual company, or any other person,
3 may advance to such company, any sum or sums of money necessary
4 for the purpose of its business or to enable it to comply with any of
5 the requirements of the law, and such moneys and such interest there-
6 on as may have been agreed upon, not exceeding the maximum statu-
7 tory rate of interest, shall not be a liability or claim against the com-
8 pany or any of its assets, except as herein provided, and upon ap-
9 proval of the commissioner of insurance may be repaid, but only out
10 of the surplus earnings of such company. No commission or promo-
11 tion expenses shall be paid in connection with the advance of any
12 such money to the company. The amount of such advance shall be
13 reported in each annual statement.

1 **SEC. 9. Additional policy provisions.** Such mutual company
2 may insert in any form of policy prescribed by the law of this state
3 any additional provisions or conditions required by its plan of insur-
4 ance if not inconsistent or in conflict with any law of this state.

1 **SEC. 10. Countersigning policies.** Such mutual company shall
2 comply with the provisions of any law applicable to stock insurance
3 companies effecting the same kind of insurance requiring that policies
4 be countersigned and delivered through a resident agent, provided
5 that this requirement shall not apply to any policy of such mutual
6 company on which no commission shall be paid to any local agent.

1 **SEC. 11. Existing companies.** The provisions of this chapter
2 shall not apply to any company or association of this state now doing
3 business whether organized under chapter four or chapter five, title
4 nine of the code, as amended unless such company or association shall
5 so elect by resolution of its board of directors duly certified to by the
6 president and secretary and filed with and approved by the commis-
7 sioner, and shall further amend its articles, if necessary, to permit
8 full compliance with this chapter and to include such additional kind
9 or kinds of insurance as such company or association intends to trans-
10 act. On the filing and approval of such resolution and on making
11 such amendment if required, such company may be authorized to
12 transact such kinds of insurance under this chapter.

1 **SEC. 12. Subscriptions of stock.** That the law as it appears in
2 section sixteen hundred ninety-four (1694), of the code, be and the
3 same is hereby repealed and the following enacted in lieu thereof:

4 After approval of the articles of incorporation, as provided in sec-
5 tion sixteen hundred eighty-five (1685), and upon completing the pub-
6 lications of the notice of incorporation required by chapter 1 of this
7 title and filing of the publisher's affidavit thereof with the secretary
8 of state together with the articles of incorporation as required in this
9 chapter, which shall be certified to the commissioner of insurance by
10 the secretary of state; and upon issuance of his certificate, the com-
11 pany shall have the legal existence as a corporation, and the persons
12 named in such articles as incorporators, or a majority of them, are

13 authorized to open books for subscriptions to stock company, or to
14 take applications and receive premiums for insurance, if a mutual
15 company, at such times and places as they may find convenient, and
16 to keep such books open until the full amount required is subscribed
17 or taken.

1 SEC. 13. **Directors.** That the law as it appears in section sixteen
2 hundred ninety-five (1695), of the code, be and the same is hereby
3 repealed and the following enacted in lieu thereof:

4 The affairs of a company organized under this chapter shall be man-
5 aged by not less than five and not more than twenty-one directors,
6 all of whom, in case of a stock company, shall be stockholders, or, in
7 case of a mutual company, be policyholders, or before the company
8 shall effect insurance, be subscribers for stock or for insurance as the
9 case may be. When the subscriptions required by this chapter for
10 stock, if a stock company, or for insurance, if a mutual company,
11 shall have been obtained, the incorporators shall give at least ten days
12 written notice by mail to such subscribers of a meeting of the sub-
13 scribers for the election of directors and such meeting shall be held
14 within thirty days after such subscriptions have been completed and
15 the directors then elected shall continue in office until their successors
16 have been elected and qualified.

1 SEC. 14. **Financial statements—examinations—certificate of**
2 **authority.** That the law as it appears in section seventeen hundred
3 (1700), of the code, be and the same is hereby repealed and the fol-
4 lowing enacted in lieu thereof:

5 After complying with the requirements of the preceding sections,
6 the company shall file with the commissioner of insurance a satisfac-
7 tory detailed statement showing the financial condition of the com-
8 pany, including all transactions had during its organization, together
9 with a record of all moneys received and disbursed, a list of the stock-
10 holders, the amount of stock purchased by each, and the price paid,
11 and such commissioner may appoint in writing some disinterested
12 person to make an examination and if it shall be found that the capi-
13 tal or assets herein required of the company named, according to the
14 nature of the business proposed to be transacted by such company,
15 have been paid in, and are now possessed by it in money or such stock,
16 bonds and mortgages as are required by the preceding sections of this
17 chapter, he shall so certify; but if the examination is made by another
18 than the commissioner, the certificate shall be by him, and under his
19 oath. The incorporators or officers of any such company, or proposed
20 company, shall be required to state to the commissioner of insurance
21 under oath that the capital or assets exhibited to the person making
22 the examination are actually and in good faith the property of the
23 company examined, and free and clear of any lien or claim on the part
24 of any other person. The certificate of examination of a mutual com-
25 pany shall be to the effect that it has received and has in its actual
26 possession (a) the cash premiums, (b) actual contracts of insurance
27 upon property, belonging to the signers thereof, and upon which the
28 insurance applied for can properly be issued, (c) other securities as
29 the case may be, to the extent and value hereinbefore required. The
30 incorporators or officers of such mutual company shall file the state-
ment under oath required of stock companies. The certificate and

31 statements above contemplated shall be filed in the insurance depart-
32 ment and the commissioner of insurance shall deliver to the company
33 a copy of the report of the examination, in the event one is made,
34 together with his written permission for it to commence the business
35 proposed in its articles of incorporation, which permission shall be its
36 authority to commence business and issue policies. Such certificate
37 of authority shall expire on the first day of March next succeeding its
38 issue, and shall be renewed annually so long as such company shall
39 transact business in accordance with the requirements of law; a copy
40 of which certificate, when certified to by the commissioner of insur-
41 ance, shall be admissible in evidence for or against a company with
42 the same effect as the original.

1 SEC. 15. **Repeal.** That the law as it appears in sections seventeen
2 hundred four (1704), seventeen hundred five (1705), seventeen hun-
3 dred six (1706), seventeen hundred seven (1707), and seventeen hun-
4 dred eight (1708), of the code, be and the same are hereby repealed.

1 SEC. 16. **Insurance pertaining to animals.** That the law as it
2 appears in sub-division four (4), section seventeen hundred nine
3 (1709), supplement to the code, 1913, be and the same is hereby re-
4 pealed, and the following enacted in lieu thereof:

5 4. Insure against loss or damage by theft, injury, sickness or death
6 of animals and to furnish veterinary service.

1 SEC. 17. **Repeal.** That the law as it appears in section seventeen
2 hundred seventeen (1717), of the code, be and the same is hereby
3 repealed.

1 SEC. 18. **Foreign companies—capital required.** That the law
2 as it appears in section seventeen hundred twenty-one (1721), sup-
3 plemental supplement to the code, 1915, be and the same is hereby
4 repealed and the following enacted in lieu thereof:

5 No stock insurance company organized under or by the laws of any
6 other state or foreign government for the purpose specified in this
7 chapter, shall, directly or indirectly, take risks or transact any busi-
8 ness of insurance in this state unless possessed of two hundred thou-
9 sand dollars of actual paid up capital, exclusive of any assets deposited
10 in any state, territory, district or country for the special benefit or
11 security of those insured therein, but companies organized to insure
12 plate glass exclusively are not required to have a greater capital than
13 one hundred thousand dollars; and such companies organized to in-
14 sure the health of persons and against personal injuries, disablement
15 or death resulting from traveling or general accidents by land or
16 water, having an actual paid up capital of one hundred thousand dol-
17 lars and surplus in an amount to be approved by the commissioner of
18 insurance, exclusive of any assets deposited in other states and terri-
19 tories for the special benefit or security of the insured therein, shall
20 be deemed sufficient within the meaning of this section.

1 SEC. 19. **Foreign mutual companies—surplus.** That the law as
2 it appears in section seventeen hundred twenty-three (1723), of the
3 code, be and the same is hereby repealed and the following enacted in
4 lieu thereof:

5 Any mutual insurance company organized outside of this state and
6 authorized to transact the business of insurance on the mutual plan

7 in any other state of the United States or in the District of Columbia,
8 may be admitted to this state and authorized to transact herein any
9 of the kinds of insurance authorized by its charter or articles of in-
10 corporation, when so permitted by the provisions of this chapter, with
11 the powers and privileges and subject to the conditions and limita-
12 tions specified in said chapter; provided, however, such company has
13 complied with all the statutory provisions which require stock com-
14 panies to file papers and to furnish information and to submit to ex-
15 amination, and is also solvent according to the requirements of this
16 chapter and is possessed of a surplus safely invested as follows:

17 1. In case any such mutual company issuing policies for a cash
18 premium without an additional contingent liability equal to or greater
19 than the cash premium, the surplus shall be at least two hundred
20 thousand dollars.

21 2. In case of any other such mutual company issuing policies for
22 a cash premium or payment with an additional contingent liability
23 equal to or greater than the cash premium or payment, the surplus
24 shall be such an amount as the insurance commissioner of Iowa may
25 require, but in no case less than fifty thousand dollars, provided that
26 the provisions of this section fixing a minimum surplus of fifty thou-
27 sand dollars shall not apply to companies now admitted to do business
28 in Iowa: provided further, that no such mutual company shall be
29 authorized to transact compensation insurance without a surplus of
30 at least two hundred thousand dollars unless all liability for each ad-
31 justed claim in this state, the payment of any part of which is deferred
32 for more than one year, shall be provided for by a special deposit, in
33 a trust company of this state, which shall be a trust fund applicable
34 solely and exclusively to the payment of the compensation benefits
35 for which such deposit is made, or shall be re-insured in an author-
36 ized stock company, or in an authorized mutual company with a sur-
37 plus of at least two hundred thousand dollars.

1 SEC. 20. Tax—computation. For the purpose of determining the
2 basis of any tax upon the "gross amount of premiums", or "gross
3 receipts from premiums, assessments, fees and promissory obliga-
4 tions," now or hereafter imposed upon any mutual fire or casualty
5 insurance company under any law of this state, such gross amount or
6 gross receipts shall consist of the gross premiums or receipts for direct
7 insurance, without including or deducting any amounts received or
8 paid for reinsurance, but with such other deductions as provided by
9 law, and in addition deducting any so called dividend or return of sav-
10 ings or gains to policyholders; provided, that as to any deposits or de-
11 posit premiums received by any such company, the taxable premiums
12 shall be the portion of such deposits or deposit premiums earned dur-
13 ing the year with such deductions therefrom as provided by law.

1 SEC. 21. Conflicting acts. All acts and parts of acts in conflict
2 herewith, are hereby repealed.

Approved May 10, A. D. 1917.