

10 this chapter. The commissioner of insurance may, for a just and
 11 reasonable cause, cancel the license of such agent after due notice
 12 and hearing.

1 "SEC. 16. Repeal clause. That section seventeen hundred fifty-
 2 nine-a (1759-a), supplement to the code, 1913, and all sections to and
 3 including section seventeen hundred fifty-nine-o (1759-o), supplement
 4 to the code, 1913 (C. C. Secs. 5682 to 5696), and all amendments
 5 thereto, be and the same are hereby repealed.

Approved April 5, A. D. 1921.

CHAPTER 121

ASSESSORS

H. F. 466.

AN ACT to amend section thirteen hundred fifty-nine of the code, (C. C. Sec. 4589), relating to mileage of assessors.

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

1 SECTION 1. Mileage. That the law as it appears in section thir-
 2 teen hundred fifty-nine of the code, (C. C. Sec. 4589), be and the
 3 same is hereby amended by striking out the word "six" in line eight
 4 (8), thereof, and inserting the word "ten" in lieu thereof.

Approved April 5, A. D. 1921.

CHAPTER 122

CO-OPERATIVE ASSOCIATIONS

S. F. 503.

AN ACT to provide for the organization of associations without capital stock and not for pecuniary profit.

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

1 SECTION 1. Authorization—purposes. Any number of persons,
 2 not less than five (5), may associate themselves as a co-operative
 3 association, without capital stock, for the purpose of conducting any
 4 agricultural, livestock, horticultural, dairy, mercantile, mining, man-
 5 ufacturing or mechanical business on the co-operative plan and of
 6 acting as a co-operative selling agency for its members.

1 SEC. 2. Terms defined—non-members. For the purposes of this
 2 act, the words "association," "exchange," "society," or "union," shall
 3 be construed to mean the same and are defined to mean a corporate
 4 body composed of actual producers or consumers of the given com-
 5 modity handled by the association, whose business is conducted for
 6 the mutual benefit of its members and not for the profit of stock-

7 holders, and control of which is vested in its members upon the
8 basis of one vote to each member. No association shall handle the
9 products of any non-member.

1 **SEC. 3. Articles.** They shall sign and acknowledge written
2 articles, which shall contain the name of the association and the
3 names and residences of the incorporators. Such articles shall also
4 contain a statement of the purposes of the association, the amount
5 of the membership fee, and shall designate the city, town or village
6 where its principal place of business shall be located, and the man-
7 ner in which such articles may be amended, and any limitation
8 which the members propose to place upon their personal liability for
9 the debts of the association.

1 **SEC. 4. Filing of articles—certificate.** The original articles of
2 incorporation shall be filed for record with the secretary of state.
3 Upon approval of such articles, the secretary of state shall issue a
4 certificate of incorporation.

1 **SEC. 5. Fees.** For filing the articles of incorporation of associa-
2 tions organized under this act, there shall be paid to the secretary
3 of state five dollars (\$5.00), and for the filing of an amendment to
4 such articles, two dollars (\$2.00).

1 **SEC. 6. Board of directors.** Every such association shall be man-
2 aged by a board of not less than five (5) directors, who shall be
3 elected by and from the members at such time and for such term
4 of office as the articles may prescribe. They shall hold office until
5 their successors are elected and qualify; but a majority of the mem-
6 bers shall have the power at any regular or special meeting of the
7 association legally called, to remove any director or officer for cause,
8 and fill the vacancy.

1 **SEC. 7. Officers.** The officers of every such association shall be a
2 president, one or more vice-presidents, a secretary and treasurer, who
3 shall be elected annually by the directors, from amongst their own
4 number. The offices of secretary and treasurer may be held by the
5 same person.

1 **SEC. 8. Amendments—filing.** Within thirty (30) days after the
2 adoption of any amendment to its articles of incorporation, the as-
3 sociation shall cause a copy of such amendment to be recorded in the
4 office of the secretary of state.

1 **SEC. 9. Members — contracts — representative — membership**
2 **certificates.** Under the terms and conditions prescribed in its by-
3 laws, an association may admit as members persons engaged in the
4 production of the products, or in the use or consumption of the sup-
5 plies, to be handled by or through the association, including the les-
6 sors and landlords of lands used for the production of such prod-
7 ucts, who receive as rent part of the crop raised on the leased prem-
8 ises. Likewise associations may be formed under this act whose
9 membership shall consist of other associations formed under the
10 provisions of this act, the purpose being to federate local associa-
11 tions into central co-operative associations for the more economical
12 and efficient performance of their marketing or other operations.
Such central associations may enter into contracts, agreements, and

13 arrangements with their member associations. Each member asso-
14 ciation in such federated associations shall have an official representa-
15 tive chosen by its own board of directors, who shall cast one vote
16 and no more at all business meetings of the federated association.
17 Membership certificates in due form shall be issued to all charter
18 members and to such others as shall subsequently be admitted by
19 the association in accordance with its articles and by-laws. No such
20 certificate shall be transferable by the member to any other person,
21 but shall be surrendered to the association in case of his voluntary
22 withdrawal. It shall become void upon his death, or may be revoked
23 by the directors upon proof duly made that he has ceased to be a
24 producer of products handled by or through the association, in the
25 case of producing or selling associations or has ceased to be the user
26 of products handled by or through the association in case of stores
27 and supply associations, or for failure to observe its by-laws or his
28 contractual obligations to it. These conditions of membership shall
29 be printed upon the face of every membership certificate.

1 SEC. 10. Voting power of members. Each member of an asso-
2 ciation shall be entitled to one vote and no more upon all questions
3 affecting the control and management of the affairs of the associa-
4 tion and in the selection of its board of directors.

5 No vote by proxy shall be permitted, but a written vote received
6 by mail from any absent member, and signed by him, may be read
7 and counted at any regular or special meeting of the association, pro-
8 vided that the secretary shall notify all members in writing of the
9 exact motion or resolution upon which such vote is to be taken, and
10 a copy of same shall be forwarded with and attached to the vote so
11 mailed by the member.

SEC. 11. Sales and purchases—damages for contract breach.
1 The association may require members to sell all or a stipulated part
2 of their specifically enumerated products exclusively through the
3 association or to buy specifically enumerated supplies exclusively
4 through the association, but in such case, a reasonable period dur-
5 ing each year shall be specified during which any member, by giv-
6 ing notice in prescribed form, may be released from such obligation
7 thereafter. (Where it is desired to enter into the exclusive arrange-
8 ment provided in this section, the association shall execute a con-
9 tract with each such member setting forth what goods or wares are
10 to be handled and upon what terms). In order to protect itself in
11 the necessary outlay, which it may make for the maintenance of its
12 services, the association may stipulate that some regular charge shall
13 be paid by the member for each unit of goods covered by such con-
14 tract whether actually handled by the association or not, and in order
15 to reimburse the association for any loss or damage which it or its
16 members may sustain through the member's failure to deliver his
17 products to or to procure his supplies from the association. In case
18 it is difficult or impracticable to determine the actual amount of dam-
19 age suffered by the association or its members through such failure
20 to comply with the terms of such a contract, the association and the
21 member may agree upon a sum to be paid as liquidated damages for
22 the breach of his contract, said amount to be stated in the contract.

1 **SEC. 12. Loans—evidence of indebtedness—security.** Every as-
 2 sociation may borrow money necessary for the conduct of its busi-
 3 ness, and may issue notes, bonds, or debentures therefor, and may
 4 give security in the form of mortgage or otherwise for the repay-
 5 ment thereof.

1 **SEC. 13. Personal liability.** Members of such association may
 2 limit their personal liability to the amount of their membership fee
 3 as provided in their articles of incorporation.

1 **SEC. 14. Service rendered—dues—reserve fund—dividends.**
 2 Associations formed under this act shall perform services for their
 3 members on a basis of the lowest practicable cost, and may provide
 4 for meeting the cost thereof through dues, assessments, or service
 5 charges, which shall be prescribed in the by-laws. Such charges
 6 shall be set high enough to provide a margin of safety above cur-
 7 rent operating costs and fixed charges upon borrowed capital. Out
 8 of any surplus remaining in any given year, the directors shall each
 9 year set aside not less than ten per cent (10%) of such savings for
 10 the accumulation of a reserve fund until such reserve shall equal at
 11 least forty per cent (40%) of the invested capital of the association,
 12 not less than one per cent (1%) nor more than five per cent (5%)
 13 for a permanent educational fund from which expenditures shall be
 14 made annually at the discretion of the directors for the purpose of
 15 teaching co-operation, and the remainder to be returned to the mem-
 16 bers as a patronage dividend prorated on a uniform basis to each
 17 member upon the value of business done by him through the associa-
 tion.

1 **SEC. 15. Annual report—penalty.** Every association organized
 2 under the terms of this act shall annually, on or before the first day
 3 of March of each year, make a report to the secretary of state; such
 4 report shall contain the name of the company, its principal place of
 5 business in this state, and generally a statement as to its business,
 6 showing total amount of business transacted, number of members,
 7 total expense of operation, amount of indebtedness and its profits or
 8 losses.

9 Failure to comply with this section of the act shall subject the
 10 delinquent association to a fine of ten dollars (\$10.00) for each month
 11 or fraction of a month during which such reports are delayed.

1 **SEC. 16. Existing associations.** All corporations, or associations
 2 heretofore organized and doing business under prior statutes, or which
 3 have attempted so to organize and do business co-operatively, shall
 4 have the benefit of all the provisions of this act and be bound there-
 5 by, on filing with the secretary of state a written declaration signed
 6 and sworn to by the president and secretary, to the effect that said
 7 company or association has, by a majority vote of its stockholders,
 8 decided to accept the benefits of and to be bound by the provisions
 9 of this act.

1 **SEC. 17. Use of term "co-operative."** No corporation or associa-
 2 tion hereafter organized shall be entitled to use the term "co-opera-
 3 tive" as part of its corporate or other business name or title, unless
 4 it has complied with the provisions of this act or of sections sixteen
 5 hundred forty-one-r one (1641-r1) to sixteen hundred forty-one-r
 6 twenty (1641-r20), supplemental supplement to the code, 1915, (C.

7 C. 5389 to 5408), and any corporation or association violating the
 8 provisions of this act may be enjoined from doing business under
 9 such name at the instance of any stockholder of any association legally
 10 organized under the provisions of this act.

1 SEC. 18. Use of funds. None of the funds of any association
 2 shall be used for purposes of any promotion as commissions, salaries
 3 or expenses of any kind, character or nature whatsoever, except that
 4 in the case of associations operating in more than one county, if
 5 the par value of securities to be sold is in excess of one hundred
 6 thousand dollars (\$100,000.00), a sum not to exceed five per cent
 7 (5%) of the par value of bonds or debentures sold may be used by
 8 committees elected by the members for selling or soliciting for the
 9 sale of such securities or for hiring responsible salaried solicitors
 10 for that purpose.

1 SEC. 19. Duration of associations—renewal. Associations formed
 2 under the provisions of this act shall continue for a period of twenty-
 3 five (25) years, unless earlier dissolved by order of its members or
 4 by other processes as by law provided, and the term of its existence
 5 may be renewed by the filing of new articles of association, as by
 6 law provided.

Approved April 5, A. D. 1921.

CHAPTER 123

INSURANCE

H. F. 509.

AN ACT to amend section one thousand seven hundred fifty (1750) of the code (C. C. Sec. 5735), defining who are agents of insurance companies and associations.

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

1 SECTION 1. Who not deemed agent. That section one thousand
 2 seven hundred fifty (1750) of the code, (C. C. Sec. 5735), be amended
 3 by striking out the period following the word "notwithstanding" in
 4 the last line of said section and adding to said section the following
 5 words and figures to wit:

6 " , but members, of mutual assessment associations which pay no
 7 commission, reward or gratuity for the procuring of applications for
 8 membership, the income of which associations is derived solely from
 9 assessments, dues and fees collected from its members for the sole
 10 purpose of meeting loss and expenses, shall not be deemed to be
 11 agents under any section of this chapter."

1 SEC. 2. Publication clause. This act being deemed of immediate
 2 importance shall take effect and be in force from and after its pub-
 3 lication in the Plain Talk and the Des Moines Capital, newspapers
 4 published in Des Moines, Iowa.

Approved April 5, A. D. 1921.

I hereby certify that the foregoing act was published in the Plain Talk and the Des Moines Capital April 7, 1921.

W. C. RAMSAY, *Secretary of State.*