

3 Moines Register, a newspaper published in the city of Des Moines,  
 4 Iowa, and the Cherokee Chief, a newspaper published in the city of  
 5 Cherokee, Iowa, without expense to the state.

Approved March 17, A. D. 1924.

I hereby certify that the foregoing act was published in the Cherokee Chief April 14, 1924,  
 and the Des Moines Register March 20, 1924.

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

## CHAPTER 9

### INSURANCE

#### S. F. 207

AN ACT to amend, revise, and codify section five thousand four hundred sixty-three (5463) of the compiled code of Iowa, and sections five thousand four hundred sixty-three-a one (5463-a1), five thousand four hundred sixty-three-a two (5463-a2), and five thousand four hundred sixty-three-a three (5463-a3), of the supplement to the compiled code, relating to the insurance department; section five thousand four hundred ninety-six (5496) of the supplement to the compiled code, relating to life insurance companies; section five thousand five hundred two (5502) of the compiled code, relating to group life insurance; sections five thousand six hundred five (5605) of the supplement to the compiled code, five thousand six hundred nine (5609), five thousand six hundred seventeen (5617), and five thousand six hundred eighteen (5618) of the compiled code, relating to insurance other than life; and sub-section eight (8) of section five thousand six hundred twenty-seven (5627) of the supplement to the compiled code, relating to insurance other than life; and amending chapter 4, title XVIII. of the compiled code, relating to assessment insurance, by inserting after section five thousand five hundred nine (5509) certain provisions in relation to the right of members of such associations to vote.

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

That section five thousand four hundred sixty-three (5463) of the compiled code, and sections five thousand four hundred sixty-three-a1 (5463-a1), five thousand four hundred sixty-three-a2 (5463-a2) and five thousand four hundred sixty-three-a3 (5463-a3), of the supplement to the compiled code, relating to the insurance department, are amended, revised, and codified to read as follows:

1 SECTION 1. Powers and duties of commissioner insurance. The  
 2 commissioner of insurance shall be the head of the insurance depart-  
 3 ment of Iowa, and shall have general control, supervision and direc-  
 4 tion over all insurance business transacted in the state of Iowa, and  
 5 shall enforce all the laws of the state relating to such insurance. He  
 6 shall supervise all transactions relating to the organization, reorgani-  
 7 zation, liquidation and dissolution of domestic insurance corporations,  
 8 and all transactions leading up to the organization of such corpora-  
 9 tions. He shall also supervise the sale in the state of Iowa of all  
 10 stock, certificates, or other evidences of interest, either by domestic  
 11 or foreign insurance companies or organizations proposing to engage  
 12 in any insurance business.

1 SEC. 2. No stock sold or members solicited without certificate.  
 2 Neither the stock in an insurance company nor the membership in  
 3 an insurance association in process of organization shall be sold or

4 solicited until such company or association, and the promoters there-  
5 of, shall have first complied with all of the statutory provisions regu-  
6 lating the organization of such companies and associations, and also  
7 have secured from the commissioner of insurance a certificate indi-  
8 cating full compliance with the provisions of this section.

1 **SEC. 3. Duties of commissioner—certificate.** Before the commis-  
2 sioner of insurance shall issue such certificate of compliance, he shall  
3 first be satisfied with the general plan of such organization and the  
4 character of the advertising to be used; he shall also fix the time  
5 within which such organization shall be completed; he shall also pre-  
6 scribe the method of keeping books and accounts of such corporation  
7 and those of fiscal agents.

1 **SEC. 4. Promotion expense.** The maximum promotion expense  
2 which may be incurred, shall in no case exceed twelve and one-half  
3 (12½%) per cent of the par value of said stock, and no portion of such  
4 amount shall be used in the payment of salaries for officers and direc-  
5 tors before the issuance by the commissioner of insurance of authority  
6 to transact an insurance business. Any amount paid to the company  
7 for stock above the par value of the stock, shall constitute a con-  
8 tributed surplus and shall not be used in the payment of dividends.

1 **SEC. 5. Regulation by commissioner.** The commissioner of insur-  
2 ance shall have power to regulate all other matters in connection with  
3 the organization of such domestic corporations, and the sale of stock  
4 or the issuing of certificates by all insurance corporations within the  
5 state of Iowa, to the end that fraud may be prevented in the organi-  
6 zation of such companies and the sale of their stocks and securities.

1 **SEC. 6. Contracts.** No company shall enter into any contract with  
2 any promoter, officer, director or agent of the company or any other  
3 person to pay his expenses or to pay him any commission or any com-  
4 pensation for his services in promoting or organizing such company  
5 or in selling its stock in excess of the amount authorized in section  
6 4 hereof; nor shall it contract with any such person to pay him any  
7 part of the premiums arising from the insurance it has written or  
8 may write as compensation directly or indirectly for aiding in the  
9 promotion or for aiding or effecting any consolidation of such com-  
10 pany with any other company, without the approval of the insurance  
11 commissioner.

1 **SEC. 7. Applicability to corporations organizing.** The five preced-  
2 ing sections shall apply to insurance corporations now organizing or  
3 offering their stocks, certificates of membership, or other evidence  
4 of interest for sale in the state of Iowa.

1 **SEC. 8. Violations—penalty.** Any person who violates any of the  
2 provisions of the six preceding sections, or who violates any order  
3 of the commissioner of insurance made by authority thereof, shall  
4 be guilty of a misdemeanor, and upon conviction thereof shall be  
5 punished by fine not to exceed one thousand dollars (\$1000.00), and  
6 by imprisonment in the county jail not to exceed six months.

1 **SEC. 9. Personal liability for sale of stock in violation of law.** Any  
2 person, association or corporation who sells or aids in selling or causes  
3 to be sold any stock, certificate of membership, or evidence of inter-

4 est in any such corporation or association, in violation of law, shall  
5 be personally liable to any person to whom he may have sold any  
6 stock or certificate of membership or evidence of interest, in an amount  
7 equal to the price paid therefor by such person with legal interest,  
8 and suit to recover the same may be brought by such purchasers,  
9 jointly or severally, in any court of competent jurisdiction.

1     **SEC. 10. Appeal—procedure.** Any person, corporation or associa-  
2 tion aggrieved by any order made by the commissioner of insurance  
3 under the provisions of this chapter, may appeal to the district court  
4 at the seat of government, by the service of a written notice of such  
5 appeal on the commissioner of insurance and attorney general. If  
6 such appeal is taken the commissioner of insurance shall transmit  
7 the transcript of the proceedings had before him to such court, and  
8 the cause shall be docketed and tried as an equitable action.

That sections five thousand six hundred five (5605) and five thousand  
four hundred ninety-six (5496) of the supplement to the compiled code,  
relating to insurance other than life, are amended, revised, and codified  
to read as follows:

1     **SEC. 11. Capital required.** No insurance company other than life  
2 shall be incorporated to transact business upon the stock plan with  
3 less than two hundred thousand dollars (\$200,000.00) capital, the  
4 entire amount of which shall be fully paid up in cash and invested  
5 as provided by law. The stock shall be divided into shares of one  
6 hundred dollars (\$100.00) each.

7     No part of the capital referred to shall be loaned to any officer or  
8 stockholder of the company.

9     No increase of the capital stock of any company shall be made un-  
10 less the amount of such increase is fully paid up in cash. Such com-  
11 pany shall be possessed of a surplus in cash or invested in securities  
12 authorized by law, equal to twenty-five per cent (25%) of such paid-up  
13 and outstanding capital at the time certificate of authority is first  
14 applied for and issued.

That section five thousand five hundred two (5502) of the compiled code  
relating to life insurance is amended, revised and codified to read as  
follows:

1     **SEC. 12. Group insurance.** Group insurance is hereby declared to  
2 be that form of either life, health or accident insurance covering not  
3 less than fifty employees, with or without medical examination, writ-  
4 ten under a policy issued to the employer, the premium on which is to  
5 be paid by the employer or by the employer and employees jointly,  
6 and insuring only all of his employees, or all of any class or classes  
7 thereof determined by conditions pertaining to the employment, for  
8 amounts of insurance based upon some plan which will preclude indi-  
9 vidual selection, for the benefit of persons other than the employer;  
10 provided, however, that when the premium is to be paid by the em-  
11 ployer and employees jointly and the benefits of the policy are offered  
12 to all eligible employees, not less than seventy-five per centum of such  
13 employees may be so insured.

14     The word "employer" as used in this section shall include the ad-  
15 visory, supervising or governing body or bodies of all regularly organ-  
16 ized religious denominations. The word "employee" shall include

17 clergymen, priests and ministers of the gospel in good standing in any  
18 of such denominations.

That section five thousand six hundred nine (5609) of the compiled code, relating to insurance other than life, is amended, revised and codified to read as follows:

1     **SEC. 13. Maximum premium.** The maximum premium payable by  
2 any member of a mutual company shall be expressed in the policy and  
3 in the application for the insurance. Such maximum may be a cash  
4 premium and an additional contingent premium not less than the cash  
5 premium, or may be solely a cash premium, which premium may  
6 be made payable in installments or regular assessments. No policy  
7 shall be issued for a cash premium without an additional contingent  
8 premium unless the company has a surplus which is not less in amount  
9 than the capital stock required, at the time of the organization of  
10 such mutual insurance company, of domestic stock insurance com-  
11 panies writing the same kind of insurance, but said surplus shall not  
12 be less than one hundred thousand dollars (\$100,000.00).

That sections five thousand six hundred seventeen (5617) and five thousand six hundred eighteen (5618) of the compiled code, relating to insurance other than life, are amended, revised and codified to read as follows:

1     **SEC. 14. Subscriptions of stock—applications.** After compliance  
2 by the incorporators with sections five thousand five hundred ninety-  
3 eight (5598) and five thousand five hundred ninety-nine (5599) of  
4 the compiled code, the secretary of state shall certify the articles of  
5 incorporation to the commissioner of insurance. When the commis-  
6 sioner of insurance is satisfied that all provisions of law in relation  
7 to the promotion and organization of said corporation, including sec-  
8 tions four to eight hereof have been complied with, the insurance  
9 commissioner shall issue a certificate to that effect, and thereupon  
10 such corporation may open books for subscriptions to the stock of  
11 stock companies or if a mutual company take applications and receive  
12 premiums for insurance at such times and places as it may find con-  
13 venient, and may keep such books open until the full amount required  
14 is subscribed or taken, or the time granted therefor has expired or  
15 until an order is issued by the commissioner of insurance to desist  
16 for failure to comply with the provisions of law in reference thereto.

1     **SEC. 15. Directors.** The affairs of a company organized as pro-  
2 vided by this chapter shall be managed by a number of directors to  
3 be stated in the articles of not less than five (5) nor more than twenty-  
4 one (21), all of whom, in case of a stock company, shall be stock-  
5 holders, or, in case of a mutual company, be policyholders, or before  
6 the company shall effect insurance, be subscribers for stock or for  
7 insurance as the case may be. When the paid-up capital for a stock  
8 company, or the subscriptions for insurance for a mutual company,  
9 shall have been obtained, the incorporators or directors in charge of  
10 the business shall give at least ten (10) days' written notice by mail  
11 to stockholders or subscribers, as the case may be, of a meeting of  
12 the stockholders or subscribers, for the election of directors, and such  
13 meeting shall be held within thirty (30) days after the paid-up capital  
14 or subscriptions have been secured. The directors then elected shall  
15 continue in office until their successors have been elected and qualified.

That paragraph eight (8) of section five thousand six hundred twenty-seven (5627) of the supplement to the compiled code, relating to insurance other than life, is amended, revised, and codified to read as follows:

1     **SEC. 16. Kinds of insurance.** Insure or guarantee and indemnify  
 2     merchants, traders, and those engaged in business and giving credit  
 3     from loss and damage by reason of giving and extending credit to  
 4     their customers and those dealing with them, which business shall  
 5     be known as credit insurance. Such insurance may cover losses, less  
 6     a deduction of an agreed percentage, not to exceed ten per cent (10%),  
 7     representing anticipated profits, and a further deduction not to exceed  
 8     thirty-three and one-third per cent (33-1/3%), on losses on credits  
 9     extended to risks who have inferior ratings, and less an agreed deduc-  
 10    tion for normal loss.

That chapter four (4), of title XVIII. of the compiled code, relating to assessment insurance, is hereby amended by inserting after section five thousand five hundred nine (5509) the following:

1     **SEC. 17. Assessment insurance—right of member to vote.** Every  
 2     member of any association organized under the provisions of this  
 3     chapter shall be entitled to vote, either in person or by proxy, at every  
 4     regular and special meeting of such association. No such association  
 5     shall limit the right of any member to so vote, unless the proposal  
 6     to limit shall have first been submitted to the entire membership for  
 7     vote and shall have been approved by a majority of those voting.

1     **SEC. 18. Publication.** This act, being deemed of immediate im-  
 2     portance, shall take effect and be in force from and after its publica-  
 3     tion in the Des Moines Register and Des Moines Daily Capital, news-  
 4     papers published in the city of Des Moines, Iowa.

Approved April 17, A. D. 1924.

I hereby certify that the foregoing act was published in the Des Moines Register April 19, 1924, and the Des Moines Capital April 19, 1924.

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

## CHAPTER 10

### BANKING

H. F. 208

AN ACT to amend, revise, and codify sections five thousand seven hundred forty-one (5741), five thousand seven hundred forty-two (5742), five thousand seven hundred forty five (5745), five thousand seven hundred forty-nine (5749) and five thousand seven hundred fifty-two (5752) of the compiled code of Iowa, relating to the banking department.

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

That sections five thousand seven hundred forty-one (5741), five thousand seven hundred forty-two (5742), and five thousand seven hundred forty-nine (5749) of the compiled code of Iowa are amended, revised, and codified to read as follows: