

A BILL

FOR AN ACT TO ESTABLISH A SEPARATE INSURANCE DEPARTMENT, TO INCLUDE THE SUPERVISION OF BANKS, TO PROVIDE FOR THE ELECTION OF COMMISSIONER THEREOF, AND DEFINE HIS DUTIES.

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

SECTION 1. That on the first day of January, 1887, there shall be established a distinct
2 department which shall be known as "The Insurance Department of the State of Iowa,"
3 which shall be charged with the execution of all laws of this State now in force or
4 hereafter enacted in relation to insurance and banking.

SEC. 2. The chief officer of said department shall be styled the "Insurance Commissioner
2 of Iowa," and his term of office shall begin on the first day of January, 1887, and continue
3 four years and until his successor shall be elected and qualified. He shall be an elector of
4 this State, well versed and experienced in the business of insurance and matters relating
5 thereto, and he shall give his personal presence and attention to the duties of his office;
6 but in no case shall he be in the employment of, or have any official connection with, or any
7 financial interest in, any insurance company or bank, other than a policy-holder of an in-
8 surance company or customer of a bank.

SEC. 3. The Insurance Commissioner shall be elected by the people at their general elec-
2 tion in the fall of 1886. The term of office of the Commissioner to be elected as provided,
3 shall begin on the first day of January next after his election, and shall continue for four
4 years and until his successor shall be duly elected and qualified, except when such an elec-
5 tion is to fill a vacancy, he shall qualify at once and continue in office the unexpired portion
6 of the term. Said Commissioner shall receive a salary of \$3,000, to be paid in monthly in-
7 stallments at the end of each month, as are other State officers.

SEC. 4. Before entering on the duties of his office such Commissioner shall take the
2 proper official oath, and shall execute a bond to the State of Iowa in the sum of twenty
3 thousand dollars, with at least four good and sufficient sureties, conditioned for the faith-
4 ful performance of all the duties of his office. Such bond shall be approved by the Execu-
5 tive Council, and together with such official oath be filed and recorded in the office of the
6 Secretary of State.

SEC. 5. If at any time the Executive Council shall become satisfied that the Commis-
2 sioner is inefficient, incompetent, or derelict in the discharge of his duties, or that he has
3 acted corruptly in authorizing or refusing to authorize the transaction of any insurance or

4 banking business in this State, or that he has directly or indirectly received any gift, gra-
5 tuity or compensation other than that expressly allowed by law, for doing or omitting to do
6 and perform any official act whatever, they are hereby authorized and required to remove
7 such Commissioner from office and to fill the vacancy as hereinbefore provided.

SEC. 6. The Insurance Commissioner shall have a seal one and three fourths inches in
2 diameter, surrounded by the words "Insurance and Banking" and "Iowa," with such device
3 as the Executive Council and Commissioner may prescribe, a description of which, certified
4 by the Commissioner, together with an impression thereof, shall be filed in the office of the
5 Secretary of State; and every paper executed by said Commissioner in pursuance of any
6 authority conferred by law and sealed with his seal of office, shall be received as evidence
7 throughout the State, and a copy of any paper or record of the office of said Commissioner,
8 certified by him and attested by his seal, shall be taken in evidence equally and in like
9 manner as the original.

SEC. 7. All books and documents and other papers whatever in the office of the Auditor
2 of State, or of any State officer, relating to insurance or banking, shall, on the first day of
3 January, 1887, on demand, be delivered to the Insurance Commissioner and he shall receipt
4 for the same, which shall be a full release from all responsibility in connection therewith,
5 and thereafter such books, papers and documents shall be and remain in charge of the said
6 Commissioner, in his office. In case any of the records are contained in books devoted to
7 other purposes, the office having charge thereof shall deliver to said Commissioner a certi-
8 fied copy thereof; and every Commissioner shall, upon retiring from office, deliver to his
9 qualified successor the possession of his office, all furniture, books, papers and property be-
10 longing thereto. All the powers and duties heretofore imposed by law upon the Auditor
11 of State in relation to insurance and banking, shall be conferred upon and be discharged
12 by the Insurance Commissioner.

SEC. 8. The Insurance Commissioner shall have his office at the Capitol, and shall be fur-
2 nished with a suitable room, furniture, stationery and other proper conveniences for the
3 transaction of the business pertaining to his office in the same manner as are other State
4 officers.

SEC. 9. The Insurance Commissioner may, with the approval of the Executive Council,
2 appoint a deputy, from whom he shall require a bond, who shall have the qualifications set
3 forth in section two, of this act, and who shall have in the absence or disability of said
4 Commissioner perform the duties of said office, and for whose acts said Commissioner shall
5 be responsible, which appointment shall be evidenced by a certificate under the official seal
6 of said Commissioner filed with the Secretary of State, with the proper official oath of said
7 deputy endorsed thereon. Said deputy shall receive an annual salary of two thousand dol-
8 lars, payable in monthly installments, as are other State officers. The Commissioner shall
9 also have power to employ such clerks from time to time as may be necessary to carry on

10 the business of his office with promptness and accuracy, at a reasonable compensation to be
11 provided for in the same manner as that of the clerks in other State offices, and any nec-
12 essary contingent expenses not otherwise provided for on being certified by said Commis-
13 sioner shall be audited by the Executive Council and paid out of the general miscellaneous
14 fund; *provided*, that all the expenses of the department hereby created, including salaries
15 of Commissioner, deputy, clerks and contingent expenses, shall not in one year exceed one-
16 third the amount collected as fees from insurance companies for the same year, exclusive of
17 taxes on premiums.

SEC. 10. It shall be the duty of the Commissioner, at least once in two years, and when-
2 ever he shall have reason to suspect an unsound condition, to make or cause to be made a
3 thorough examination into the affairs of every company, corporation or association doing
4 any kind of insurance business in this State, and at least once in each year he shall make or
5 cause to be made a thorough examination of all banks operating under the laws of the
6 State. The result of each such examination, shall be certified to the president or other offi-
7 cer in charge of each company, corporation, association or bank, at the conclusion of such
8 examination and published in the annual report of the insurance department: *Provided*,
9 that nothing herein shall be construed to prevent such Commissioner from accepting, upon
10 satisfactory proof, the result of the examination of foreign corporations by the department
11 under which they are organized properly certified and filed in his office.

SEC. 11. Upon satisfactory evidence that any company, corporation, or association doing
2 any kind of insurance business in this State, under his supervision, is conducting its busi-
3 ness in violation of law, after having been warned to desist therefrom, or is in an unsound
4 condition, it shall be the duty of the commissioner to at once revoke his certificate of au-
5 thority to such company, corporation or association, and shall notify the secretary thereof
6 in writing of such revocation. by mail or otherwise; and notice of such revocation shall be
7 published in some newspaper of general circulation, published at the capital of the State;
8 and such publication shall be sufficient notice to the agents of such company, corporation or
9 association, and all other persons, of such revocation; and he shall immediately notify the
10 Attorney-General of his action, whose duty it shall be to institute judicial proceedings at
11 once in the proper courts to enforce compliance with the law, or wind up its affairs, as the
12 case may be. It shall also be the duty of said commissioner to prosecute individuals for
13 violation of the insurance and banking laws, through the Attorney-General, district-attor-
14 ney of any district, or other attorney employed for that purpose. And it is hereby made
15 the duty of the Attorney General and the several district-attorneys of the State to prosecute
16 for all violations of the insurance and banking laws of the State when directed by said
17 commissioner.

SEC. 12. The insurance commissioner shall keep in a permanent record an itemized ac-
2 count of all fees received by him, and shall, on the first day of each month, pay over to the

3 treasurer of State the entire amount of fees received by him during the previous month,
4 taking duplicate receipts, one of which he shall file with the Auditor of State, accompanied
5 by affidavit that the amount of said receipt includes the entire amount of such fees so re-
6 ceived by him.

SEC. 13. The commissioner shall make and preserve in a permanent form a full record of
2 his proceedings, examinations, rulings, etc., including a concise statement of the condition
3 of every organization visited or examined, a synopsis of which record shall be published
4 from time to time under their proper headings in the annual report of the insurance depart-
5 ment, to be made on the first day of May, as provided by sections 1158 and 1176 of the Code
6 of Iowa, 1873.

SEC. 14. All acts and parts of acts inconsistent herewith are hereby repealed.

SEC. 15. This act being deemed of immediate importance shall take effect and be in force
2 on and after its publication in the Iowa State Register and the Iowa State Leader, news-
3 papers published at Des Moines, Iowa.