

A BILL

FOR AN ACT PROVIDING FOR THE CREATION OF THE DEPARTMENT OF INSURANCE.

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

SECTION 1. For the purpose of a thorough supervision and examination of all insurance corporations doing business in this State, there is hereby established "The Department of Insurance," to be under the charge of an officer to be styled and known as "the Commissioner of Insurance."

SEC. 2. The Commissioner of Insurance shall be appointed by the Governor, by and with the advice and consent of the Senate, and shall hold his office for two years from the date of his commission and until his successor is appointed and qualified. He shall give bond in the sum of ten thousand dollars for the faithful discharge of his duties, with sureties to be approved by the Treasurer of State.

SEC. 3. The Commissioner so appointed and qualified shall act as actuary, and shall receive in full compensation for all services as Commissioner and actuary the annual salary of twenty-five hundred dollars.

SEC. 4. The Commissioner may appoint, with the approval of the Governor and Executive Council, and subject to removal with their consent, a deputy commissioner to assist him in the discharge of his official duties, who shall receive the annual salary of eighteen hundred dollars.

SEC. 5. The Commissioner may employ in the discharge of the duties of his department, such clerks and assistance as may from time to time be necessary for the despatch of public business at an expense not exceeding five thousand dollars per year—but no money shall be paid out of the State treasury for any of the salaries or expenditures provided for in this act in excess of the amount collected from insurance companies as provided by law.

SEC. 6. No domestic insurance company shall issue policies of insurance until upon examination by the Commissioner or his deputy, it is found to have complied with the laws of the State, nor until it has obtained from the Commissioner a certificate setting forth that fact and authorizing it to issue policies. For such examination it shall pay into the State treasury the sum of twenty-five dollars.

SEC. 7. The Commissioner or his deputy shall visit each domestic insurance company at least once in two years and as much oftener as he shall deem it necessary for the protection of policy holders and shall thoroughly inspect and examine all its affairs, and especially its financial condition and ability to fulfill its obligations, and shall ascertain whether it has complied with all the provisions of law applicable to it and to its transactions. He shall also visit and in like manner examine any such companies when requested, in writing, by five or more stockholders or creditors thereof, or persons pecuniarily interested therein.

SEC. 8. He shall in like manner whenever he deems it necessary for the protection of policy holders in this State, visit and examine, as aforesaid, any foreign insurance company doing business therein. He may employ such assistants as may be necessary in making the examination and all the expenses thereof shall be borne by the company examined.

SEC. 9. For the purposes aforesaid the Commissioner or his deputy shall have free access to all the books and papers of any insurance company, and may examine under oath, its officers, agents or other persons relative to its business and condition. If any foreign insurance company, its officers or agents refuse to submit to such examination or to comply with any of the provisions of this act or of the laws of this State applicable to such company, its authority to do business in this State shall cease and its license to do such business shall be revoked.

SEC. 10. He may at any time require the agents in this State of any foreign insurance company to exhibit the books kept by him relating to such agencies and to make answer in writing and under oath to all reasonable questions proposed by him in order to elicit a full statement of the business done by such agents; and an agent refusing or neglecting for thirty days to answer such interrogatives shall be deemed not to have complied with the laws of the State, and if he continues to act as such agent, shall be punished by fine not exceeding five hundred dollars.

SEC. 11. He may summon and examine under oath, which he may administer, the directors, officers and agents of any insurance company, and such other persons as he may think proper, in relation to its affairs, transactions and condition, and whoever without justifiable cause shall refuse to appear and testify when so required or wilfully obstructs the Commissioner in the discharge of his duty, shall for each offense be punished by fine not exceeding one thousand dollars, or by imprisonment in the county jail not more than three months, or by both such fine and imprisonment in the discretion of the court.

SEC. 12. If it appears to the Commissioner upon an examination that a foreign insurance company is in an unsound condition, or if any such company refuses to submit to an examination as in this act provided, he shall revoke all licenses and certificates of authority granted in its behalf or to its agents, and no new business shall thereafter be done by such company or its agents in this State.

SEC. 13. If he is of the opinion upon examination that any domestic insurance company
2 is insolvent or that its condition is such as to render its further proceedings hazardous to
3 the public or to those holding its policies, he shall apply to a judge of the District Court or
4 to a justice of the Supreme Court to issue an injunction restraining it in whole or in part
5 from further proceeding with its business. Such judge or justice may in discretion issue a
6 temporary injunction forthwith without bond, or upon notice and hearing, and after a full
7 hearing of all the parties interested may dissolve or modify the injunction or make it per-
8 petual; may make such orders and desires as may be needful to suspend, restrain or prohibit
9 the further continuance of the business of such company, and may appoint agents or re-
10 ceivers to take possession of its property and effects subject to such rules and orders as may
11 from time to time be prescribed by the court or judge, according to the course of proceed-
12 ings in equity. An appeal from any final order, judgment or license of such court or judge
13 may be prosecuted by any party to the record to the Supreme Court of the State.

SEC. 14. If he is of the opinion, upon examination, that an insurance company, foreign or
2 domestic, has exceeded its powers or failed to comply with any provision of the laws of this
3 State applicable thereto, he may procure an injunction in the manner provided in the
4 preceding section restraining it in the whole or in part from further proceeding with its
5 business, and the provisions of the preceding section shall apply to proceedings under this
6 section.

SEC. 15. If in his opinion any insurance company, or an officer or agent thereof, has vio-
2 lated any law relative or applicable to said company he shall forthwith make written re-
3 port of the facts with such statements and remarks as he deems expedient to the Attorney-
4 General who shall at once prosecute said company, officer or agent thereof.

SEC. 16. He shall keep and preserve in permanent form a full record of all his official acts
2 and proceedings, including a concise statement of the condition of each insurance company
3 visited or examined by himself or his deputy.

SEC. 17. He shall report to each regular session of the General Assembly, all the receipts
2 and expenditures of his department together a statement and showing of the general con-
3 duct and condition of all those insurance companies visited or examined by himself or dep-
4 uty since his last report together with such remarks, suggestions and recommendations as
5 he shall deem expedient and in connection with such report shall prepare and present an ab-
6 stract of all the returns and statements made to him by insurance companies and agents.

SEC. 18. The commissioner of insurance shall possess all the powers, perform all the
2 duties and be subject to all the obligations now provided for by law and conferred upon the
3 Auditor of State, or to which said Auditor is now subject in relation to insurance com-
4 panies and to the supervision thereof, so that every power and duty now conferred upon the
5 Auditor of State in relation to insurance companies and their supervision shall, from and

6 after the appointment and qualification of such commissioner be transferred and conferred
7 upon such commissioner.

SEC. 19. All act and parts of acts inconsistent with any of the provisions of this act are
2 hereby repealed.

SEC. 20. This act being deemed of immediate importance shall take effect upon its publi-
2 cation in the Iowa State Register and Des Moines Leader,—papers published at Des Moines
3 Iowa.