

A BILL

ENTITLED AN ACT TO REPEAL SECTION 1124 OF THE CODE OF IOWA AND TO ENACT A SUBSTITUTE THEREFOR.

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

SECTION 1. That section one thousand one hundred and twenty-four of the Code of Iowa, be and the same is hereby repealed, and that there be and is hereby enacted in lieu thereof the following, as section 1124 of the Code of Iowa :

Sec. 1124. No joint stock company shall be incorporated under the provisions of this chapter with a smaller capital than two hundred thousand dollars, or larger than one and a half millions of dollars, as may be specified in the articles of incorporation, which stock shall be divided into shares of one hundred dollars each and of which capital not less than fifty per cent shall be paid up in cash. The balance of stock of said company may consist of the bonds or notes of the stockholders, which shall be secured by first mortgages on real estate fifty per cent greater in value than the notes or bonds of the stockholder thus secured, and the same shall be and remain as a security for the payment of such unpaid balance, or such stock in favor of all persons holding the policies of such companies, and no company on the plan of mutual insurance shall commence business in this State until arrangements have been entered into for insurance with at least three hundred applicants, the premiums on which shall amount to not less than fifty thousand dollars, of which at least \$10,000.00 shall have been paid in actual cash, and for the remainder of which notes of solvent parties founded on actual *bona fide* applications for insurance made in good faith shall have been received; and none of the notes received as aforesaid shall amount to more than eight hundred dollars and no two of which shall be given for the same risk, or by the same person or firm, except where the whole of such notes given by one person or firm does not exceed the sum of eight hundred dollars. Nor shall any note be regarded or represented as capital stock unless a policy be issued thereon within thirty days after the organization of the company, taking the same upon a risk that shall be for no shorter period than twelve months, and each of said notes shall be payable upon assessment at any time and in such amounts or parts thereof as the directors shall deem requisite for the payment of losses by fire, or inland navigation, and all such incidental expenses as may be necessary in transacting the business of such company. And no note shall be accepted as part of said capital stock unless the same shall be accompanied by a certificate of a

30 justice of the peace, notary public, or clerk of the District Court in which said person
31 executing such note shall at the time reside; that the person making the same is in his
32 opinion pecuniarily good and responsible for the same and has property not exempt
33 from execution by the laws of this State, and no such note shall be surrendered while
34 the policy for which it is given remains in force and until all assessments made thereon
35 have been paid. And all fire insurance companies now organized in this State shall on
36 or before the first day of January, 1887, comply with all the requirements of this section,
37 otherwise their charters shall cease.