

A BILL

FOR AN ACT TO REGULATE THE ORGANIZATION AND OPERATION OF MUTUAL BENEFIT ASSESSMENT ASSOCIATIONS.

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

SECTION 1. Every corporation or association organized under the laws of this State, upon the mutual assessment or co-operative plan for the purpose of insuring the lives of individuals, shall before commencing business, comply with the provisions of this act.

SEC. 2. The articles of incorporation or association of such organization shall be submitted to the Auditor of State, and if such articles are found to comply with the provisions of this act, he shall approve of the same. When said articles are thus approved, they shall be recorded in the office of the recorder of deeds in the county where such organization is located, and of the Secretary of State, and a notice published as provided for under the general incorporation laws of the State of Iowa.

SEC. 3. No corporation or association, organized under this act, shall take any name in use, by any other organization, or so closely resembling such name as to mislead the public as to its identity.

SEC. 4. Each association organized under this act, shall, before issuing any policy or certificate of membership, have actual applications upon at least three hundred individual lives, for at least one thousand dollars each, and shall file with the Auditor of this State, satisfactory proof of the same, and that said association or corporation has on hand in cash, fifty per cent of the admission fees, on said applications, which must be deposited with the treasurer of such corporation, or association, and that said treasurer has given a good and sufficient bond for the security of said fund ; a duplicate copy of which bond shall be filed with the Auditor of State, also a list of said applications, giving the name, age, and residence of each applicant, and the amount of insurance applied for by each, together with the annual dues thereon, which statement shall be verified under oath by the president and secretary of the association, the foregoing provision as to deposit, shall not be applicable to any association now organized in this State which has an actual membership in the State upon which an assessment will pay at least one thousand dollars.

SEC. 5. No person shall act within the State as agent or otherwise in receiving or procuring applications for any assessment association except for the purpose of taking applications for organizations —unless the corporation or association for which he is acting has received a certificate from the Auditor of State, as provided in this act, authorizing said cor-

5 poration or association to transact business in this State, nor until he shall have received
6 from said Auditor a certificate, certifying that said corporation or association has complied
7 with the provisions of this act, and that said agent is authorized to act as such. Applica-
8 tions procured for the purpose of organization, shall in no case be transferred to another cor-
9 poration or association than that for which they were procured, until after the association
10 for which the applications were originally procured has fully complied with this act.

SEC. 6. The applications for membership and certificate of any corporation or association,
2 or its notices of assessment shall state the object or objects for which the money to be col-
3 lected by said assessments is intended, and no part of the proceeds of such assessments shall
4 be applied to any other purpose than the payment of death or disability claims.

SEC. 7. No corporation or association organized or operating under this act, shall issue
2 any certificate of membership to any person under the age of fifteen years, nor over the age
3 of sixty years. Nor unless the beneficiary under said certificate shall have an insurable in-
4 terest in such life, as provided by the laws of the State of Iowa. Nor shall any such certifi-
5 cate be assigned to any party, or parties, not having such an insurable interest, and any cer-
6 tificate issued or assigned in violation of this section shall be void.

SEC. 8. The business year of each Iowa corporation or association organized or operating
2 under this act shall close on the thirty-first day of December, each year, and such corpora-
3 tion or association shall, within thirty days thereafter, prepare, under oath of its president
4 and secretary, and file in the office of the Auditor of State, a detailed statement of its
5 receipts, disbursements, assets, and liabilities, number of contributing members, certificates
6 issued during the last year, the certificates discontinued during the last year, the number
7 of death losses reported, the number of death losses paid, name of member deceased and
8 amount paid in each case, and answer such other interrogatories as the Auditor—who shall
9 furnish blanks for the purpose—may require in order to ascertain its true financial condi-
10 tion, and shall pay, upon filing each annual statement, the sum of ten dollars. The Auditor
11 shall publish said annual statements in detail in his annual report. The Auditor shall, once
12 in three years, make an examination of the affairs of any corporation or association doing
13 business under this act, at the expense of said corporation or association.

SEC. 9. Any corporation or association as provided in this act, accumulating any moneys,
2 shall invest such accumulations, in government bonds of the United States, or of this or
3 other States, or of interest bearing bonds of any municipal corporation in Iowa, and all
4 such securities shall be deposited with the Auditor of State, who shall furnish such corpor-
5 ation or association with a certificate, under his seal of office, of such deposit; *provided*, how-
6 ever, that such corporation or association may hold on deposit with its treasurer, not to
7 exceed ten thousand dollars, to be used only for the payment of death or disability losses,
8 and expenses of the business.

SEC. 10. Such corporations or associations may have the right at any time to change their securities on deposit by substituting for those withdrawn a like amount in other securities of same character provided for in this act.

SEC. 11. The Auditor shall permit corporations or associations having a deposit with him of such securities, to withdraw the same upon the filing with him by the president and secretary of such corporations or associations of a sworn statement certifying that they are to be used for the purpose of paying death or disability losses, and furnishing satisfactory evidence of the amount so required.

SEC. 12. The Auditor shall permit corporations or associations having deposits with him to collect and retain the interest accruing on such deposits, delivering to them respectively the evidence of interest as the same becomes due, but on default of any corporation or association to make or enforce such collection, he shall collect such interest and add the same to the securities in his possession belonging to such corporation or association, less the expense of such collection, but no deposits or interests shall be withdrawn by any corporation or association, who has on hand a sufficient amount to meet all its death or disability losses.

SEC. 13. No corporation or association shall be organized or do business under this act, having a capital stock, nor for the purpose of paying endowments, tontines, or annuities.

SEC. 14. Any foreign corporation or association organized under the laws of any other State for the purpose only of insuring the lives of individuals or paying disability benefits, upon the mutual assessment plan, may be licensed by the Auditor to do business in this State, by complying with the following conditions, to-wit: Said corporations or associations shall file with the Auditor of this State, a copy of its charter or articles of incorporation, duly certified by the proper officers of the State wherein organized, together with the copy of its by-laws, application, and certificate of membership. It shall also file with the Auditor a sworn statement, signed, and verified, by its president and secretary, which statement shall contain the name and location of the said corporation or association, its principal place of doing business, the name of its president, secretary and other principal officers, the number of certificates or policies in force, the aggregate amount insured thereby, the amount paid to beneficiaries in the event of death or disability, the amount collected of each member, on each assessment, and the circumstances and authority under which assessments are levied, the amount of cash or other assets owned by the corporation or association and how invested; and any other information which the Auditor may require. All said statements and papers thus filed shall show that death or disability indemnity, is in the main provided for by assessments upon the members of such corporation or association, and shall show to the satisfaction of said Auditor that said corporation or association is legally organized and honestly managed and that an ordinary assessment upon

20 its members is sufficient to pay its maximum certificate to the full limit named therein.
21 But no foreign corporation or association shall be permitted to do business in this State, un-
22 less the same right is extended by the State in which said corporation or association is or-
23 ganized to similar corporations or associations organized in this State and upon the same
24 terms and conditions, or requirements. No foreign corporation, association, lodge or coun-
25 cil, shall be permitted to organize, or do business through a branch of the same in the State.
26 Such foreign corporations, associations, lodges or councils, shall also designate to the Audi-
27 tor a proper person or agent residing in this State on whom service of process or original no-
28 tice may be made ; and in the event of a failure to appoint or designate such attorney, such
29 service may be made upon the Auditor, who shall at once notify the said corporation, asso-
30 ciation, lodge, or council. Any action commenced in this State by service upon such attor-
31 ney, or Auditor, shall be commenced in the county of the plaintiff's residence, regardless of
32 the residence of said attorney, or Auditor, and every such corporation, association, lodge or
33 council, coming into this State shall file with the Auditor of State, a contract or agreement
34 that it will not transfer any action commenced against it in any court of this State to the
35 United States courts, which contract shall contain the provision that if such transfer is
36 made to the United States courts, the certificate of authority issued by said Auditor to do
37 business shall be revoked or canceled, and it shall be the duty of the Auditor to promptly
38 revoke the certificate of such corporation, association, lodge or council, as soon as such
39 transfer is made ; and such corporation, association, lodge or council, shall not be permitted
40 to do business again within this State. Upon complying with the provisions of this section
41 and upon payment of twenty-five dollars for filing copy of charter or articles of incorpora-
42 tion, and for filing annual statements twenty dollars, for each certificate of authority and
43 certified copy thereof, two dollars, and every copy of any paper filed in the department,
44 twenty cents per folio, and the affixing the official seal to such copy, and certifying the
45 same, one dollar. The Auditor shall issue to such foreign corporation, association, lodge or
46 council, so complying a certificate of authority to do business in this State. After any such
47 foreign corporation, association, lodge or council, shall have been licensed to do business in
48 this State, it shall make before the thirty-first day of January of each year, to the Auditor
49 on blanks furnished by him, the same detail statements as is provided for in section eight
50 of this act, which statements shall be published in the annual report of the Auditor and
51 shall also pay to the Auditor on filing such statement, a fee of twenty dollars, whenever
52 the Auditor of this State shall have reason to doubt the solvency of any such foreign cor-
53 poration, association, lodge or council, he shall at the expense of such corporation, associa-
54 tion, lodge or council, cause an examination of its books and papers to be made, and pub-
55 lish, and distribute his report as provided in section eight of this act. And if in his judg-
56 ment such examination establishes the fact that such corporation, association, lodge or

57 council is not financially sound, and is not paying its certificates to the full limit named
 58 theruin, or if it should fail to make the statement required by this act, he shall revoke the
 59 authority of such corporaion, association, lodge or council, and prohibit it from doing bus-
 60 iness in this State until it can again comply with the provisions of this act.

SEC. 15. Any foreign corporation, association, lodge, or council, doing business in this
 2 State on the assessment plan, that refuse or neglect to comply with the provisions of this
 3 act, after the space of sixty days, after it takes effect, shall be deemed and be held to be
 4 doing business unlawfully; and any officer, agent, or member of such corporation, associa-
 5 tion, lodge or council, who shall do business in this State, or assist in, or knowingly permit
 6 the same in violation of the provisions of this act, shall be deemed guilty of a misdemeanor,
 7 and upon conviction thereof shall for each offense be fined not more than five hundred
 8 dollars, or be imprisoned in the county jail not more than six months, or both, in the dis-
 9 cretion of the court.

SEC. 16. Any agent or person making or procuring applications within this State, for any
 2 corporation, association, lodge or council, doing business on the mutual assessment plan,
 3 organized under the laws of this or other States, which corporation, association, lodge or
 4 council, has no certificate from the Auditor permitting it to do business, shall be guilty of a
 5 misdemeanor, and, upon conviction thereof, shall be fined in a sum not exceeding one hun-
 6 dred dollars, together with the costs of prosecution for each offense, and shall stand com-
 7 mitted to the county jail for six months, or until the fine and costs are paid.

SEC. 17. Whenever any Iowa corporation, association, lodge or council, shall fail to make
 2 its annual statement to the Auditor, on or before the thirty-first day of January, or if it is
 3 conducting business fraudulently, or not in compliance with this act, or is not carying out
 4 its contracts with its members in good faith, then it shall be the duty of the Auditor to
 5 promptly communicate the fact to the Attorney-General, who shall at once commence
 6 action before the District or Circuit Court of the county in which said orgauization is loca-
 7 ted or any Judge thereof, citing the officers to appear before said court or Judge, and if
 8 upon a hearing of said cause it is found to be to the best interests of the holders of the
 9 certificates of membership in said corporation, association, lodge or council, said court or
 10 Judge shall have power to remove any officer or officers of said corporation, association,
 11 lodge or council, and appoint others in their place until the next annual election. If it is
 12 found to to be the best interests of said holders of certificates that the affairs of said corpo-
 13 ration, association, lodge or council, be wound up, said court, or Judge shall so direct, and
 14 for that purpose shall appoint a receiver who shall regard all proper claims for death ben-
 15 efit as preferred claims, said receiver shall also upon the approval of the court or Judge,
 16 transfer or reinsure the members of said association in some solvent Iowa assessment asso-

17 ciation, and divide all funds accumulated in proportion to the share due from each certifi-
18 cate in force at the time.

SEC. 18. The Auditor will receive from each foreign corporation, association, lodge or
2 council, doing business in this State, for each certificate issued to its agents as provided for
3 in this act, the sum of two dollars, and from each corporation, association, lodge or council
4 organized under the laws of this State, the sum of fifty cents.

SEC. 19. On compliance with this act by any corporation, association, lodge or council, the
2 Auditor shall issue a certificate setting forth the corporate name of the corporation, associ-
3 ation, lodge or council, its principal place of business in this State, that it has fully com-
4 plied with the laws of this State in relation to corporative insurance, and is authorized to
5 transact said business for a period ending March 1st after its issue.

SEC. 20. Any agent, physician, or other person, who shall knowingly by means of conceal-
2 ment or false or fraudulent statements, assist in securing from any such organization or
3 assessment association, lodge or council, a policy or certificate of membership on the life of
4 any person, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be
5 sentenced to pay a fine of not less than three hundred dollars, or undergo an imprisonment
6 of not more than one year in the county jail, or both in the discretion of the court.

SEC. 21. Any corporation, association, lodge or council, doing business in this State,
2 which provides in the main for the payment of death losses, or disability, indemnity by an
3 assessment upon its members, shall for the purpose of this act, be deemed a mutual benefit
4 association. No corporation, association, lodge or council, operating upon the assess-
5 ment plan, promising benefits upon any other than that of death or disability to the mem-
6 bers shall be permitted to do business in this State.

SEC. 22. All acts or parts of acts conflicting with this act are hereby repealed.

SEC. 23. This act being deemed of immediate importance shall take effect and be in
2 force immediately after its publication in the Iowa State Register and the Iowa State
3 Leader, newspapers published at Des Moines, Iowa.