

A BILL

FOR AN ACT TO REGULATE THE ORGANIZATION AND OPERATION OF MUTUAL BENEFIT 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
2 the mutual assessment, co-operative or natural premium plan, for the purpose of insuring
3 the lives of individuals, or of furnishing benefits to the widows, heirs, orphans or legatees
4 of deceased members, or of paying endowments or accident indemnity, shall, before com-
5 mencing business, comply with the provisions of this act.

SEC. 2. The articles of incorporation of such organizations shall show the plan of busi-
2 ness, and shall be submitted to the Auditor of State, and Attorney General, and if such
3 articles are found to comply with the provisions of this act, they shall approve of the same.
4 When said articles are thus approved, they shall be recorded in the office of the recorder of
5 deeds, in the county where such organization is located, and of the Secretary of State, and
6 a notice published as provided for under the general incorporation law of the State of Iowa.

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

SEC. 4. Each association organized under this act, shall, before issuing any policy or cer-
2 tificate of membership, have actual applications upon at least two hundred and fifty indi-
3 vidual lives for at least one thousand dollars each, and shall file, with the Auditor of State,
4 satisfactory proof that the President, Secretary and Treasurer of said corporation or associ-
5 ation, have each given a good and sufficient bond for five thousand dollars, for the faithful
6 discharge of their duties as such officers: sworn copies of which bonds shall be filed with
7 the Auditor of State, also a list of said applications, giving the name, age and residence of
8 each applicant, and the amount of insurance applied for by each, together with the annal
9 dues and the proposed assessments thereon, which statement shall be verified under
10 oath by the President and Secretary of the association.

SEC. 5. No person shall act, within this State, as agent or otherwise in receiving or pro-
2 curing applications for insurance for any assessment association (except for the purpose of
3 taking applications for organization), unless the corporation or association for which he is
4 acting, has received a certificate from the Auditor of State, as provided in this act, author-
5 izing said corporation or association to transact business in this State, nor as general or
6 traveling agent or traveling solicitor, until he shall have received from said Auditor a

7 certificate in substance the same as that provided for in section 18 of this act, and certify-
8 ing that said corporation or association has complied with the provisions of this act, and
9 that said general traveling agent or traveling solicitor, is authorized to act as such.

SEC. 6 The by-laws of any such corporation or association, and its notices of assessment,
2 shall state the object or objects for which the money to be collected is intended, and no
3 part of the proceeds of such assessment shall be applied to any other purpose than is stated
4 in said notices and by-laws, and the excess beyond payment of the benefit provided for in
5 such assessment, shall be set aside and applied only to such purposes as said by-laws and
6 notices specify.

SEC. 7 No corporation or association organized or operating under this act shall issue
2 any certificate of membership, or policy, to any person under the age of fifteen years, nor
3 over the age of sixty-five years, nor unless the beneficiary under said certificate shall be the
4 heir or legatee of such insured member, nor shall any such certificate be assigned, except an
5 endowment certificate, and any certificate issued or assignment made in violation of this
6 section shall be void. Any member of any corporation, association or society organized
7 under this act shall have the right at any time, with the consent of such corporation,
8 association or society, to make a change in his beneficiary without requiring the consent
9 of such beneficiary.

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 sixty 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 assets,
5 liabilities, receipts, expenditures, number of contributing members, death losses paid, and
6 amount paid on its last death loss, death losses reported but not paid, and answer such other
7 interrogatories as the Auditor (who shall furnish blanks for that purpose) may require, in
8 order to ascertain its true financial condition, and shall pay upon filing each annual state-
9 ment, the sum of ten dollars. The Auditor shall publish said annual statement in detail in
10 his annual report. For the purpose of verifying such statement, the Auditor may make or
11 cause to be made, an examination of the affairs of any Iowa association doing business
12 under this act, at the expense of the association, which expense shall not exceed the neces-
13 sary hotel and traveling expenses of the Auditor or clerk. If the Auditor appoint some
14 person not employed in his office to make the examination, he shall in addition to actual ex-
15 penses, be allowed not to exceed five dollars per day for the time actually employed. If the said
16 Auditor shall deem it necessary for the security of the funds of the association, he may re-
17 quire the official bonds of the officers to be increased to an amount not to exceed double the
18 sum for which they are accountable, and he may require supplemental reports from any
19 such association at such time and in such form as he may direct.

SEC. 9. Any corporation or association accumulating any moneys to be held in trust for the purpose of the fulfillment of its policy or certificate contract, or otherwise, shall invest such accumulations in bonds or treasury notes of the United States, or of this or other States, or in the interest bearing bonds of any municipal corporation in Iowa or in notes secured by mortgage on unencumbered real estate in the State of Iowa, appraised at not less than double the amount loaned thereon, and shall deposit such securities with the Auditor of State, who shall furnish such corporation or association with a certificate, under his seal of office, of such deposit, provided however, that such corporation or association may invest such a portion of said accumulation as is necessary for the transaction of its business in real estate in Iowa, to be owned by said corporation or association, and in the erection of any building for such purpose may add thereto rooms for rental.

SEC. 10. Such association may have the right at any time to change its securities on deposit by substituting for those withdrawn a like amount in other securities of the 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 filing with him by the president and secretary of such corporations and associations satisfactory proof that they are necessary and to be used for the purpose for which they were originally collected, or as provided in their articles of incorporation or by-laws.

SEC. 12. The Auditor shall permit corporations or associations having on deposit with him such stocks and bonds, notes or other securities, to collect and retain the interest accruing on such deposits, delivering to them respectively the evidence of interest as the same becomes due, but upon default of any corporation or association to make or enforce such collection, he may 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.

SEC. 13. Any foreign corporation or association organized under the laws of any other State to carry on the business of insuring the lives of individuals, or of furnishing benefits to the widows, orphans, heirs or legatees of deceased members, or of paying accident indemnity, or surrender value or certificate of insurance 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 corporation shall file with the Auditor of State a copy of its charter or articles of incorporation, duly certified by the proper officers of the State wherein organized, together with a copy of its by-laws, application, and policy or certificate of membership. It shall also file with said 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 business, the name of its president, secretary and other principal officers, the number of certificates or policies in force, the aggre-

13 gate amount insured thereby, the amount paid to beneficiaries in the event of death or acci-
14 dent, the amount collected of each member on each assessment, and the purposes for which
15 assessments are made, and the authority under which they are made ; the amount paid on
16 the last death loss, and the date thereof, the amount of cash or other assets owned by the
17 company or association, and how invested ; and any other information which the Auditor
18 may require. All said statements and papers thus filed shall show that death, or surrender
19 value of certificate of insurance or accident indemnity is in the main provided for by assess-
20 ments upon or contributions by surviving members of such corporation or association, and
21 shall show to the satisfaction of said Auditor that said corporation or association is legally
22 organized and honestly managed, and that an ordinary assessment upon its members or
23 other regular contribution to its mortuary fund, is sufficient to pay its maximum certificate
24 to the full limit named therein. Such foreign corporation or association shall also desig-
25 nate to the said Auditor a person or agent residing in this State on whom service of process
26 or original notice may be made ; and in the event of a failure to appoint or designate such
27 attorney, such service may be made upon the Auditor, who shall at once notify said company
28 by mailing a copy of said notice to the secretary of said corporation or association directed
29 to his last known post-office address. Any action commenced in this State by service upon
30 such attorney or Auditor may be commenced in the county of the plaintiff's residence, re-
31 gardless of the residence of said attorney or Auditor, and every such corporation or associa-
32 tion coming into this State shall file with the Auditor of State a contract or agreement that
33 it will not transfer any action commenced against it in any court of this State to the
34 United States courts, which contract shall contain the provision that if such transfer is
35 made to the United States courts, the certificate of authority issued by said Auditor to do
36 business shall be revoked or cancelled, and it shall be the duty of the Auditor to promptly
37 revoke the certificate of such corporation or association as soon as such transfer is made ;
38 and such corporation or association shall not be permitted to do business again within the
39 State. Upon complying with the provisions of this section, and upon payment of twenty-
40 five dollars, the Auditor shall issue to such foreign corporation or association so complying,
41 a certificate of authority to do business in this State, provided the same right is extended
42 by the State in which said corporation is organized to similar corporations or associations
43 organized in this State. After any such foreign corporation or association shall have been
44 licensed to do business in this State, it shall make before the first day of March of each
45 year, to the Auditor, on blanks furnished by him, the same detailed statement as is provided
46 in section 8 of this act, which statement shall be published in the annual report of the Audi-
47 tor, and shall also pay to the Auditor, on filing such statement, a fee of twenty dollars.
48 Whenever the Auditor of this State shall have reason to doubt the solvency of any such
49 foreign corporation or association he may at the expense of such corporation or association,

50 cause an examination of its books and papers to be made, and publish and distribute his re-
51 port as provided in section 8 of this act, and if in his judgment such examination establishes
52 the fact that such corporation or association is not financially sound and is not paying its
53 policies to the full limit named therein or is conducting its business fraudulently, or if it
54 should fail to make the statement required by this act, he may revoke the authority of such
55 corporation or association and prohibit it from doing business in this State, until it can
56 again comply with the provisions of this act. If the Auditor appoint some one not receiv-
57 ing a regular salary in his office, to make the examination provided for in this section, he
58 shall be entitled to receive six dollars per day for his service in addition to his actual travel-
59 ing and hotel expenses, to be paid by the association examined, or by the State on approval
60 of the executive council, if the association fails to pay the same.

SEC. 14. Any foreign corporation or association doing business in this State that shall
2 refuse or neglect to comply with the provisions of this act after the space of ninety days
3 after it takes effect shall be deemed and be held to be doing business unlawfully, and any
4 officer or agent of such corporation or association who shall do business in this State, or
5 assist in, or knowingly permit the same in violation of the provisions of this act shall be
6 deemed guilty of a misdemeanor, and upon conviction thereof shall be fined not more than
7 five hundred dollars, or be imprisoned in the county jail not more than six months, or both,
8 in the discretion of the court. It shall be the duty of the county attorney to prosecute any
9 violation of this section when sufficient evidence is presented to him to warrant a prosecu-
10 tion of any person charged with its violation.

SEC. 15. Any solicitor or agent taking or soliciting applications for insurance within this
2 State, for any corporation or association doing business on the mutual assessment or natural
3 premium plan, after ninety days from the taking effect of this act, without the certificate
4 herein provided for, shall be guilty of a misdemeanor and upon conviction thereof, shall be
5 fined in a sum not exceeding one hundred dollars for each offense, together with the costs
6 of prosecution including attorney's fee, and shall stand committed to the county jail until
7 the fine and costs are paid. And the county attorney in each county shall prosecute parties
8 charged with a violation of this section.

SEC. 16. Whenever any Iowa corporation or association shall fail to make its annual
2 statement to the Auditor on or before the 1st day of March, or is conducting its business
3 fraudulently, or not in compliance with this act, or is not carrying out its contracts with its
4 members in good faith, then it shall be the duty of the Auditor to promptly communicate
5 the fact to the Attorney-General, who shall at once commence action before the District or
6 Circuit Court of the county in which said organization is located or any judge thereof,
7 citing the officers to appear before said court or judge, and if upon a hearing of said cause
8 it is found to be to the best interests of the holders of the certificates of membership in said

9 corporation, said court or judge shall have power to remove any officer or officers of said
10 corporation and appoint others in their place until the next annual election. If it is found
11 to the best interests of said holders of certificates that the affairs of said corporation be
12 wound up, said court or judge shall so direct, and for that purpose may appoint a receiver,
13 who shall regard all proper claims for death benefit as preferred claims. Said receiver may
14 also upon the approval of the court or judge transfer the members of said association who
15 consent thereto to some solvent Iowa assessment or natural premium association or divide
16 the surplus accumulated in proportion to the share due each certificate in force at the time.

SEC. 17. The Auditor shall receive from each foreign corporation or association
2 doing business in this State for each certificate issued to its agents or solicitor, as
3 provided in this act, the sum of two dollars, and from each corporation or association
4 organized under the laws of this State the sum of fifty cents. Any other fees to be paid to
5 said Auditor not provided for in this act shall be the same as provided for in the general
6 insurance laws of this State, in relation to life insurance companies. All fees collected by
7 the Auditor under this act shall be accounted for and paid into the State Treasury in
8 the same manner as provided in section 3778, Code of 1873.

SEC. 18. On compliance with this act by any corporation or association the Auditor shall
2 issue a certificate setting forth

3 *First:* The corporate name of the association.

4 *Second:* Its principal place of business.

5 *Third:* The number of certificates or policies in force at the date of its last report.

6 *Fourth:* The sum of money which an ordinary assessment for payment of a single cer-
7 tificate or policy, would produce, in each class.

8 *Fifth:* The amount paid on its last death loss as evidenced by proof on file in his
9 office and the date of such payment.

10 *Sixth:* That it has fully complied with the provisions of this act, and is authorized to
11 transact business for a period of one year from April 1st of the year of its issue, which
12 certificate shall be published by said association for four weeks in a weekly newspaper
13 published at the principle place of business of said association.

SEC. 19. Any agent, physician, or other person, who shall knowingly and by means of
2 concealment, or false, or fraudulent statements assist in securing from any such organization,
3 or assessment association, a policy, or certificate of membership on the life of any person
4 shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be sentenced to
5 pay a fine not exceeding one-thousand dollars, or undergo an imprisonment of not more than
6 one year in the county jail, or both, in the discretion of the court.

SEC. 20. Any corporation, or association doing business in this State which provides in
2 the main, for the payment of death losses, or accident indemnity by an assessment upon its

3 members or upon the natural premium plan shall, for the purpose of this act, be deemed a
4 mutual benefit association, and shall not be subject to the general insurance laws of this
5 State, regulating life insurance companies. No corporation, or association operating upon
6 the assessment plan promising benefits upon any event other than that of the death, or dis-
7 ability resulting from an accident to the member shall be permitted to do business in this
8 State. But this shall not prevent any assessment, life association or organization, author-
9 ized by this act, from providing for an equitable surrender value, paid up policy or endow-
10 ment upon the cancellation of any policy or certificate, provided the terms and conditions
11 thereof are set forth in said policy or certificate of membership, and provides that such en-
12 dowment or surrender value shall in the main be accumulated during the term of such
13 policy or certificate. This act shall not relieve any corporation or assessment association,
12 now doing business in this State, from the fulfillment of any contract heretofore entered
13 into with its members under its policies or certificates of membership, nor shall any member
14 be released hereby from his or her part of said contract.

SEC. 21. This act shall not be construed so as to apply to any secret fraternal society,
2 lodge or council, within this State which furnishes insurance to its members, and such
3 secret fraternal societies, lodges or councils shall be permitted to transact business in this
4 State and not be subject to the provisions of this act.

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 force
2 from and after its publication in the Iowa State Register and State Leader, newspapers
3 published in Des Moines, Iowa.

A BILL

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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
2 the mutual assessment, co-operative or natural premium plan, for the purpose of insuring
3 the lives of individuals, or of furnishing benefits to the widows, heirs, orphans or legatees
4 of deceased members, or of paying endowments or accident indemnity, shall, before com-
5 mencing business, comply with the provisions of this act.

SEC. 2. The articles of incorporation of such organization shall show the plan of busi-
2 ness, and shall be submitted to the Auditor of State and Attorney-General, and if such
3 articles are found to comply with the provisions of this act, they shall approve the same.
4 When said articles are thus approved they shall be recorded in the office of the recorder of
5 deeds in the county where such organization is located and of the Secretary of State, and a
6 notice published as provided for under the general incorporation law of the State of Iowa.

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2 by any other organization, or so closely resembling such name as to mislead the public as to
3 its identity.

SEC. 4. Each association organized under this act, shall, before issuing any policy or cer-
2 tificate of membership, have actual applications upon at least two hundred and fifty indi-
3 vidual lives for at least one thousand dollars each, and shall file with the Auditor of State
4 satisfactory proof that the president, secretary and treasurer of said corporation or associa-
5 tion have each given a good and sufficient bond for five thousand dollars for the faithful
6 discharge of their duties as such officers; sworn copies of which bonds shall be filed with
7 the Auditor of State; also a list of said applications, giving the name, age and residence of
8 each applicant, and the amount of insurance applied for by each, together with the annual
9 dues and the proposed assessments thereon, which statement shall be verified under oath
10 by the president and secretary of the association.

SEC. 5. No person shall act within this State as agent or otherwise in receiving or procur-
2 ing applications for insurance for any assessment association (except for the purpose of
3 taking applications for organization), unless the corporation or association for which he is
4 acting has received a certificate from the Auditor of State as provided in this act, authoriz-

5 ing said corporation or association to transact business in this State, nor as general travel-
6 ing agent or traveling solicitor, until he shall have received from said Auditor a certificate
7 in substance the same as that provided for in section 18 of this act, and certifying that said
8 corporation or association has complied with the provisions of this act, and that said gen-
9 eral or traveling agent or traveling solicitor, is authorized to act as such.

SEC. 6. The by-laws of any such corporation or association, and its notices of assessment
2 shall state the object or objects for which the money to be collected is intended, and no part
3 of the proceeds of such assessment shall be applied to any other purpose than is stated in
4 said notices and by-laws, and the excess beyond payment of the benefit provided for in such
5 assessment shall be set aside and applied only to such purposes as said by-laws and notices
6 specify.

SEC. 7. No corporation or association organized or operating under this act shall issue
2 any certificate of membership or policy to any person under the age of fifteen years, nor
3 over the age of sixty-five years ; nor unless the beneficiary under said certificate shall be the
4 husband, wife, relative, legal representative, heir or legatee of such insured member, nor
5 shall any such certificate be assigned, except an endowment certificate ; and any certificate
6 issued or assignment made in violation of this section shall be void. Any member of any
7 corporation, association or society operating under this act, shall have the right at any time,
8 with the consent of such corporation, association or society, to make a change in his bene-
9 ficiary without requiring the consent of such beneficiary.

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 sixty 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 assets,
5 liabilities, receipts from each assessment, and all other sources, expenditures, number of
6 contributing members, death losses paid, and amount paid on each death loss, death losses
7 reported but not paid, and answer such other interrogatories as the Auditor, who shall furn-
8 ish blanks for that purpose may require, in order to ascertain its true financial condition, and
9 shall pay upon filling each annual statement, the sum of ten dollars. The Auditor shall
10 publish said annual statement in detail in his annual report for the purpose of verifying
11 such statement. The Auditor may make or cause to be made an examination of the affairs
12 of any Iowa association doing business under this act at the expense of the association,
13 which expense shall not exceed the necessary hotel and traveling expenses of the Auditor,
14 or clerk. If the Auditor appoint some person not employed in his office to make the exam-
15 ination, he shall, in addition to actual expenses, be allowed, not to exceed five dollars per
16 day, for the time actually employed. If the said Auditor shall deem it necessary for the secur-
17 ity of the funds of the association, he may require the official bonds of the officers to be

18 increased to an amount not to exceed double the sum for which they are accountable ; and
19 he may require supplemental reports from any such association at such time and in such
20 form as he may direct.

SEC. 9. Any corporation or association accumulating any moneys to be held in trust for
2 the purpose of the fulfillment of its policy or certificate contract, or otherwise, shall invest
3 such accumulations in bonds or treasury notes of the United States, or of this or other
4 States, or in interest-bearing bonds of any municipal corporation in Iowa, or in notes
5 secured by mortgage on unincumbered real estate in the State of Iowa not to exceed forty
6 per cent of the appraised value thereof, exclusive of improvements, and shall deposit such
7 securities with the Auditor of State, who shall furnish such corporation or association with a
8 certificate, under his seal of office, of such deposit ; *provided, however,* that such corpora-
9 tion or association may invest in real estate in Iowa such a portion of said accumulation as
10 is necessary for its accommodation in the transaction of its business to be owned by said cor-
11 poration or association, and in the erection of any building for such purpose may add
12 thereto rooms for rental.

SEC. 10. Such association may have the right at any time to change its securities on de-
2 posit by substituting for those withdrawn a like amount in other securities of the character
3 provided for in this act.

SEC. 11. The Auditor shall permit corporations or associations having a deposit with him
2 of such securities to withdraw the same upon filing with him, by the president and secretary
3 of such corporations and associations satisfactory proof that they are necessary, and to be
4 used for the purpose for which they were originally collected.

SEC. 12. The Auditor shall permit corporations or associations having on deposit with
2 him such stock and bonds, notes or other securities to collect and retain the interest accruing
3 on such deposits, delivering to them respectively the evidence of interest as the same be-
4 comes due, but upon default of any corporation or association to make or enforce such col-
5 lection, he may collect such interest and add the same to the securities in his possession be-
6 longing to such corporation or association, less the expense of such collection.

SEC. 13. Any foreign corporation or association organized under the laws of any other
2 State to carry on the business of insuring the lives of individuals, or of furnishing benefits
3 to widows, orphans, heirs or legatees of deceased members, or of paying accident indemnity
4 or surrender value of certificate of insurance upon the mutual assessment plan, may be
5 licensed by the Auditor to do business in this State by complying with the following con-
6 ditions, to-wit : Said corporation shall file with the Auditor of State a copy of its charter or
7 articles of incorporation, duly certified by the proper officers of the State wherein organized,
8 together with a copy of its by-laws, application and policy or certificate of membership. It
9 shall also file with said Auditor a sworn statement signed and verified by its president and

10 secretary, which statement shall contain the name and location of the said corporation or as-
11 sociation, its principal place of business, the name of its president, secretary and other
12 principal officers, the number of certificates or policies in force, the aggregate amount in-
13 sured thereby, the amount paid to beneficiaries in the event of death or accident, the
14 amount collected of each member on each assessment, and the purpose for which assess-
15 ments are made, and the authority under which they are made ; the amount paid on the
16 last death loss, and the date thereof ; the amount of cash or other assets owned by the com-
17 pany or association, and how invested ; and any other information which the Auditor may
18 require. All said statements and papers thus filed shall show that death, or surrender
19 value of certificate of insurance or accident indemnity is in the main provided for by assess-
20 ments upon or contributions by surviving members of such corporation or association and
21 shall show to the satisfaction of said Auditor that said corporation or association is
22 legally organized and honestly managed, and that an ordinary assessment upon its members
23 or other regular contribution to its mortuary fund, is sufficient to pay its maximum certifi-
24 cate to the full limit named therein. Such foreign corporation or association shall also des-
25 ignate to the said Auditor an attorney or agent residing in this State on whom service of
26 process or original notice may be made; and in the event of a failure to appoint or designate
27 such attorney, such service may be made upon the Auditor, who shall at once notify
28 said company by mailing a copy of said notice to the secretary of said corporation or associ-
29 ation directed to his last known post-office address. Any action commenced in this State by
30 service upon such attorney or Auditor may be commenced in the county of the plaintiff's res-
31 idence, regardless of the residence of said attorney or Auditor, and every such corporation or
32 association coming into this State shall file with the Auditor of State a contract or agreement
33 that it will not transfer any action commenced against it in any court of this State to the Uni-
34 ted States courts, which contract shall contain the provision that if such transfer is made to
35 the United States court, the certificate of authority issued by said Auditor to do business shall
36 be revoked or cancelled, and it shall be the duty of the Auditor to promptly revoke the cer-
37 tificate of such corporation or association as soon as such transfer is made ; and such corpo-
38 ration or association shall not be permitted to do business again within the State. Upon com-
39 plying with the provisions of this section, and upon payment of twenty-five dollars, the Audi-
40 tor shall issue to such foreign corporation or association so complying, a certificate of author-
41 ity to do business in this State, provided the same right is extended by the State in which said
42 corporation is organized to similar corporations or associations organized in this State.
43 After any such foreign corporation or association shall have been licensed to do business in
44 this State, it shall make before the first day of March of each year, to the Auditor, on
45 blanks furnished by him, the same detailed statement as is provided in section 8 of this act,
46 which statement shall be published in the annual report of the Auditor, and shall also pay-

47 to the Auditor, on filing such statement, a fee of twenty dollars. Whenever the Auditor of this
48 State shall have reason to doubt the solvency of any such foreign corporation or association,
49 he may at the expense of such corporation or association, cause an examination of its books
50 and papers to be made, and published and distribute his reports as provided in section 8 of
51 this act, and if in his judgment such examination establishes the fact that such corporation
52 or association is not financially sound and is not paying its policies to the full limit named
53 therein, or is conducting its business fraudulently, or if it should fail to make the state-
54 ment required by this act, he may revoke the authority of such corporation or association
55 and prohibit it from doing business in this State until it can again comply with the provis-
56 ions of this act. If the Auditor appoint some one not receiving a regular salary in his of-
57 fice, to make the examination provided for in this section, he shall be entitled to receive six
58 dollars per day for his service in addition to his actual traveling and hotel expenses, to be
59 paid by the association examined, or by the State on the approval of the Executive Council,
60 if the association fail to pay the same.

SEC. 14. Any foreign corporation or association, doing business in this State, that shall
2 refuse or neglect to comply with the provisions of this act after the space of ninety days
3 after it takes effect shall be deemed and be held to be doing business unlawfully and any
4 officer or agent of such corporation or association who shall do business in this State, or
5 assist in, or knowingly permit the same in violation of the provisions of this act, shall be
6 deemed guilty of a misdemeanor, and upon conviction thereof shall be fined not more than
7 five hundred dollars, or be imprisoned in the county jail not more than six months, or both,
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9 violation of this section when sufficient evidence is presented to him to warrant a prosecu-
10 tion of any person charged with its violation.

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4 tificate herein provided for, shall be guilty of a misdemeanor, and upon conviction thereof,
5 shall be fined in a sum not exceeding one hundred dollars for each offense, together with the
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7 until the fine and costs are paid. And the county attorney in each county shall prosecute
8 parties charged with a violation of this section.

SEC. 16. Whenever any Iowa corporation or association shall fail to make its annual state-
2 ment to the Auditor on or before the first day of March, or is conducting its business
3 fraudulently, or not in compliance with this act, or is not carrying out its contract with its
4 members in good faith, then it shall be the duty of the Auditor to promptly communicate
5 the fact to the Attorney-General, who shall at once commence action before the district or

6 circuit court of the county in which said organization is located, or any judge thereof,
7 citing the officers to appear before said court or judge, and if upon a hearing of said cause,
8 it is found to be to the best interests of the holder of certificates of membership in said
9 corporation, said court or judge shall have power to remove any officer or officers of said
10 corporation and appoint others in there place until the next annual election. If it is found
11 to the best interest of said holders of certificates that the affairs of said corporation be
12 wound up, said court or judge shall so direct, and for that purpose may appoint a receiver
13 who shall regard all proper claims for death benefits as preferred claims. Said receiver may
14 also, upon the approval of the court or judge transfer the members of said association, who
15 consent thereto, to some solvent Iowa assessment or natural premium association, or divide
16 the surplus accumulated in proportion to the share due each certificate in force at the time.

SEC. 17. The Auditor shall receive from each foreign corporation or association doing
2 business in this State for each certificate issued to its agents or solicitor, as provided
3 in this act, the sum of two dollars, and from each corporation or association organized under
4 the laws of this State, the sum of fifty cents. Any other fees to be paid to said Auditor not
5 provided for in this act shall be the same as provided for in the general insurance laws
6 of this State in relation to life insurance companies. All fees collected by the Auditor
7 under this act, shall be accounted for and paid into the State Treasury in the same manner
8 as provided in section 3778, Code of 1873.

SEC. 18. On compliance with this act by any corporation or association the Auditor shall
2 issue a certificate setting forth

3 *First.* The corporate name of the association.

4 *Second.* Its principal place of business.

5 *Third.* The number of certificates or policies in force at the date of its last report.

6 *Fourth.* The sum of money which an ordinary assessment for payment of a single
7 certificate or policy would produce in each class.

8 *Fifth.* The amount paid on its last death loss as evidenced by proof on file in his
9 office and the date of such payment.

10 *Sixth.* That it has fully complied with the provisions of this act and is authorized to
11 transact business for a period of one year from April 1st, of the year of its issue, which
12 certificate shall be published by said association for four weeks in a weekly newspaper,
13 published at the principal place of business of said association.

SEC. 19. Any agent, physician, or other person who shall knowingly and by means of
2 concealment or false or fraudulent statements assist in securing from any such organization
3 or assessment association a policy or certificate of membership on the life of any person
4 shall be deemed guilty of a misdemeanor and upon conviction thereof shall be sentenced to

5 pay a fine not exceeding one thousand dollars or undergo an imprisonment of not more
6 than one year in the county jail, or both, in the discretion of the court.

SEC. 20. Any corporation or association doing business in this State which provides in
2 the main for the payment of death losses or accident indemnity, by an assessment upon its
3 members or upon the natural premium plan shall, for the purpose of this act be deemed a
4 mutual benefit association and shall not be subject to the general insurance laws of this
5 State regulating life insurance companies. No corporation or association operating upon
6 the assessment plan promising benefits upon any event other than that of the death or disa-
7 bility resulting from an accident to the member, shall be permitted to do business in this
8 State. But this shall not prevent any assessment life association or organization, author-
9 ized by this act from providing for an equitable surrender value paid up policy or endow-
10 ment upon the cancellation of any policy or certificate; *provided*, the terms and conditions
11 thereof are set forth in said policy or certificate of membership; *and provided*, that such
12 endowment or surrender value shall in the main be accumulated during the term of such
13 policy or certificate. This act shall not relieve any corporation or assessment association
14 now doing business in this State from the fulfillment of any contract heretofore entered
15 into with its members under its policies or certificates of membership, nor shall any member
16 be released hereby from his or her part of said contract.

SEC. 21. Nothing in this act shall be construed to apply to any secret fraternal society,
2 nor to any association organized solely for benevolent purposes, and composed wholly of
3 members of any one occupation, guild, profession or religious denomination. *Provided*, that
4 every such society or association shall make the annual report hereinbefore required; *pro-*
5 *vided*, that any such organization named above in this section may, if it so desires, become
6 incorporated under and entitled to all the privileges and amenable to the obligations of
7 this act.

SEC. 22. All acts or parts of acts conflicting with this act are hereby repealed. *Pro-*
2 *vided*, that nothing in this act shall be construed to affect insurance companies known as
3 fixed or level premium companies.

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

A BILL

FOR AN ACT TO REGULATE THE ORGANIZATION AND OPERATION OF MUTUAL BENEFIT 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
 2 the mutual assessment, co-operative or natural premium plan, for the purpose of insuring
 3 the lives of individuals, or of furnishing benefits to the widows, heirs, orphans or legatees
 4 of deceased members, or of paying endowments or accident indemnity, shall, before com-
 5 mencing business comply with the provisions of this act.

SEC. 2. The articles of incorporation of such organizations shall show the plan of busi-
 2 ness, and shall be submitted to the Auditor of State and Attorney-General, and if such
 3 articles are found to comply with the provisions of this act, they shall approve the same.
 4 When said articles are thus approved, they shall be recorded in the office of recorder of
 5 deeds, in the county where such organization is located, and of the Secretary of State, and
 6 a notice published as provided for under the general incorporation law of the State of
 7 Iowa. Nothing in this section shall be construed to require the incorporation of such com-
 8 panies already duly incorporated and operating under the laws of Iowa.

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

SEC. 4. Each association organized under this act, shall, before issuing any policy or certi-
 2 ficate of membership, if said association has not membership sufficient to pay the full amount
 3 of the certificate or policy on an assessment it shall lose the application for insurance to
 4 have printed in red ink in a conspicuous manner along the margin of said application the
 5 words "It is understood and agreed that the amount to be paid, when the certificate or
 6 policy issued upon this application becomes a claim, shall be dependent upon the amount
 7 collected from an assessment made to meet such claim and they must have actual applica-
 8 tions upon at least two hundred and fifty individual lives for at least one thousand dollars
 9 each, and shall file with the Auditor of State satisfactory proof that the president, secre-
 10 tary and treasurer of said corporation or association have each given a good and sufficient
 11 bond for five thousand dollars for the faithful discharge of their duties as such officers ;
 12 sworn copies of which bonds shall be filed with the Auditor of State, also a list of said ap-
 13 plications, giving the name, age, and residence of each applicant, and the amount of insur-

14 ance applied for by each, together with the annual dues and the proposed assessments
15 thereon, which statement shall be verified under oath by the president and secretary of the
16 association.

SEC. 5. No person shall act within this State as agent or otherwise in receiving or procur-
2 ing applications for insurance for any assessment association (except for the purpose of tak-
3 ing application for organization), unless the corporation or association for which he is act-
4 ing, has received a certificate from the Auditor of State, as provided in this act, authorizing
5 said corporation or association to transact business in this State, nor as general or traveling
6 agent or traveling solicitor, until he shall have received from said Auditor a certificate in
7 substance the same as that provided for in section 18 of this act, and certifying that said
8 corporation or association has complied with the provisions of this act, and that said general
9 traveling agent or traveling solicitor is authorized to act as such.

SEC. 6. The by-laws of any such corporation or association, and its notices of assessment
2 shall state the object or objects for which the money to be collected is intended, and no part
3 of the proceeds of such assessment shall be applied to any other purpose than is stated in
4 said notices and by-laws, and the excess beyond payment of the benefit provided for in such
5 assessment shall, be set aside and applied only to such purposes as said by-laws and
6 notices specify.

SEC. 7. No corporation or association organized or operating under this act, shall issue
2 any certificate of membership or policy to any person under the age of fifteen years, nor
3 over the age of sixty-five years, nor unless the beneficiary under said certificate shall be the
4 husband, wife, relative, legal representative, heir or legatee of such insured member, nor
5 shall any such certificate be assigned, except an endowment certificate, and any certificate
6 issued or assignment made in violation of this section shall be void. Any member of any
7 corporation, association or society operating under this act, shall have the right at any time,
8 with the consent of such corporation, association or society, to make a change in his benefi-
9 ciary without requiring the consent of such beneficiary.

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 sixty 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 assets,
5 liabilities, receipts from each assessment and all other sources, expenditures, salaries of offi-
6 cers, number of contributing members, death losses paid, and amount paid on each death
7 loss, death losses reported but not paid, and answer such other interrogatories as the Audi-
8 tor (who shall furnish blanks for that purpose) may require, in order to ascertain its true
9 financial condition, and shall pay upon filing each annual statement, the sum of ten dollars.
10 The Auditor shall publish said annual statement in detail in his annual report, and for the

11 purpose of verifying such statement. the Auditor may make or cause to be made, an exam-
12 ination of the affairs of any Iowa association doing business under this act, at the expense
13 of the association, which expense shall not exceed the necessary hotel and traveling ex-
14 penses of the Auditor or clerk. If the Auditor appoint some person not employed in his
15 office to make the examination, he shall in addition to actual expenses be allowed not to ex-
16 ceed five dollars per day for the time actually employed. If the said Auditor shall deem it
17 necessary for the security of the funds of the association, he may require the official bonds
18 of the officers to be increased to an amount not to exceed double the sum for which they are
19 accountable, and he may require supplemental reports from any such association at such
20 time and in such form as he may direct.

SEC. 9. Any corporation or association accumulating any moneys to be held in trust for
2 the purpose of the fulfillment of its policy or certificate contract, or otherwise shall invest
3 such accumulations in bonds or treasury notes of the United States, or of this or other
4 States, or in interest bearing bonds of any municipal corporation in Iowa, or in notes secured
5 by mortgage or unincumbered real estate in the State of Iowa, not to exceed forty per cent
6 of the appraised value thereof, exclusive of improvements, and shall deposit such securities
7 with the Auditor of State, who shall furnish such corporation or association with a certifi-
8 cate, under his seal of office, of such deposit, showing the purpose of such deposit and to
9 what fund the same is to be applied when paid out and also showing the aggregate liabilities
10 of such corporation or association at the date of issuance of such certificate ; provided, how-
11 ever, that such corporation or association may invest in real estate in Iowa, such a portion
12 of said accumulation as is necessary for its accommodation in the transaction of its busi-
13 ness, to be owned by said corporation or association, and in the erection of any building
14 for such purpose may add thereto rooms for rental.

SEC. 10. Such association may have the right at any time to change its securities on deposit
2 by substituting for those withdrawn a like amount in other securities of the character pro-
3 vided for in this act.

SEC. 11. The Auditor shall permit corporations or associations having a deposit with him
2 of such securities to withdraw the same upon filing with him by the president and secretary
3 of such corporations and associations, satisfactory proof that they are to be used for the
4 purpose for which they were originally deposited in his office.

SEC. 12. The Auditor shall permit corporations or associations having on deposit with him
2 such stocks and bonds, notes, or other securities, to collect and retain the interest accruing
3 on such deposits, delivering to them, respectively the evidence of interest as the same
4 becomes due, but on default of any corporation or association to make or enforce such col-
5 lection, he may collect such interest and add the same to the securities in his possession
6 belonging to such corporation or association, less the expense of such collection.

SEC. 13. Any foreign corporation or association organized under the laws of any State to
2 carry on the business of insuring the lives of individuals or of furnishing benefits to the
3 widows, orphans, heirs or legatees of deceased members, or of paying accident indemnity, or
4 surrender value of certificate of insurance upon the mutual assessment plan, may be
5 licensed by the Auditor to do business in this State by complying with the following condi-
6 tions, to-wit: Said corporation shall file with the Auditor of State a copy of its charter
7 or articles of incorporation, duly certified by the proper officers of the State wherein organ-
8 ized, together with a copy of its by-laws, application, and policy or certificate of member-
9 ship. It shall also file with said Auditor a sworn statement signed and verified by its presi-
10 dent and secretary, which statement shall contain the name and location of the said cor-
11 poration or association, its principal place of business, the name of its president, secretary,
12 and other principal officers, the number of certificates or policies in force, the aggregate
13 amount insured thereby, the amount paid to beneficiaries in event of death or accident, the
14 amount collected of each member on each assessment, and the purposes for which assess-
15 ments are made and the authority under which they are made; the amount paid on the
16 last death loss and the date thereof, the amount of each or other assets owned by the com-
17 pany and association and how invested; and any information which the Auditor may re-
18 quire. All said statements and papers thus filed shall show that death or surrender value
19 of certificate of insurance or accident indemnity is in the main provided for by assessments
20 upon or contributions by surviving members of such corporation or association, and shall
21 show to the satisfaction of said Auditor that said corporation or association is legally or-
22 ganized and honestly managed, and that an ordinary assessment upon its members or other
23 regular contribution to its mortuary fund is sufficient to pay its maximum certificate to the
24 full limit named therein. Such foreign corporation or association shall also designate to
25 the said Auditor an attorney or agent residing in this State on whom service of process
26 or original notice may be made; and in the event of a failure to appoint or designate such
27 attorney, such service may be made upon the Auditor, who shall at once notify said com-
28 pany by mailing a copy of said notice to the secretary of said corporation or association,
29 directed to his last known post-office address. Any action commenced in this State by
30 service upon such attorney or Auditor may be commenced in the county of the plaintiff's
31 residence, regardless of the residence of said attorney or Auditor, and every corporation or
32 association coming into this State shall file with the Auditor of State a contract or agree-
33 ment that it will not transfer any action commenced against it in any court of this State
34 to the United States courts, which contract shall contain the provision that if such transfer
35 is made to the United States courts, the certificate of authority issued by said Auditor to
36 do business shall be revoked or cancelled, and it shall be the duty of the Auditor to
37 promptly revoke the certificate of such corporation or association as soon as such transfer

38 is made ; and such corporation or association shall not be permitted to do business again
 39 within this State. Upon complying with the provisions of this section, and upon payment
 40 of twenty-five dollars, the Auditor shall issue to such foreign corporation or association so
 41 complying, a certificate of authority to do business in this State, provided the same right is
 42 extended by the State in which said corporation is organized to similar corporations or as-
 43 sociations organized in this State. After any such foreign corporation or association shall
 44 have been licensed to do business in this State, it shall make before the first day of March
 45 of each year, to the Auditor, on blanks furnished by him, the same detailed statement as is
 46 provided in section 8 of this act, which statement shall be published in the annual report
 47 of the Auditor, and shall also pay to the Auditor, on filing such statement, a fee of twenty
 48 dollars. Whenever the Auditor of this State shall have reason to doubt the solvency of
 49 any such foreign corporation or association, and a failure to pay the full limit named in its
 50 certificate or policy shall be such evidence that it is not solvent, and to require the Auditor
 51 to investigate, he must for this or other good cause, at the expense of such corporation or
 52 association cause an examination of its books and papers to be made and publish and dis-
 53 tribute his report as provided in section 8 of this act, and if in his judgment such exami-
 54 nation establishes the fact that such corporation or association is not financially sound and
 55 is not paying its policies to the full limit named therein or is conducting its business
 56 fraudulently, or if it should fail to make the statement required by this act, he may revoke
 57 the authority of such corporation or association and prohibit it from doing business in this
 58 State, until it can again comply with the provisions of this act. If the Auditor appoint
 59 some one not receiving a regular salary in his office to make the examination provided for
 60 in this section, he shall be entitled to receive five dollars per day for his service in addition
 61 to his actual traveling and hotel expenses to be paid by the association examined or by the
 62 State on approval of the Executive Council, if the association fails to pay the same.

SEC. 14. Any foreign corporation or association doing business in this State that shall
 2 refuse or neglect to comply with the provisions of this act after the space of ninety days
 3 after it takes effect shall be deemed and be held to be doing business unlawfully and any
 4 officer or agent of such corporation or association who shall do business in this State, or
 5 assist in, or knowingly permit the same in violation of the provisions of this act, shall be
 6 deemed guilty of a misdemeanor and upon conviction thereof shall be fined not more than
 7 five hundred dollars, or be imprisoned in the county jail not more than six months, or both,
 8 in the discretion of the court. It shall be the duty of the county attorney to prosecute any
 9 violation of this section when sufficient evidence is presented to him to warrant a prosecu-
 10 tion of any person charged with its violation.

SEC. 15. Any solicitor or agent taking or soliciting applications for insurance within this
 2 State, for any corporation or association doing business on the mutual assessment or nat-

3 ural premium plan, after ninety days from the taking effect of this act, without the certifi-
4 cate herein provided for, or shall take applications when the assessments will not pay the
5 certificate or policy in full, without having the application form comply with the require-
6 ments of section four (4) of this act, shall be guilty of a misdemeanor and upon conviction
7 thereof shall be fined in a sum not exceeding one hundred dollars for each offense, together
8 with the costs of prosecution including attorney's fee, and shall stand committed to the
9 county jail until the fine and costs are paid. And the county attorney in each county shall
10 prosecute parties charged with a violation of this section.

SEC. 16. Whenever any Iowa corporation or association shall fail to make its annual
2 statement to the Auditor on or before the first day of March, or is conducting its business
3 fraudulently, or not in compliance with this act, or is not carrying out its contract with its
4 members in good faith, then it shall be the duty of the Auditor to promptly communicate
5 the fact to the Attorney-General, who shall at once commence action before the district or
6 circuit court of the county in which said organization is located, or any judge thereof,
7 citing the officers to appear before said court or judge, and if, upon a hearing of said
8 cause, it is found to be the best interests of the holders of the certificates of mem-
9 bership in said corporation, said court or judge shall have the power to remove any
10 officer or officers of said corporation and appoint others in their place until the next
11 annual election. If it is found to the best interests of said holders of certificates that
12 the affairs of said corporation be wound up, said court or judge shall so direct, and for that
13 purpose may appoint a receiver, who shall regard all proper claims for death benefit as pre-
14 ferred claims. Said receiver may also upon the approval of the court or judge transfer the
15 members of said association who consent thereto to some solvent Iowa assessment or natu-
16 ral premium association or divide the surplus accumulated in proportion to the share due
17 each certificate in force at the time.

SEC. 17. The Auditor shall receive from each foreign corporation or association doing bus-
2 iness in this State for each certificate issued to its agents or solicitor, as provided in this
3 act, the sum of two dollars, and from each corporation or association organized under the
4 laws of this State the sum of fifty cents. Any other fees to be paid to said Auditor not
5 provided for in this act shall be the same as provided for in the general insurance laws of
6 this State, in relation to life insurance companies. All fees collected by the Auditor by
7 this act shall be accounted for and paid into the State treasury in the same manner as pro-
8 vided in section 3778, Code of 1873.

SEC. 18. On compliance with this act by any corporation or association the Auditor shall
2 issue a certificate setting forth--

3 *First.* The corporate name of the association.

4 *Second.* Its principal place of business.

5 *Third.* The number of certificates or policies in force at the date of its last report.

6 *Fourth.* The sum of money which an ordinary assessment for payment of a single cer-
7 tificate or policy would produce in each class.

8 *Fifth.* The amount paid on its last death loss as evidenced by proof on file in his of-
9 fice and the date of such payment.

11 *Sixth.* The amount of securities deposited in his office and for what purpose deposited.

12 *Seventh.* That it has fully complied with the provisions of this act, and is authorized
13 to transact business for a period of one year from April first of the year of its issue,
14 which certificate shall be published by said association for four weeks in a newspaper of
15 general circulation published at the principal place of business of said association.

SEC. 19. Any agent, physician, or other person who shall knowingly and by means of
2 concealment or false or fraudulent statements assist in securing from any such organization,
3 or assessment association, a policy or certificate of membership on the life of any person
4 shall be deemed guilty of a misdemeanor and upon conviction thereof shall be sentenced to
5 pay a fine not exceeding one thousand dollars, or undergo, an imprisonment of not more
6 than one year in the county jail, or both, in the discretion of the court.

SEC. 20. Any corporation, or association doing business in this State which provides in
2 the main, for the payment of death losses, or accident indemnity by an assessment upon its
3 members or upon the natural premium plan, shall for the purpose of this act, be deemed a
4 mutual benefit association, and shall not be subject to the general insurance laws of this
5 State, regulating life insurance. No corporation or association, operating upon the assess-
6 ment plan, promising benefits upon any other event than that of the death or disability
7 resulting from an accident to the member shall be permitted to do business in this State.
8 But this shall not prevent any assessment, life association or organization, authorized by
9 this act, from providing for an equitable surrender value, paid up policy or endowment upon
10 the cancellation of any policy or certificate, provided the terms and conditions thereof are
11 set forth in said policy or certificate of membership, and provides that such endowment or
12 surrender value shall in the main be accumulated during the term of such policy or certifi-
13 cate. This act shall not relieve any corporation or assessment association, now doing busi-
14 ness in this State, from the fulfillment of any contract heretofore entered into with its mem-
15 bers under its policies or certificates of membership, nor shall any member be released
16 hereby from his or her part of said contract.

SEC. 21. Nothing in this act shall be construed to apply to any secret fraternal society nor
2 any association organized solely for benevolent purposes and composed wholly of members
3 of any one occupation, guild, profession, or religious denomination, *provided*, that any such
4 society or organization named above in this section, shall by complying with the provisions
5 of this act be entitled to all the privileges and be amenable to the obligations of this act.

SEC. 22. The provisions of this act shall be applied to all assessment or co-operative Live-
2 Stock Insurance companies or associations now existing or hereafter organized in this or
3 other states, so far as the same can be made to apply, and the Auditor of State shall have
4 the same power and authority in regard to such companies or associations as in regard to
5 mutual benefit associations.

SEC. 23. All acts or part of acts conflicting with this act are hereby repealed. *Provided,*
2 that nothing in this act shall be construed to affect insurance companies known as fixed or
3 level premium companies having a mathematical annual reserve.