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Failed to Pass House .....

Senate File 178

February 3, 1947.  
Passed on File.

By INSURANCE COMMITTEE.

## A BILL FOR

An Act relating to the regulation of rates for fire, marine and inland marine insurance, and to rating organizations.

*Be It Enacted by the General Assembly of the State of Iowa:*

1 Section 1. PURPOSE OF ACT. The purpose of this Act is  
2 to promote the public welfare by regulating insurance rates to  
3 the end that they shall not be excessive, inadequate or unfairly  
4 discriminatory, and to authorize and regulate co-operative action  
5 among insurers in rate making and in other matters within the  
6 scope of this Act. Nothing in this Act is intended (1) to  
7 prohibit or discourage reasonable competition, or (2) to prohibit  
8 or encourage except to the extent necessary to accomplish the  
9 aforementioned purpose, uniformity in insurance rates, rating  
10 systems, rating plans or practices. This Act shall be liberally  
11 interpreted to carry into effect the provisions of this section.

1 Sec. 2. SCOPE OF ACT. This Act applies to fire, marine  
2 and inland marine insurance and allied lines on risks located in  
3 this state written by stock and mutual companies and reciprocal  
4 and interinsurance exchanges. Inland marine insurance shall be  
5 deemed to include insurance now or hereafter defined by statute,  
6 or by interpretation thereof, or if not so defined or interpreted,

7 by ruling of the commissioner of insurance, hereinafter referred  
8 to as “commissioner”, or as established by general custom of the  
9 business, as inland marine insurance.

10 This Act shall not apply:

11 (a) To reinsurance, other than joint reinsurance to the  
12 extent stated in section eleven (11);

13 (b) To insurance of vessels or craft, their cargoes, marine  
14 builders’ risks, marine protection and indemnity, or other risks  
15 commonly insured under marine, as distinguished from inland  
16 marine, insurance policies;

17 (c) To insurance of hulls of aircraft, including their  
18 accessories and equipment, or against liability arising out of  
19 the ownership, maintenance or use of aircraft;

20 (d) To motor vehicle insurance, nor to insurance against  
21 liability arising out of the ownership, maintenance or use of  
22 motor vehicles.

23 (e) To county mutual assessment associations doing business  
24 under chapter five hundred eighteen (518), Code 1946.

25 If any kind of insurance, subdivision or combination thereof,  
26 or type of coverage, subject to this Act, is also subject to  
27 regulation by another rate regulatory act of this state, an  
28 insurer to which both acts are otherwise applicable shall file  
29 with the commissioner a designation as to which rate regulatory  
30 act shall be applicable to it with respect to such kind of  
31 insurance, subdivision or combination thereof, or type of  
32 coverage.

1     Sec. 3. MAKING OF RATES.

2     (a) Rates shall be made in accordance with the following  
3 provisions:

4     1. Manual, minimum, class rates, rating schedules or  
5 rating plans, shall be made and adopted, except in the case of  
6 specific inland marine rates on risks specially rated.

7     2. Rates shall not be excessive, inadequate or unfairly  
8 discriminatory.

9     3. Due consideration shall be given to past and prospective  
10 loss experience within and outside this state, to the  
12 underwriting profit and contingencies, to dividends, savings or  
13 unabsorbed premium deposits allowed or returned by insurer to  
14 their policyholders, members or subscribers, to past and  
15 prospective expenses both countrywide and those specially  
16 applicable to this state, and to all other relevant factors  
17 within and outside this state; and in the case of fire insurance  
18 rates consideration shall be given to the experience of the  
19 fire insurance business during a period of not less than the  
20 most recent five year period for which such experience is  
11 conflagration and catastrophe hazards, to a reasonable margin for  
21 available.

22     (b) Except to the extent necessary to meet the provisions  
23 of subdivision two (2) of subsection (a) of this section,  
24 uniformity among insurers in any matters within the scope of  
25 this section is neither required nor prohibited.

26     (c) Rates made in accordance with this section may be

27 used subject to the provisions of this Act.

1 Sec. 4. RATE FILINGS.

2 (a) Every insurer shall file with the commissioner, except  
3 as to inland marine risks which by general custom of the business  
4 are not written according to manual rates or rating plans, every  
5 manual, minimum, class rate, rating schedule or rating plan and  
6 every other rating rule, and every modification of any of the  
7 foregoing which it proposes to use. Every such filing shall  
8 state the proposed effective date thereof, and shall indicate  
9 the character and extent of the coverage contemplated. When a  
10 filing is not accompanied by the information upon which the  
11 insurer supports such filing, and the commissioner does not have  
12 sufficient information to determine whether such filing meets the  
13 requirements of the Act, he shall require such insurer to furnish  
14 the information upon which it supports such filing and in such  
15 event the waiting period shall commence as of the date such  
16 information is furnished. The information furnished in support  
17 of a filing may include (1) the experience or judgment of the  
18 insurer or rating organization making the filing, (2) its  
19 interpretation of any statistical data it relies upon, (3) the  
20 experience of other insurers or rating organizations, or (4) any  
21 other relevant factors. A filing and any supporting information  
22 shall be open to public inspection after the filing becomes  
23 effective. Specific inland marine rates on risks specially rated,  
24 made by a rating organization, shall be filed with the  
25 commissioner.

26 (b) An insurer may satisfy its obligation to make such  
27 filings by becoming a member of, or a subscriber to, a licensed  
28 rating organization which makes such filings, and by authorizing  
29 the commissioner to accept such filings on its behalf; provided  
30 that nothing contained in this Act shall be construed as  
31 requiring any insurer to become a member of or a subscriber to  
32 any rating organization.

33 (c) The commissioner shall review filings as soon as  
34 reasonably possible after they have been made in order to  
35 determine whether they meet the requirements of this Act.

36 (d) Subject to the exception specified in subsection (e)  
37 of this section, each filing shall be on file for a waiting  
38 period of fifteen (15) days before it becomes effective, which  
39 period may be extended by the commissioner for an additional  
40 period not to exceed fifteen (15) days if he gives written  
41 notice within such waiting period to the insurer or rating  
42 organization which made the filing that he needs such additional  
43 time for the consideration of such filing. Upon written  
44 application by such insurer or rating organization, the  
45 commissioner may authorize a filing which he has reviewed to  
46 become effective before the expiration of the waiting period or  
47 any extension thereof. A filing shall be deemed to meet the  
48 requirements of this Act unless disapproved by the commissioner  
49 within the waiting period or any extension thereof.

50 (e) Specific inland marine rates on risk specially rated  
51 by a rating organization shall become effective when filed and

52 shall be deemed to meet the requirements of this Act until such  
53 time as the commissioner reviews the filing and so long  
54 thereafter as the filing remains in effect.

55 (f) Under such rules and regulations as he shall adopt,  
56 the commissioner may, by written order, suspend or modify the  
57 requirement of filing as to any kind of insurance, subdivision or  
58 combination thereof, or as to classes of risks, the rates for  
59 which cannot practicably be filed before they are used. Such  
60 orders, rules and regulations shall be made known to insurers  
61 and rating organizations affected thereby. The commissioner may  
62 make such examination as he may deem advisable to ascertain  
63 whether any rates affected by such order meet the standards set  
64 forth in subdivision two (2) of subsection (a) of section three  
65 (3).

66 (g) Upon the written application of the insured, stating  
67 his reasons therefor, filed with and approved by the commissioner,  
68 a rate in excess of that provided by a filing otherwise  
69 applicable may be used on any specific risk.

70 (h) Beginning ninety (90) days after the effective date of  
71 this Act, no insurer shall make or issue a contract or policy  
72 except in accordance with the filings which are in effect for  
73 said insurer as provided in this Act or in accordance with  
74 subsection (f) or (g) of this section. This subsection shall  
75 not apply to contracts or policies for inland marine risks as to  
76 which filings are not required.

2 (a) If within the waiting period or any extension thereof  
3 as provided in subsection (d) of section four (4), the  
4 commissioner finds that a ruling does not meet the requirements  
5 of this Act, he shall send to the insurer or rating organization  
6 which made such filing, written notice of disapproval of such  
7 filing specifying therein in what respects he finds such filing  
8 fails to meet the requirements of this Act and stating that such  
9 filing shall not become effective.

10 (b) If within thirty (30) days after a specific inland  
11 marine rate on a risk specially rated by a rating organization,  
12 subject to subsection (e) of section four (4) has become  
13 effective, the commissioner finds that such filing does not meet  
14 the requirements of this Act, he shall send to the rating  
15 organization which made such filing written notice of disapproval  
16 of such filing specify therein in what respects he finds that  
17 such filing fails to meet the requirements of this Act and  
18 stating when, within a reasonable period thereafter, such filing  
19 shall be deemed no longer effective. Said disapproval shall not  
20 affect any contract made or issued prior to the expiration of  
21 the period set forth in said notice.

22 (c) If at any time subsequent to the applicable review  
23 period provided for in subsection (a) or (b) of this section,  
24 the commissioner finds that a filing does not meet the  
25 requirements of this Act, he shall, after a hearing held upon  
26 not less than ten (10) days' written notice, specifying the  
27 matters to be considered at such hearing, to every insurer and

28 rating organization which made such filing, issue an order  
29 specifying in what respects he finds that such filing fails to  
30 meet the requirements of this Act, and stating when, within a  
31 reasonable period thereafter, such filing shall be deemed no  
32 longer effective. Copies of said order shall be sent to every  
33 such insurer and rating organization. Said order shall not  
34 affect any contract or policy made or issued prior to the  
35 expiration of the period set forth in said order.

36 (d) Any person or organization aggrieved with respect to  
37 any filing which is in effect may make written application to  
38 the commissioner for a hearing thereon, provided, however, that  
39 the insurer or rating organization that made the filing shall  
40 not be authorized to proceed under this subsection. Such  
41 application shall specify the grounds to be relied upon by the  
42 applicant. If the commissioner shall find that the application  
43 is made in good faith, that the applicant would be so aggrieved  
44 if his grounds are established, and that such grounds otherwise  
45 justify holding such a hearing, he shall, within thirty (30)  
46 days after receipt of such application, hold a hearing upon not  
47 less than ten (10) days' written notice to the applicant and to  
48 every insurer and rating organization which made such filing.

49 If, after such hearing, the commissioner finds that the  
50 filing does not meet the requirements of this Act, he shall  
51 issue an order specifying in what he finds that such  
52 filing fails to meet the requirements of this Act, and stating  
53 when, within a reasonable period thereafter, such filing shall

54 be deemed no longer effective. Copies of said order shall be  
55 sent to the applicant and to every such insurer and rating  
56 organization. Said order shall not affect any contract or  
57 policy made or issued prior to the expiration of the period set  
58 forth in said order.

59 (e) No manual, minimum, class rate, rating schedule,  
60 rating plan, rating rule, or any modification of any of the  
61 foregoing which has been filed pursuant to the requirements of  
62 section four (4) of this Act shall be disapproved if the rates  
63 thereby produced meet the requirements of this Act.

1 Sec. 6. RATING ORGANIZATIONS.

2 (a) A corporation, an unincorporated association, a  
3 partnership or an individual, whether located within or outside  
4 this state, may make application to the commissioner for license  
5 as a rating organization for such kinds of insurance, or  
6 subdivision or class of risk or a part or combination thereof as  
7 are specified in its application and shall file therewith (1) a  
8 copy of its constitution, its articles of agreement or association  
9 or its certificate of incorporation, and of its bylaws, rules  
10 and regulations governing the conduct of its business, (2) a  
11 list of its members and subscribers, (3) the name and address of  
12 a resident of this state upon whom notices or orders of the  
13 commissioner or process affecting such rating organization may  
14 be served and (4) a statement of its qualifications as a rating  
15 organization. If the commissioner finds that the applicant is  
16 competent, trustworthy and otherwise qualified to act as a

17 rating organization and that its constitution, articles of  
18 agreement or association or certificate of incorporation, and  
19 its bylaws, rules and regulations governing the conduct of its  
20 business conform to the requirements of law, he shall issue a  
21 license specifying the kinds of insurance, or subdivision or  
22 class of risk or part or combination thereof for which the  
23 applicant is authorized to act as a rating organization. Every  
24 such application shall be granted or denied in whole or in part  
25 by the commissioner within sixty (60) days of the date of its  
26 filing with him. Licenses issued pursuant to this section shall  
27 remain in effect for three (3) years unless sooner suspended or  
28 revoked by the commissioner. The fee for said license shall  
29 be twenty-five dollars. Licenses issued pursuant to this  
30 section may be suspended or revoked by the commissioner, after  
31 hearing upon notice, in the event the rating organization ceases  
32 to meet the requirements of this subsection. Every rating  
33 organization shall notify the commissioner promptly of every  
34 change in (1) its constitution, its articles of agreement or  
35 association, or its certificate of incorporation, and its bylaws,  
36 rules and regulations governing the conduct of its business,  
37 (2) its list of member and subscribers and (3) the name and  
38 address of the resident of this state designated by it upon  
39 whom notices or orders of the commissioner or process affecting  
40 such rating organization may be served.

41 (b) Subject to rules and regulations which have been  
42 approved by the commissioner as reasonable, each rating

43 organization shall permit any insurer, not a member, to be a  
44 subscriber to its rating services for any kind of insurance,  
45 subdivision, or class of risk or a part or combination thereof  
46 for which it is authorized to act as a rating organization.  
47 Notice of proposed changes in such rules and regulations shall  
48 be given to subscribers. Each rating organization shall furnish  
49 its rating services without discrimination to its members and  
50 subscribers. The reasonableness of any rule or regulation in  
51 its application to subscribers, or the refusal of any rating  
52 organization to admit an insurer as a subscriber, shall, at the  
53 request of any subscriber or any such insurer, be reviewed by  
54 the commissioner at a hearing held upon at least ten (10)  
55 days' written notice to such rating organization and to such  
56 subscriber or insurer. If the commissioner finds that such  
57 rule or regulation is unreasonable in its application to  
58 subscribers, he shall order that such rule or regulation shall  
59 not be applicable to subscribers. If the rating organization  
60 fails to grant or reject an insurer's application for  
61 subscribership within thirty (30) days after it was made, the  
62 insurer may request a review by the commissioner as if the  
63 application had been rejected. If the commissioner finds that  
64 the insurer has been refused admittance to the rating  
65 organization as a subscriber without justification, he shall  
66 order the rating organization to admit the insurer as a  
67 subscriber. If he finds that the action of the rating  
68 organization was justified, he shall make an order affirming its

69 action.

70 (c) No rating organization shall adopt any rule the  
71 effect of which would be to prohibit or regulate the payment of  
72 dividends, savings or unabsorbed premium deposits allowed or  
73 returned by insurers to their policyholders, members or  
74 subscribers.

75 (d) Cooperation among rating organizations or among rating  
76 organizations and insurers in rate making or in other matters  
77 within the scope of this Act is hereby authorized, provided the  
78 filings resulting from such cooperation are subject to all the  
79 provisions of this Act which are applicable to filings generally.  
80 The commissioner may review such cooperative activities and  
81 practices and if, after a hearing, he finds that any such  
82 activity or practice is unfair or unreasonable or otherwise  
83 inconsistent with the provisions of this Act, he may issue a  
84 written order specifying in what respects such activity or  
85 practice is unfair or unreasonable or otherwise inconsistent  
86 with the provisions of this Act, and requiring the discontinuance  
87 of such activity or practice.

88 (e) Any rating organization may provide for the examination  
89 of policies, daily reports, binders, renewal certificates,  
90 endorsements or other evidence of insurance, or the cancellation  
91 thereof, and may make reasonable rules governing their  
92 submission. Such rules shall contain a provision that in the  
93 event any insurer does not within sixty (60) days furnish  
94 satisfactory evidence to the rating organization of the correction

95 of any error or omission previously called to its attention by  
96 the rating organization, it shall be the duty of the rating  
97 organization to notify the commissioner thereof. All information  
98 so submitted for examination shall be confidential.

99 (f) Any rating organization may subscribe for or purchase  
100 actuarial, technical or other services, and such services shall  
101 be available to all members and subscribers without discrimination.

1 Sec. 7. DEVIATIONS. Every member or subscriber to a  
2 rating organization shall adhere to the findings made on its  
3 behalf by such organization except that any such insurer may make  
4 written application to the commissioner for permission to file  
5 a deviation from the class rates, schedules, rating plans or  
6 rules respecting any kind of insurance, or class of risk within  
7 a kind of insurance, or combination thereof. Such application  
8 shall specify the basis for the modification and a copy thereof  
9 shall also be sent simultaneously to such rating organization.  
10 The commissioner shall set a time and place for a hearing at  
11 which the insurer and such rating organization may be heard and  
12 shall give them not less than ten (10) days' written notice  
13 thereof. In the event the commissioner is advised by the  
14 rating organization that it does not desire a hearing, he may,  
15 upon the consent of the applicant, waive such hearing. In  
16 considering the application for permission to file such  
17 deviation the commissioner shall give consideration to the  
18 available statistics and the principles for rate making as  
19 provided in section three (3) of this Act. The commissioner



2 AND APPEALS OF INSUREDS. Every rating organization and  
3 insurer which makes its own rates shall, within a reasonable  
4 time after receiving written request therefor and upon payment  
5 of such reasonable charge as it may make, furnish to any insured  
6 affected by a rate made by it, or to the authorized representative  
7 of such insured, all pertinent information as to such rate.  
8 Every rating organization and every insurer which makes its own  
9 rates shall provide within this state reasonable means whereby  
10 any person aggrieved by the application of its rating system may  
11 be heard, in person or by his authorized representative, on his  
12 written request to review the manner in which such rating system  
13 has been applied in connection with the insurance afforded him.  
14 If the rating organization or insurer fails to grant or reject  
15 such request within thirty (30) days after it is made, the  
16 applicant may proceed in the same manner as if his application  
17 had been rejected. Any party affected by the action of such  
18 rating organization or such insurer on such request may, within  
19 thirty (30) days after written notice of such action, appeal to  
20 the commissioner, who, after a hearing held upon not less than  
21 ten (10) days' written notice to the appellant and to such  
22 rating organization or insurer, may affirm or reverse such  
23 action.

1 Sec. 10. ADVISORY ORGANIZATIONS.

2 (a) Every group, association or other organization of  
3 insurers, whether located within or outside this state, which  
4 assists insurers which make their own filings or rating

5 organizations in rate making, by the collection and furnishing  
6 of loss or expense statistics, or by the submission of  
7 recommendations, but which does not make filings under this Act,  
8 shall be known as an advisory organization.

9 (b) Every advisory organization shall file with the  
10 commissioner (1) a copy of its constitution, its articles of  
11 agreement or association or its certificate of incorporation  
12 and of its bylaws, rules and regulations governing its  
13 activities, (2) a list of its members, (3) the name and address  
14 of a resident of this state upon whom notices or orders of the  
15 commissioner or process issued at his direction may be served,  
16 and (4) an agreement that the commissioner may examine such  
17 advisory organization in accordance with the provisions of  
18 section twelve (12) of this Act.

19 (c) If, after a hearing, the commissioner finds that the  
20 furnishing of such information or assistance involves any act  
21 or practice which is unfair or unreasonable or otherwise  
22 inconsistent with the provisions of this Act, he may issue a  
23 written order specifying in what respects such act or practice  
24 is unfair or unreasonable or otherwise inconsistent with the  
25 provisions of this Act, and requiring the discontinuance of  
26 such act or practice.

27 (d) No insurer which makes its own filings nor any rating  
28 organization shall support its filings by statistics or adopt  
29 rate making recommendations, furnished to it by an advisory  
30 organization which has not complied with this section or with

31 an order of the commissioner involving such statistics or  
32 recommendations issued under subsection (c) of this section.  
33 If the commissioner finds such insurer or rating organization  
34 to be in violation of this subsection he may issue an order  
35 requiring the discontinuance of such violation.

1 Sec. 11. JOINT UNDERWRITING OR JOINT REINSURANCE.

2 (a) Every group, association or other organization of  
3 insurers which engages in joint underwriting or joint reinsurance;  
4 shall be subject to regulation with respect thereto as herein  
5 provided, subject, however, with respect to joint underwriting,  
6 to all other provisions of this Act and, with respect to joint  
7 reinsurance, to sections twelve (12) and sixteen (16) to  
8 twenty (20) of this Act.

9 (b) If, after a hearing, the commissioner finds that any  
10 activity or practice of any such group, association or other  
11 organization is unfair or unreasonable or otherwise inconsistent  
12 with the provisions of this Act, he may issue a written order  
13 specifying in what respects such activity or practice is unfair  
14 or unreasonable or otherwise inconsistent with the provisions  
15 of this Act, and requiring the discontinuance of such activity  
16 or practice.

1 Sec. 12. EXAMINATIONS. The commissioner shall, at least  
2 once in five (5) years, make or cause to be made an examination  
3 of each rating organization licensed in this state as provided  
4 in section six (6), and he may, as often as he may deem it  
5 expedient, make or cause to be made an examination of each

6 advisory organization referred to in section ten (10) and of  
7 each group, association or other organization referred to in  
8 section eleven (11). The reasonable costs of any such  
9 examination shall be paid by the rating organization, advisory  
10 organization, or group, association or other organization  
11 examined upon presentation to it of a detailed account of such  
12 costs. The officers, manager, agents and employees of such  
13 rating organization, advisory organization, or group, association  
14 or other organization may be examined at any time under oath  
15 and shall exhibit all books, records, accounts, documents, or  
16 agreements governing its method of operation. In lieu of any  
17 such examination, the commissioner may accept the report of an  
18 examination made by the insurance supervisory official of another  
19 state, pursuant to the laws of such state.

1 Sec. 13. RATE ADMINISTRATION.

2 (a) Recording and Reporting of Loss and Expense Experience.  
3 The commissioner shall promulgate reasonable rules and  
4 statistical plans, reasonably adopted to each of the rating  
5 systems on file with him, which may be modified from time to time  
6 and which shall be used thereafter by each insurer in the  
7 recording and reporting of its loss and countrywide expense  
8 experience, in order that the experience of all insurers may be  
9 made available at least annually in such form and detail as may  
10 be necessary to aid him in determining whether rating systems  
11 comply with the standards set forth in section three (3). Such  
12 rules and plans may also provide for the recording and reporting

13 of expense experience items which are specially applicable to  
14 this state and are not susceptible of determination by a  
15 prorating of countrywide expense experience. In promulgating  
16 such rules and plans, the commissioner shall give due consideration  
17 to the rating systems on file with him and, in order that such  
18 rules and plans may be as uniform as is practicable among the  
19 several states, to the rules and to the form of the plans used  
20 for such rating systems in other states. No insurer shall be  
21 required to record or report its loss experience on a  
22 classification basis that is inconsistent with the rating system  
23 filed by it. The commissioner may designate one or more rating  
24 organizations or other agencies to assist him in gathering such  
25 experience and making compilations thereof, and such compilations  
26 shall be made available, subject to reasonable rules promulgated  
27 by the commissioner, to insurers and rating organizations.

28 (b) Interchange of Rating Plan Data. Reasonable rules  
29 and plans may be promulgated by the commissioner for the  
30 interchange of data necessary for the application of rating  
31 plans.

32 (c) Consultation with Other States. In order to further  
33 uniform administration of rate regulatory laws, the commissioner  
34 and every insurer and rating organization may exchange  
35 information and experience data with insurance supervisory  
36 officials, insurers and rating organizations in other states and  
37 may consult with them with respect to rate making and the  
38 application of rating systems.

39 (d) Rules and Regulations. The commissioner may make  
40 reasonable rules and regulations necessary to effect the purposes  
41 of this Act.

1 Sec. 14. FALSE OR MISLEADING INFORMATION. No person  
2 organization shall wilfully withhold information from, or  
3 knowingly give false or misleading information to, the  
4 commissioner, any statistical agency designated by the  
5 commissioner, any rating organization, or any insurer, which will  
6 affect the rates or premiums chargeable under this Act. A  
7 violation of this section shall subject the one guilty of such  
8 violation to the penalties provided in section sixteen (16) of  
9 this Act.

1 Sec. 15. Rebates prohibited. No agent shall knowingly  
2 charge, demand or receive a premium for any policy of insurance  
3 except in accordance with the provisions of this Act. No  
4 insurer or employee thereof, and no agent, shall pay, allow,  
5 or give, or offer to pay, allow, or give, directly or indirectly,  
6 as an inducement to insurance, or after insurance has been  
7 effected, any rebate, discount, abatement, credit or reduction  
8 of the premium named in a policy of insurance, or any special  
9 favor or advantage in the dividends or other benefits to accrue  
10 thereon, or any valuable consideration or inducement whatever,  
11 not specified in the policy of insurance, except to the extent  
12 provided for in an applicable filing. No insured named in a  
13 policy of insurance, nor any employee of such insured shall  
14 knowingly receive or accept, directly or indirectly, any such

15 rebate, discount, abatement, credit or reduction of premium, or  
16 any such special favor or advantage or valuable consideration or  
17 inducement.

18 Nothing in this section shall be construed as prohibiting  
19 the payment of commissions or other compensation to duly  
20 licensed agents, nor as prohibiting any insurer from allowing or  
21 returning to its participating policyholders, members or  
22 subscribers, dividends savings or unabsorbed premium deposits.

23 As used in this section the word "insurance" includes  
24 suretyship and the word "policy" includes bond.

1 Sec. 16. PENALTIES. The commissioner may, if he finds  
2 that any person or organization has violated any provision of  
3 this Act, impose a penalty of not more than fifty dollars (\$50)  
4 for each such violation, but if he finds such violation to be  
5 wilful he may impose a penalty of not more than five hundred  
6 dollars (\$500) for each such violation. Such penalties may be  
7 in addition to any other penalty provided by law.

8 The commissioner may suspend the license of any rating  
9 organization or insurer which fails to comply with an order of  
10 the commissioner within the time limited by such order, or any  
11 extension thereof which the commissioner may grant. The  
12 commissioner shall not suspend the license of any rating  
13 organization or insurer for failure to comply with an order  
14 until the time prescribed for an appeal therefrom has expired  
15 or if an appeal has been taken, until such order has been  
16 affirmed. The commissioner may determine when a suspension of

17 license shall become effective and it shall remain in effect  
18 for the period fixed by him, unless he modifies or rescinds  
19 such suspension, or until the order upon which such suspension  
20 is based is modified, rescinded or reversed.

21 No penalty shall be imposed and no license shall be  
22 suspended or revoked except upon a written order of the  
23 commissioner, stating his findings, made after a hearing held  
24 upon not less than ten (10) days' written notice to such  
25 person or organization specifying the alleged violation.

1 Sec. 17. HEARING PROCEDURE AND JUDICIAL REVIEW.

2 (a) Any insurer or rating organization aggrieved by any  
3 order or decision of the commissioner made without a hearing  
4 may, within thirty (30) days after notice of the order to the  
5 insurer or organization make written request to the commissioner  
6 for a hearing thereon. The commissioner shall hear such party  
7 or parties within twenty (20) days after receipt of such request  
8 and shall give not less than ten (10) days' written notice of  
9 the time and place of the hearing. Within fifteen (15) days  
10 after such hearing the commissioner shall affirm, reverse or  
11 modify his previous action, specifying his reasons therefor.  
12 Pending such hearing and decision thereon, the commissioner may  
13 suspend or postpone the effective date of his previous action.

14 (b) Nothing contained in this Act shall require the  
15 observance at any hearing of formal rules of pleading or  
16 evidence.

17 (c) Any order or decision of the commissioner shall be

18 subject to review by writ of certiorari to the district court  
19 at the instance of any party in interest.

20 The court shall determine whether the filing of the  
21 petition for such writ shall operate as a stay of any such  
22 order or decision of the commissioner. The court may, in  
23 disposing of the issue before it, modify, affirm or reverse the  
24 order or decision of the commissioner in whole or in part.

1 Sec. 18. LAWS REPEALED. All laws or parts of laws  
2 inconsistent with the provisions of this Act are hereby repealed,  
3 and compliance with this Act shall not be deemed to be a  
4 violation of section five hundred fifteen point one hundred  
5 thirty-one (515.131), Code 1946.

1 Sec. 19. CONSTITUTIONALITY. If any section, subsection,  
2 subdivision, paragraph, sentence or clause of this Act is held  
3 invalid or unconstitutional, such decision shall not affect the  
4 remaining portions of this Act.

1 Sec. 20. The provisions of this Act shall be in full force  
2 and effect beginning October 1, 1947.