

Reported Recommending
Ind. Postponed
Passed Senate
Failed to Pass Senate
Passed House
Failed to Pass House

Senate File 179

February 3, 1947.
Passed on File.

By INSURANCE COMMITTEE.

A BILL FOR

An Act relating to the regulation of rates for certain casualty insurance including fidelity, surety and guaranty bonds and for all other forms of motor vehicle 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 to
2 promote the public welfare by regulating insurance rates to the
3 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 casualty
2 insurance, including fidelity, surety and guaranty bonds, and to
3 all other forms of motor vehicle insurance, on risks or operations
4 in this state, written by stock and mutual companies and
5 reciprocal and interinsurance exchanges, except:

- 6 (a) reinsurance, other than joint reinsurance to the extent
7 stated in section eleven (11);
- 8 (b) accident and health insurance;
- 9 (c) insurance against loss of or damage to aircraft or
10 against liability, other than workmen's compensation and
11 employers' liability, arising out of the ownership, maintenance
12 or use of aircraft;
- 13 (d) insurance written by a county mutual assessment
14 association as provided in chapter five hundred eighteen (518),
15 Code 1946.

16 If any kind of insurance, subdivision or combination
17 thereof, or type of coverage, subject to this Act, is also
18 subject to regulation by another rate regulatory act of this
19 state, an insurer to which both acts are otherwise applicable
20 shall file with the commissioner of insurance, hereinafter
21 referred to as "commissioner", a designation as to which rate
22 regulatory act shall be applicable to it with respect to such
23 kind of insurance, subdivision or combination thereof, or type
24 of coverage.

1 Sec. 3. MAKING OF RATES.

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

- 4 1. Due consideration shall be given to past and prospective
5 loss experience within and outside this state, to catastrophe
6 hazards, if any, to a reasonable margin for underwriting profit
7 and contingencies, to dividends, savings or unabsorbed premium

8 deposits allowed or returned by insurers to their policyholders,
9 members or subscribers, to past and prospective expenses both
10 countrywide and those specially applicable to this state, and
11 to all other relevant factors within and outside this state;

12 2. The systems of expense provisions included in the
13 rates for use by any insurer or group of insurers may differ
14 from those of other insurers or groups of insurers to reflect
15 the requirements of the operating methods of any such insurer or
16 group with respect to any kind of insurance, or with respect to
17 any subdivision or combination thereof for which subdivision or
18 combination separate expense provisions are applicable;

19 3. Risks may be grouped by classifications for the
20 establishment of rates and minimum premiums. Classification
21 rates may be modified to produce rates for individual risks in
22 accordance with rating plans which establish standards for
23 measuring variations in hazards or expense provisions, or both.
24 Such standards may measure any differences among risks that can
25 be demonstrated to have a probable effect upon losses or expenses;

26 4. Rates shall not be excessive, inadequate or unfairly
27 discriminatory.

28 (b) Except to the extent necessary to meet the provisions
29 of subdivision four (4) of subdivision (a) of this section,
30 uniformity among insurers in any matters within the scope of this
31 section is neither required nor prohibited.

1 Sec. 4. RATE FILINGS.

2 (a) Every insurer shall file with the commissioner every

3 manual of classifications, rules and rates, every rating plan and
4 every modification of any of the foregoing which it proposes to
5 use. Every such filing shall state the proposed effective date
6 thereof, and shall indicate the character and extent of the
7 coverage contemplated. When a filing is not accompanied by the
8 information upon which the insurer supports such filing, and the
9 commissioner does not have sufficient information to determine
10 whether such filing meets the requirements of the Act, he shall
11 require such insurer to furnish the information upon which it
12 supports such filing and in such event the waiting period shall
13 commence as of the date such information is furnished. The
14 information furnished in support of a filing may include (1) the
15 experience or judgment of the insurer or rating organization
16 making the filing, (2) its interpretation of any statistical
17 data it relies upon, (3) the experience of other insurers or
18 rating organizations, or (4) any other relevant factors. A
19 filing and any supporting information shall be open to public
20 inspection after the filing becomes effective.

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

28 (c) The commissioner shall review filings as soon as

29 reasonably possible after they have been made in order to
30 determine whether they meet the requirements of this Act.

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

45 (e) Any special filing with respect to a surety or guaranty
46 bond required by law or by court or executive order or by order,
47 rule or regulation of a public body, not covered by a previous
48 filing, shall become effective when filed and shall be deemed to
49 meet the requirements of this Act until such time as the
50 commissioner reviews the filing and so long thereafter as the
51 filing remains in effect.

52 (f) Under such rules and regulations as he shall adopt, the
53 commissioner may, by written order, suspend or modify the
54 requirement of filing as to any kind of insurance, subdivision or

55 combination thereof, or as to classes of risks, the rates for
56 which cannot practicably be filed before they are used. Such
57 orders, rules and regulations shall be made known to insurers
58 and rating organizations affected thereby. The commissioner
59 may make such examination as he may deem advisable to ascertain
60 whether any rates affected by such order meet the standards set
61 forth in subdivision four (4) of subsection (a) of section three
62 (3).

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

67 (h) Beginning ninety (90) days after the effective date of
68 this Act, no insurer shall make or issue a contract or policy
69 except in accordance with filings which are in effect for said
70 insurer as provided in this Act or in accordance with subsection
71 (f) or (g) of this section.

1 Sec. 5. DISAPPROVAL OF FILINGS.

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

21 (c) If at any time subsequent to the applicable review
22 period provided for in subsection (a) or (b) of this section,
23 the commissioner finds that a filing does not meet the
24 requirements of this Act he shall, after a hearing held upon
25 not less than ten (10) days' written notice, specifying the
26 matters to be considered at such hearing, to every insurer and
27 rating organization which made such filing, issue an order
28 specifying in what respects he finds that such filing fails to
29 meet the requirements of this Act, and stating when, within a
30 reasonable period thereafter, such filing shall be deemed no
31 longer effective. Copies of said order shall be sent to every
32 such insurer and rating organization. Said order shall not
33 affect any contract or policy made or issued prior to the
34 expiration of the period set forth in said order.

35 (d) Any person or organization aggrieved with respect to

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

48 If, after such hearing, the commissioner finds that the
49 filing does not meet the requirements of this Act, he shall
50 issue an order specifying in what respects he finds that such
51 filing fails to meet the requirements of this Act, and stating
52 when, within a reasonable period thereafter, such filing shall
53 be deemed no longer effective. Copies of said order shall be
54 sent to the applicant and to every such insurer and rating
55 organization. Said order shall not affect any contract or
56 policy made or issued prior to the expiration of the period set
57 forth in said order.

58 (e) No manual of classifications, rules, rating plan, or
59 any modification of any of the foregoing which establishes
60 standards for measuring variations in hazards or expense
61 provisions, or both, and which has been filed pursuant to the

62 requirements of section four (4) of this Act shall be disapproved
63 if the rates 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 subdivisions thereof as are specified in its application and
7 shall file therewith (1) a copy of its constitution, its articles
8 of agreement or association or its certificate of incorporation,
9 and of its bylaws, rules and regulations governing the conduct
10 of its business, (2) a list of its members and subscribers, (3)
11 the name and address of a resident of this state upon whom
12 notices or orders of the commissioner or process affecting such
13 rating organization may be served and (4) a statement of its
14 qualifications as a rating organization. If the commissioner
15 finds that the applicant is competent, trustworthy and
16 otherwise qualified to act as a rating organization and that
17 its constitution, articles of agreement or association or
18 certificate of incorporation, and its bylaws, rules and
19 regulations governing the conduct of its business conform
20 to the requirements of law, he shall issue a license specifying
21 the kinds of insurance or subdivisions thereof for which the
22 applicant is authorized to act as a rating organization. Every
23 such application shall be granted or denied in whole or in
24 part by the commissioner within sixty (60) days of the date of

25 its filing with him. Licenses issued pursuant to this section
26 shall remain in effect for three (3) years unless sooner
27 suspended or revoked by the commissioner. The fee for said
28 license shall be twenty-five dollars. Licenses issued pursuant
29 to this section may be suspended or revoked by the commissioner,
30 after hearing upon notice, in the event the rating organization
31 ceases to meet the requirements of this subsection. Every
32 rating organization shall notify the commissioner promptly of
33 every change in (1) its constitution, its articles of agreement
34 or association or its certificate of incorporation, and its
35 bylaws, rules and regulations governing the conduct of its
36 business, (2) its list of members and subscribers and (3) the
37 name and address of the resident of this state designated by it
38 upon whom notices or orders of the commissioner or process
39 affecting such rating organization may be served.

40 (b) Subject to rules and regulations which have been
41 approved by the commissioner as reasonable, each rating
42 organization shall permit any insurer, not a member, to be a
43 subscriber to its rating services for any kind of insurance or
44 subdivision thereof for which it is authorized to act as a
45 rating organization. Notice of proposed changes in such rules
46 and regulations shall be given to subscribers. Each rating
47 organization shall furnish its rating services without
48 discrimination to its members and subscribers. The
49 reasonableness of any rule or regulation in its application to
50 subscribers, or the refusal of any rating organization to admit

51 an insurer as a subscriber, shall, at the request of any
52 subscriber or any such insurer, be reviewed by the commissioner
53 at a hearing held upon at least ten (10) days' written notice to
54 such rating organization and to such subscriber or insurer. If
55 the commissioner finds that such rule or regulation is
56 unreasonable in its application to subscribers, he shall order
57 that such rule or regulation shall not be applicable to
58 subscribers. If the rating organization fails to grant or reject
59 an insurer's application for subscribership within thirty (30)
60 days after it was made, the insurer may request a review by the
61 commissioner as if the application had been rejected. If the
62 commissioner finds that the insurer has been refused admittance
63 to the rating organization as a subscriber without
64 justification, he shall order the rating organization to admit
65 the insurer as a subscriber. If he finds that the action of
66 the rating organization was justified, he shall make an order
67 affirming its action.

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

73 (d) Co-operation among rating organizations or among
74 rating organizations and insurers in rate making or in other
75 matters within the scope of this Act is hereby authorized,
76 provided the filings resulting from such co-operation are

77 subject to all the provisions of this Act which are applicable
78 to filings generally. The commissioner may review such
79 co-operative activities and practices and if, after a hearing,
80 he finds that any such activity or practice is unfair or
81 unreasonable or otherwise inconsistent with the provisions of
82 this Act, he may issue a written order specifying in what
83 respects such activity or practice is unfair or unreasonable
84 or otherwise inconsistent with the provisions of this Act, and
85 requiring the discontinuance of such activity or practice.

1 Sec. 7. DEVIATIONS. Every member of or subscriber to a
2 rating organization shall adhere to the filings made on its
3 behalf by such organization except that any such insurer may
4 make written application to the commissioner for permission to
5 file a uniform percentage decrease or increase to be applied
6 to the premiums produced by the rating system so filed for a
7 kind of insurance, or for a class of insurance which is found
8 by the commissioner to be a proper rating unit for the
9 application of such uniform percentage decrease or increase, or
10 for a subdivision of a kind of insurance (1) comprised of a
11 group of manual classifications which is treated as a separate
12 unit for rate making purposes, or (2) for which separate expense
13 provisions are included in the filings of the rating
14 organization. Such application shall specify the basis for
15 the modification and shall be accompanied by the data upon which
16 the applicant relies. A copy of the application and data shall
17 be sent simultaneously to such rating organization. The

18 commissioner shall set a time and place for a hearing at which
19 the insurer and such rating organization may be heard and shall
20 give them not less than ten (10) days' written notice thereof.
21 In the event the commissioner is advised by the rating
22 organization that it does not desire a hearing, he may, upon the
23 consent of the applicant, waive such hearing. The commissioner
24 shall issue an order permitting the modification for such
25 insurer to be filed if he finds it to be justified and it shall
26 thereupon become effective. He shall issue an order denying
27 such application if he finds that the modification is not
28 justified or that the resulting premiums would be excessive,
29 inadequate or unfairly discriminatory. Each deviation permitted
30 to be filed shall be effective for a period of one (1) year from
31 the date of such permission unless terminated sooner with the
32 approval of the commissioner.

1 Sec. 8. APPEAL BY MINORITY. Any member of or subscriber
2 to a rating organization may appeal to the commissioner from the
3 action or decision of such rating organization in approving or
4 rejecting any proposed change in or addition to the filings of
5 such rating organization, and the commissioner shall, after a
6 hearing held upon not less than ten (10) days' written notice
7 to the appellant and to such rating organization, issue an order
8 approving the action or decision of such rating organization or
9 directing it to give further consideration to such proposal, or,
10 if such appeal is from the action or decision of the rating
11 organization in rejecting a proposed addition to its filings,

12 he may, in the event he finds that such action or decision was
13 unreasonable, issue an order directing the rating organization
14 to make an addition to its filings, on behalf of its members
15 and subscribers, in a manner consistent with his findings, within
16 a reasonable time after the issuance of such order.

17 If such appeal is based upon the failure of the rating
18 organization to make a filing on behalf of such member or
19 subscriber which is based on a system of expense provisions
20 which differs, in accordance with the right granted in
21 subdivision two (2) of subsection (a) of section three (3),
22 from the system of expense provisions included in a filing made
23 by the rating organization, the commissioner shall, if he grants
24 the appeal, order the rating organization to make the requested
25 filing for use by the appellant. In deciding such appeal, the
26 commissioner shall apply the standards set forth in section
27 three (3).

1 Sec. 9. INFORMATION TO BE FURNISHED INSUREDS;
2 AND APPEALS OF INSUREDS. Every rating organization and ^{HEARINGS}
3 insurer which makes its own rates shall, within a reasonable time ^{every}
4 after receiving written request therefor and upon payment of such
5 reasonable charge as it may make, furnish to any insured affected
6 by a rate made by it, or to the authorized representative of
7 such insured, all pertinent information as to such rate.

8 Every rating organization and every insurer which makes its
9 own rates shall provide within this state reasonable means
10 whereby any person aggrieved by the application of its rating

11 system may be heard, in person or by his authorized
12 representative, on his written request to review the manner in
13 which such rating system has been applied in connection with
14 the insurance afforded him. If the rating organization or
15 insurer fails to grant or reject such request within thirty (30)
16 days after it is made, the applicant may proceed in the same
17 manner as if his application had been rejected. Any party
18 affected by the action of such rating organization or such
19 insurer on such request may, within thirty (30) days after
20 written notice of such action, appeal to the commissioner, who,
21 after a hearing held upon not less than ten (10) days' written
22 notice to the appellant and to such rating organization or
23 insurer, may affirm or reverse such 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 and
12 of its bylaws, rules and regulations governing its activities,
13 (2) a list of its members, (3) the name and address of a resident

14 of this state upon whom notices or orders of the commissioner or
15 process issued at his direction may be served, and (4) an
16 agreement that the commissioner may examine such advisory
17 organization in accordance with the provisions of section twelve
18 (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 rates 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
4 reinsurance, shall be subject to regulation with respect thereto

5 as herein provided, subject, however, with respect to joint
6 underwriting, to all other provisions of this Act and, with
7 respect to joint reinsurance, to sections twelve (12) and
8 seventeen (17) to twenty-one (21) 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 officer, 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 and

15 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
19 another state, pursuant to the laws of such state.

1 Sec. 13. RATE ADMINISTRATION.

2 (a) Recording and Reporting Loss and Expense Experience.
3 The commissioner shall promulgate reasonable rules and
4 statistical plans, recently adapted to each of the rating
5 systems on file with him, which may be modified from time to
6 time 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
9 be made available at least annually in such form and detail
10 as may be necessary to aid him in determining whether rating
11 systems comply with the standards set forth in section three-
12 (3). Such rules and plans may also provide for the recording
13 and reporting of expense experience items which are specially
14 applicable to this state and are not susceptible of
15 determination by a prorating of countrywide expense experience.
16 In promulgating such rules and plans, the commissioner shall
17 give due consideration to the rating systems on file with him
18 and, in order that such rules and plans may be as uniform as is
19 practicable among the several states, to the rules and to the
20 form of the plans used for such rating systems in other states.
21 No insurer shall be required to record or report its loss

22 experience on a classification basis that is inconsistent with
23 the rating system filed by it. The commissioner may designate
24 one or more rating organizations or other agencies to assist him
25 in gathering such experience and making compilations thereof,
26 and such compilations shall be made available, subject to
27 reasonable rules promulgated by the commissioner, to insurers and
28 rating organizations.

29 (b) Interchange of Rating Plan Data. Reasonable rules and
30 plans may be promulgated by the commissioner for the interchange
31 of data necessary for the application of rating 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 information
35 and experience data with insurance supervisory officials,
36 insurers and rating organizations in other states and may consult
37 with them with respect to rate making and the application of
38 rating systems.

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

1. Sec. 14. FALSE OR MISLEADING INFORMATION. No
2 organization shall wilfully withhold information from, or person or
3 knowingly give false or misleading information to, the
4 commissioner, any statistical agency designated by the
5 commissioner, and rating organization, or any insurer, which
6 will affect the rates or premiums chargeable under this Act.

7 A violation of this section shall subject the one guilty of such
8 violation to the penalties provided in section seventeen (17) of
9 this Act.

1 Sec. 15. ASSIGNED RISKS. Agreements may be made among
2 insurers with respect to the equitable apportionment among them
3 of insurance which may be afforded applicants who are in good
4 faith entitled to but who are unable to procure such insurance
5 through ordinary methods and such insurers may agree among
6 themselves on the use of reasonable rate modifications for such
7 insurance, such agreements and rate modifications to be subject
8 to the approval of the commissioner.

1 Sec. 16. 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 licensed
20 agents, nor as prohibiting any insurer from allowing or returning
21 to its participating policyholders, members or subscribers,
22 dividends savings or unabsorbed premium deposits. As used in
23 this section the word "insurance" includes suretyship and the
24 word "policy" includes bond.

1 Sec. 17. 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. 18. 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
6 commissioner for a hearing thereon. The commissioner shall
7 hear such party or parties within twenty (20) days after
8 receipt of such request and shall give not less than ten (10)
9 days' written notice of the time and place of the hearing.
10 Within fifteen (15) days after such hearing, the commissioner
11 shall affirm, reverse or modify his previous action,
12 specifying his reasons therefor. Pending such hearing and
13 decision thereon, the commissioner may suspend or postpone the
14 effective date of his previous action.

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

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

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

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

1 Sec. 19. LAWS REPEALED. All other 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. 20. 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. 21. The provisions of this Act shall be in full force
2 and effect beginning October 1, 1947.