

No. 481, A.]

[Published May 9, 1891.]

## CHAPTER 418.

**AN ACT** to regulate mutual, beneficiary and fraternal corporations, societies, orders and associations, providing insurance on the assessment plan.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

**SECTION 1.** No fraternal or beneficiary corporation, society, order or association for the relief of members or beneficiaries, furnishing life or casualty insurance or indemnity upon the mutual or assessment plan, shall hereafter be organized or incorporated in this state, until after a declaration, signed by each of the organizers or incorporators, who shall be residents and citizens of this state, shall have been made in writing and sworn to by them before an officer authorized by law to administer oaths and filed in the office of the commissioner of insurance, setting forth that at least five hundred persons have made application in writing for membership therein, together with the articles of incorporation or the constitution and by-laws, setting forth the plan and proposed workings of such organization; and if approved by the commissioner of insurance, he shall issue a certificate, authorizing said corporation, society, order, or association to engage in the business of insurance on the assessment plan as set forth in said articles of incorporation or constitution and by-laws, and the said corporators or organizers and those who may thereafter become associated with them or their successors shall be lawfully entitled to transact business in accordance with the provisions of this act.

Fraternal or beneficiary associations, how organized.

**SECTION 2.** No fraternal or beneficiary corporation, society, order or association furnishing life or casualty insurance or indemnity upon the mutual or assessment plan, organized under the laws of any other state or territory of the United States, or of the District of Columbia or foreign

Foreign fraternal or beneficiary associations, how may be licensed to do business in this state.

countries, nor any voluntary fraternal or beneficiary corporation, society, order or association having its principal place of business outside of the state of Wisconsin and not now exempt, by chapter 204 of the general laws of 1879, and the acts amendatory thereof, from the general insurance laws shall transact business in this state until it has filed with the commissioner of insurance of the insurance department of this state an application for admission, upon a form prescribed by the commissioner of insurance, setting forth its membership, claims paid, resources, etc., together with a copy of its articles of incorporation, a copy of its constitution and by-laws, a copy of its application, a copy of its medical examination blank, if one is provided for, a copy of its certificate or policy issued to its members, a certificate from the commissioner of insurance of the state, or other officer thereunto authorized, in which said corporation, society, order or association is incorporated or organized, certifying that the said corporation, society, order or association is authorized to legally transact business in that state, that its business is honestly conducted, and that for a period of two years prior to the date of application for admission, it has paid its claims in full, and that it has accumulated a fund equal in amount to one assessment upon all its members, and that said accumulation is permitted by the laws of the corporation, and that said funds are safely invested as provided by the laws of the state where organized and can only be used as provided by the laws of such state; provided, that no such accumulation or investment, or certificate thereof, shall be required of corporations, societies, orders or associations doing business through lodges or councils, and that the laws of said state do not prevent the admission of fraternal or beneficiary corporations, societies, orders or associations organized under the laws of the state of Wisconsin, except as under the same or similar restrictions as provided in this act

Commissioner of insurance to investigate such associations, shall be attorney for service of procedure.

**SECTION 3.** The commissioner of insurance shall investigate the character and standing of all such fraternal or beneficiary corporations, societies, orders or associations so applying and

if approved by him, and if the conditions of section 2 of this act have been complied with, he shall notify such corporation, society, order or association of his approval; whereupon such corporation, society, order or association shall appoint in writing the commissioner of insurance or his successor in office to be its true and lawful attorney, upon whom all legal processes in any action or proceeding against it may be served, and in such writing shall agree that any legal process against it which is served on said attorney, shall be of the same legal force and validity as if served upon it, and the authority shall continue in force so long as there is any liability against it in this state, in the same manner as other insurance corporations are required by the statutes. These conditions having been complied with, the commissioner of insurance shall issue to such corporation, society, order or association, a license, after which, it shall have authority to transact business in this state; and said license shall continue in force until revoked in accordance with the provisions of this act.

**SECTION 4.** All beneficiary corporations, societies, orders or associations, heretofore organized or incorporated in this state, or admitted to do business in this state under the provisions of this act, and all beneficiary corporations, societies, orders or associations exempt by chapter 204, of the general laws of 1879 and acts amendatory thereof, that have complied with the provisions of chapter 334, of the general laws of 1889, are hereby declared to be mutual benefit associations, and exempt from the provisions of the general insurance laws of this state, and shall be subject only to the provisions of this act; provided, that every such corporation, society, order or association incorporated or having its principal office outside of the state of Wisconsin, shall, within six months after the passage and publication of this act, furnish the commissioner of insurance a certificate from the insurance department of the state where organized, that it has accumulated a fund equal in amount to one assessment upon all its members, in pursuance of the provisions of section 2, of this act, in the same manner as there provided for corporations, societies, orders, or associations seeking admission.

Certain beneficiary societies, etc., exempted from operation of general insurance laws.

Report to be filed with insurance commissioner.

What to contain.

**SECTION 5.** Every such mutual benefit corporation, society, order or association as defined in section 4 of this act, shall, on or before the first day of March of each year, make and file with the commissioner of insurance of this state, a report of its affairs and its operations during the year ending on the 31st day of December immediately preceding. Such reports shall be upon blank forms to be provided by such commissioner of insurance, and shall be verified under oath by the duly authorized officers of such corporations, societies, orders or associations, and shall be published, or the substance thereof, in his annual report, by such commissioner of insurance, under a separate part, entitled, "Mutual benefit societies, orders or associations," and shall contain answers to the following questions:

1st. Number of certificates issued during the year, or members admitted.

2nd. Amount of indemnity affected thereby.

3rd. Number of losses or benefit liabilities.

4th. Number of losses or benefit liabilities paid.

5th. The amount received from each assessment in each class for the year.

6th. Total amount paid members, beneficiaries, legal representatives or heirs.

7th. Number and kind of claims for which assessments have been made.

8th. Number and kind of claims compromised or resisted, and brief statements of reasons.

9th. Does society charge annual or other periodical dues or admission fees?

10th. How much on each one thousand dollars annually or *per capita*, as the case may be?

11th. Total amount received, from what source and disposition thereof.

12th. State total amount of salaries paid to officers.

13th. Does society guarantee in its certificates, fixed amount to be paid, regardless of amount realized from assessments, dues, admission fees and donations.

14th. If so, state amount guaranteed and the security of such guaranty.

15th. Has the society a reserve fund?

16th. If so, how is it created, and for what purpose, the amount thereof, and how invested?

17th. Has the society more than one class?

18th. If so, how many, and the amount of indemnity in each?

19th. Number of members in each class.

20th. If organized under the laws of this state, state under what law and at what time.

21st. If organized under the laws of any other state, or territory or of the District of Columbia, or of any foreign country, state such fact and the date of organization, giving chapter and year and date of passage of the act.

22nd. Number of certificates of membership in force at beginning and end of year; if more than one class, number in each class.

23rd. Number of certificates of membership lapsed during the year.

24th. Number of certificates of membership in force in this state at the beginning and end of year; if more than one class, number in each class.

25th. Number of certificates of membership in this state lapsed during the year.

26th. Number of deaths in this state during the year.

27th. Number and amount of claims paid in this state during the year; if more than one class, number and amount paid in each class.

28th. Have all claims been paid in full? If not, why not?

29th. Approximate maximum and average age of membership in each class in the society.

30th. Liabilities, assets, contingent liabilities, contingent assets.

The commissioner of insurance is authorized and empowered to address any additional inquiries to any of the corporations, societies, orders or associations referred to in this act, and it shall be the duty of the proper officers so addressed to properly reply in writing, under oath, to all such inquiries. All such corporations, societies, orders or associations, together with their books, papers and vouchers, shall be subject to visitation and inspection by the commissioner of insurance, or such person or persons as he may at any time designate. Any such corporation, society, order or association refusing or neglecting to make such report, shall be excluded from doing business within this state. Said commissioner of insurance must, within thirty days

Commissioner  
may require  
additional  
report.

after failure to make such report, or in case any such corporation, society, order or association shall exceed its powers or shall conduct its business fraudulently, or shall fail to comply with any of the provisions of this act, give notice in writing to the attorney general, who shall immediately commence an action against the corporation, society, order or association so failing, to enjoin the same from carrying on any business, and no corporation, society order or association so proceeded against, shall have authority to continue business until such report shall be made or overt acts or violations complained of shall have been corrected, and until the costs of such action be paid by it; whereupon the commissioner of insurance shall reinstate the corporation, society, order or association and not until then shall such corporation, society, order or association be allowed to again do business in this state. The annual report to the commissioner of insurance shall be in lieu of all other reports required by any other law.

Penalty for doing business after having been enjoined.

**SECTION 6.** Any officer, agent or person or persons acting for any corporation, society, order or association within this state after such association has been enjoined or prohibited from doing business, pursuant to this act, shall be deemed guilty of an offence, and on conviction thereof shall be punished by a fine of not less than twenty-five dollars, nor more than two hundred dollars, or by imprisonment in the county jail not less than thirty days nor more than one year, or by both such fine and imprisonment in the discretion of the court.

Penalty for soliciting business for company, etc. not authorized to do business in state.

**SECTION 7.** Any person who shall, as officer, agent or representative in any capacity whatever, or who shall, in any manner, solicit, advise, aid, assist or procure, or in any way or manner be instrumental or participate in soliciting, advising, aiding, assisting in securing or inducing any person to become a member of any assessment plan, corporation, society, order or association conducted for mortuary, endowment, sick, accident or permanent disability, benefit, or any other kind or plan of assessment insurance, not authorized to transact business within this state under the provisions of this act and the laws of this state, or who shall accept, collect, receive or be instrumental in the collection or

transmission of any admission fees, assessments, dues or payments of any kind whatever, on account of any such insurance or benefit certificate in any such corporation, organization, society, order or association not authorized to transact business within this state shall be deemed guilty of a misdemeanor, and on conviction thereof shall be punished by a fine of not less than fifty dollars, nor more than three hundred dollars, or by imprisonment in the county jail not less than sixty days nor more than one year, or by both such fine and imprisonment, in the discretion of the court.

**SECTION 8.** No mutual benefit corporation, society, order or association authorized to do business within this state under the provisions of this act, against which a final judgment shall have been recovered in any court in this state, shall, after ninety days from the rendition of such judgment, and whilst the same remains unpaid, issue any new certificate or policy, in this state; and in case any such corporation, society, order or association, or its officers or agents, shall violate the provisions of this section, it shall forfeit the sum of one thousand dollars; provided, that in case of an appeal to the supreme court of this state, said ninety days shall not begin to run until after said judgment shall have been affirmed and the decision remitted to the lower court according to law.

Shall not do business after final judgment against it recovered and remains unsatisfied for ninety days.

**SECTION 9.** The money or other benefit, charity, relief or aid to be paid, provided or rendered by any corporation, society, order or association authorized to do business under this act, shall be exempt from execution, and shall not be liable to be seized, taken or appropriated by any legal or equitable process, to pay any debt or liability of a member, beneficiary or beneficiaries of such member.

Money or aid to be paid, exempt from execution.

**SECTION 10.** Any officer, member, agent, solicitor or examining physician of any such corporation, society, order or association, or any other person who shall knowingly or willfully make any false or fraudulent statement or representation in or with reference to any application for membership, or in or with reference to any documentary or other proof, for the purpose of obtaining membership in, or benefit from any such corporation,

Penalty for false and fraudulent representation, to obtain membership.

society, order or association, for himself or any other person shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined in a sum not less than one hundred dollars nor more than one thousand dollars, or be imprisoned in the county jail not less than three months nor more than one year, or both, in the discretion of the court; and any certificate of membership so secured shall be absolutely void.

Reserve or guarantee fund may be created, investment or deposit of.

**SECTION 11.** Any corporation, society, order or association transacting business under the provisions of this act, may provide by by-laws, for the accumulation of a reserve or guarantee fund, which may be invested, only in the corporate name of the corporation, society, order or association, in United States, state, county, city or other first-class convertible bonds or securities. Such funds, when so set apart and so invested, shall with the increase thereof, belong to such corporation, society, order or association, and shall be used only to guarantee benefits, or be applied in payment of future assessments, or otherwise used for the promotion of the object or objects for which said funds are specially provided and set apart. Such guarantee or reserve fund, or part thereof, may be deposited with the state treasurer for the purpose of securing certificate holders, and the state treasurer shall receive and hold in trust such bonds, stocks or other securities as may be offered by any corporation, society, order or association; and upon application give a certificate receipting for, and showing such deposit; every corporation, society, order or association depositing such securities, shall have the right to receive the income thereof, and to exchange the same from time to time, and to withdraw the same when it no longer desires to maintain such deposit.

Certificate of assets, etc., to be given by commissioners of insurance, when.

**SECTION 12.** The commissioner of insurance shall, at the request of any corporation, society, order or association doing business under the provisions of this act, make an examination of such corporation, society, order or association, and shall furnish a certificate of the results of such examination, showing all its assets, how invested, and such other particulars as may be deemed necessary to show the character and condition of such corporation, society, order or association; and the

necessary expense of the said examination shall be paid by the corporation, society, order or association requesting the same.

SECTION 13. All necessary expenses incurred by the attorney general and the commissioner of insurance in prosecuting violations of this act or misdemeanors under this act, shall be paid out of the general fund. The said attorney general and the commissioner of insurance shall certify to the secretary of state that the expenses incurred were actually necessary in the prosecution of said suits, whereupon it shall be the duty of the secretary of state to draw his warrant upon the state treasury for the same. All fines and forfeitures received under the provisions of this act shall be paid into the general fund.

Expenses of prosecution, how paid.

SECTION 14. Any person who shall falsely make any sworn statement, verified report or declaration, under oath required or authorized by this act shall on conviction thereof be punished by imprisonment in the state prison not less than one year, nor more than three years.

Penalty for making false statements, reports, etc.

SECTION 15. All acts and parts of acts inconsistent with the provisions of this act are hereby repealed.

SECTION 16. This act shall take effect and be in force from and after its passage and publication.  
Approved April 23, 1891.

No. 593, A.]

[Published May 27, 1891.

## CHAPTER 419.

AN ACT relating to the harbor districts and improvement thereof, in the city of Superior.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

SECTION 1. For the purposes provided in this act, the city of Superior is hereby divided into the following harbor districts:

Harbor districts.

District Number One. Commencing at the intersection of the east section line of section

District number one; boundaries.