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CHAPTER 19

INSURANCE

§ 3286. Assistants and employees and bonds to be given.—For the performance of the powers and performance of the duties imposed and conferred upon him by this act, the public examiner may appoint, and at pleasure remove, a deputy examiner, fifteen assistant public examiners, an executive clerk, and such other employees as may be necessary for whom provision is made by law. Such deputy and assistant examiners shall each give an bond the state in the sum of five thousand dollars. During the absence or disability of the public examiner, the deputy examiner shall perform the duties of the office. The duties of the assistants and other employees shall be such as the examiner may prescribe, and any of them may be assigned to perform any special duty imposed by this chapter upon the examiner or his deputy. In such cases the assistants may exercise all the powers of his principal necessary to the proper discharge of such duty. The salaries of the public examiner and his appointees as above enumerated shall be such as are fixed by law. The salaries of the several other employees subject to appointment by the public examiner shall be such sums as the examiner may prescribe and, together with the expenses of the examiner and his deputy and assistants and other employees, necessarily incurred in the discharge of their duties and in the administration of the office, shall be paid out of the contingent fund provided for such purposes, and paid out of such salaries and expenses shall not exceed the aggregate sums appropriated and allowed therefor by law. (13 c. 555 § 12, amended '19 c. 425 § 2) [3339]
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his duties and shall receive in full compensation for all his services as commissioner of insurance the sum of four thousand five hundred dollars ($4,500.00) per annum. ('11 c. 386 § 1, amended '21 c. 346 § 1; '23 c. 399 § 1) [3240]

Department of Commerce with insurance division and commissioner of insurance; office of commissioner of insurance abolished. See §§ 53-28 to 53-28b, herein.

3288. To enforce laws—The commissioner of insurance shall have and exercise the power to enforce all the laws of this state relating to insurance, and it shall be his duty to enforce all the provisions of the laws of this state relating to insurance. ('11 c. 386 § 2) [3241]

3289. Official staff and salaries—The commissioner of insurance may appoint a deputy commissioner of insurance to assist him in his duties, an actuary, a chief examiner, a statistician, and such assistants to the employees hereinbefore named and such stenographic and clerical help as may be required for the proper conduct of the department of insurance, at such salaries as the commissioner of insurance may determine. Provided, that no person except the actuary or rate supervisor shall be paid a salary in excess of three thousand dollars ($3,000.00) per annum, that no examiner shall be paid more than twenty-four hundred dollars ($2,400.00) per annum, and that no clerk or stenographer shall be paid more than twelve hundred dollars ($1,200.00) per annum. Provided further, that the salary of the actuary shall not exceed forty-five hundred dollars ($4,500.00) per annum, and the salary of the rate supervisor shall not exceed thirty-three hundred dollars ($3,300.00) per annum.

All salaries authorized by this act shall be payable in semi-monthly installments and shall be in full compensation for all services rendered in discharge of their respective duties; provided, that the actual and necessary expenses incurred by the commissioner or any salaried employee of the department of insurance in connection with any examination of an insurance company shall be repaid by the state treasurer upon proper vouchers on condition that the same shall have previously been charged to such insurance company so examined and by such company paid into the state treasury. ('11 c. 386 § 2, amended '19 c. 326 § 1; '21 c. 346, § 2; '23 c. 399, § 2) [3242]

3290. Contingent fund—The contingent fund appropriated for the use of the department of insurance may be expended by the commissioner of insurance as he may deem for the best interest of said department. ('11 c. 386 § 4, amended '16 c. 208 § 1) [3245]

3291. Deputy—In the absence or disability of the commissioner of insurance his duties shall be performed by the deputy commissioner of insurance. The actuary of the department shall, under the direction of the commissioner, make such valuations of life insurance policies as shall be necessary from time to time to the proper supervision of life insurance companies transacting business in this state, and shall perform such other actuarial duties, including the visiting and examination of insurance companies, as the commissioner of insurance may prescribe. The chief and assistant examiners shall, under the direction of the insurance commissioner, devote their principal time to the business of the department and make personal visits or other examinations of insurance companies, and shall perform such other duties as the commissioner of insurance may prescribe. Other salaried employees of the department of insurance shall be under the direction of the commissioner of insurance, and shall perform such duties in connection with the department of insurance as the commissioner may prescribe. ('11 c. 386 § 5) [3244]

3292. Examinations—At least once in every three years, the commissioner of insurance shall personally, or by his deputy, actuary, examiners or other salaried employee of his office, visit each domestic insurance company, other than township mutual fire insurance companies, and carefully examine its affairs for the purpose of ascertaining its financial condition and ability to fulfill its obligations, and if it be complying with all the provisions of law. He may also make such examination at any other time that he shall have reason to believe that such company is in an unsound condition, or that it is not conducting its business according to the provisions of law. He may also personally or by his deputy, actuary, examiners or other salaried employee of his office whenever he shall deem it necessary, make an appraisal of any or all of the company's assets. The commissioner, or person making the examination by his direction shall have free access to all books and papers of any company, and of the books and papers of any of its agents, that may relate to its business and may summon and examine under oath of its directors, officers, agents, trustees, or other persons, in relation to its affairs and conditions. The commissioner of insurance may in like manner, whenever he deems it necessary, cause any examination to be made and an appraisal of any or all of the assets of any insurance company admitted, or applying for admission to do business under the laws of this state.

The department of insurance, in the case of foreign insurance companies admitted or applying for admission to do business in this state, the insurance commissioner may, in his discretion, accept the report of examination made by the commissioner of insurance or corresponding officer of the state in which such company has its home office, in lieu of making the examination of such company authorized by the laws of this state. ('11, c. 386, § 6; amended '15, c. 208, § 2; '25, c. 27, § 1) [3245]

3293. Fees for examination—When any such visitation, examination or appraisal is made by the insurance commissioner, his deputy, actuary or chief examiner, the company so examined, except township mutual fire insurance companies, and companies organized exclusively to write insurance against loss or damage by cyclone, tornado and windstorm, or any one or more of them, upon the mutual plan, shall pay a fee to the said department of insurance of $15.00 per day for each and every day necessarily occupied by such a person, and each one thereof in making said examination, or in making an appraisal of any of the assets of said company. When such visitation, examination or appraisal is made, or engaged in, by any other person regularly employed in the said department of insurance and receiving a salary from the state of Minnesota, the company so examined, except township mutual fire insurance companies and companies organized exclusively to write insurance against loss or damage by cyclone, tornado and windstorm, or any one or more of them, upon the mutual plan, shall pay as fees to the said department of insurance the sum of $10.00 per day, for each and every day necessarily occupied by such person, and each one thereof, in making or assisting to make, the examination, or in making an appraisal of the assets of the said company. In addition to the fees mentioned herein, the company so examined shall also pay to the department of insurance the necessary expenses of any such person or persons so engaged in connection with any such examination or appraisal. All of which fees and ex-
expenses shall be accounted for and turned into the treasury of the state of Minnesota. In case of the examination of township mutual fire insurance companies, and companies organized exclusively to write insurance against loss or damage by cyclone, tornado and windstorm, or any one or more of them upon the mutual plan, the actual expenses only thereof shall be charged. The necessary expenses of any such person or persons so engaged in connection with any such examination or appraisal shall be repaid by the state treasurer to any such person or persons so engaged in connection with said examination or appraisal upon vouchers of the same, on condition that such expenses shall have been previously charged to such company and the full amount thereof be paid into the state treasury. (11 c. 368 § 7, amended '15 c. 208, § 3) [3249]

3294. Commissioner may appoint examiner—The commissioner of insurance may, when he shall deem it necessary, appoint any experienced and competent professional insurance actuary to personally make or conduct or assist in making or conducting an examination of any insurance company admitted, or applying for admission, to do business in this state, on condition that he, the commissioner of insurance, shall have previously filed with the secretary of state during the last immediately preceding month of January or July, as the case may be, or within thirty days from the passage of this act, a written declaration designating such person, by name and address, as a consulting actuary of the Minnesota department of insurance. And in such case, the commissioner of insurance shall fix a reasonable compensation for such examiner on a per diem basis for the actual time employed in making or conducting or assisting to make or conduct such examination, and which, including expenses of any necessary appraisal or clerical assistance, shall be charged to the company so examined. And the compensation for such examiner, appraisal or clerical assistance, together with the amount of his necessary expenses actually incurred in connection with such examination, shall, upon proper vouchers thereof, be paid to him by the state on condition that same shall have previously been charged to such company and by it paid into the state treasury.

The commissioner of insurance, when he shall deem it necessary, may appoint any competent person to make an appraisal of any or all of the assets of any such company, at a compensation of not exceeding ten dollars ($10.00) per day and necessary expenses incurred in connection therewith, which compensation and expenses shall be paid to the department of insurance by such company and by it accounted for and turned into the treasury of the state of Minnesota; and which compensation and expenses shall be repaid by the state treasurer to any person so appointed upon proper vouchers of the same on condition that such fees and expenses shall have previously been charged to such company and the full amount thereof by it paid into the state treasury. (11 c. 386 § 8, amended '15 c. 208, § 4) [3247]

3295. Fees—In addition to the fees and charges hereinbefore provided for, there shall be paid to the commissioner of insurance, and by him accounted for and paid into the treasury of the state of Minnesota, the following fees:

1. By township mutual fire insurance companies:
   - For filing certificate of incorporation, two dollars ($2.00).
   - For filing annual statements, one dollar ($1.00).

   For each annual certificate of authority, one dollar ($1.00).

2. By other domestic companies:
   - For filing certified copy of certificates of incorporation and accompanying documents, for obtaining license, thirty dollars ($30.00).
   - Each company's certificate of authority, one dollar ($1.00).

3. By foreign companies:
   - For filing certified copy of charter of certificate of incorporation and by-laws, thirty dollars ($30.00).
   - For filing statement of financial condition, twenty dollars ($20.00).
   - Each company's or agent's certificate of authority, two dollars ($2.00).

4. By all companies (except township mutuals):
   - For filing certified copy of amendment to articles of incorporation, ten dollars ($10.00).
   - For filing annual statement, twenty dollars ($20.00).
   - For abstract or summary of annual statement for publication, when prepared by commissioner, ten dollars ($10.00).

5. General fees:
   - For each certificate, including certified copy of certificate of authority, renewal, valuation of life policies, corporate condition or qualification, one dollar ($1.00).
   - For each copy of paper on file in his office, twenty cents (20 cents) per folio, and one dollar ($1.00) for certifying same.

   For license to procure fire insurance in unadmitted foreign companies, ten dollars ($10.00).
   - For each broker's license, ten dollars ($10.00).

   For receiving and forwarding copy of summons or process served upon commissioner of insurance, as attorney for any insurance company, two dollars ($2.00); which amount shall be paid by the party serving same and may be taxed as other costs in the action.

   For valuing the policies of life insurance companies, one cent per one thousand of insurance so valued.

   And further provided that the commissioner of insurance may in lieu of a valuation of the policies of any foreign life insurance company admitted, or applying for admission to this state, accept a certificate of valuation from such company's own actuary or from the commissioner of insurance of the state, or territory in which such company shall be domiciled.

   For receiving and filing certificates of valuation of policies by company's actuary, or by the commissioner of any other state or territory, fifty dollars ($50.00).

   All fees received by the commissioner of insurance pursuant to the provisions of this act shall be paid by him into the state treasury.

   It is further provided that when by the laws of any other state or nation any fines, penalties, licenses or fees additional to, or in excess of, those imposed by this section upon foreign insurance companies and their agents are imposed upon insurance companies of this state or their agents doing business in such state, the same fines, penalties, licenses and fees shall be imposed upon all insurance companies of such state and their agents doing business in this state, so long as such laws of such other state remain in force. (11 c. 386 § 9) [3248]

3296. Inconsistent acts repealed—Sections 1592, 1593 and 1596, Revised Laws of the State of Minnesota for the year 1905, and sections 1, 2, 3, 4, 5 and 6, chapter 229, General Laws of the State of Minnesota for the year 1905, and chapter 472 of the General Laws of Minnesota for the year 1907, and all other acts and parts of acts inconsistent with this act, are hereby repealed. (11 c. 386 § 10) [3249]
3297. Suspension of authority—Agent—If the commissioner is of the opinion, upon examination or other evidence, that a foreign insurance company is in an unsound condition, or if a life insurance company, that its actual funds are less than its liabilities, or that it is insolvent; or if a foreign insurance company has failed to comply with the law, or if its officers or agents, refuse to submit to examination, or to perform any legal obligation in relation thereto, he shall revoke or suspend all certificates of authority granted to it or its agents, and shall cause notification thereof to be published in a newspaper authorized by this chapter to publish annual statements of insurance companies, and no new business shall thereafter be done by it or its agents in this state while such default or disability continues, nor until its authority to do business is restored by the commissioner: Provided, however, that unless the ground for revocation or suspension relates only to the financial condition or soundness of the company or to a deficiency in its assets, he shall notify the company not less than ten days before revoking its authority to do business in this state; and he shall specify the particulars of the alleged violation. The district court of any county, upon petition of said company, brought within the ten days aforesaid, shall summarily hear and determine the question whether such violation has been committed, and shall make any proper order or decree therein, and enforce the same by any appropriate process. If the order or decree is adverse to the petitioning company, an appeal therefrom may be taken to the supreme court; and in the case of such appeal the commissioner may issue his order revoking the right of said petitioning company to do business in this state until the final determination of the question by the supreme court aforesaid. Neither this act nor any proceedings thereunder shall affect any criminal proceeding or proceeding for the enforcement of any fine, penalty or forfeiture. If upon examination, he is of the opinion that any domestic insurance company is insolvent, or has exceeded its powers or has failed to comply with any provisions of law, or that its condition is such as to render its further proceedings hazardous to the financial well-being of its policy-holders, he may apply to a judge of any district court to issue an injunction restraining it in whole or in part from further proceeding with its business. Such judge may, in his discretion, issue the injunction forthwith or upon notice and hearing thereon, and after a full hearing of the matter may dissolve or modify such injunction or make it perpetual, and make all orders and decrees needful in the premises, and may appoint agents or receivers to take possession of the property and effects of the company, and to settle its affairs, subject to such rules and orders as the court may from time to time prescribe, according to the course of proceedings in equity. Service of process in such proceedings shall be sufficient if made upon any person authorized by such company to write policies or accept premiums. In case any agent shall directly or indirectly make any contract of or for insurance, for or in behalf of any company not authorized to do business in this state, save as herein otherwise expressly provided, such agent shall be personally liable thereon. (1899) [3260]

3298. Impaired capital—Whenever it appears that the capital of any company is impaired to the extent of one-fourth or more, on the basis in this chapter provided, the commissioner shall notify it to repair the same by assessment, and if, within three months after such notice, it shall not satisfy him that it has done so, or reduced it as hereinafter provided, he shall pro-
ceed against it as required in section 3260. (1900) [3261]

3299. Notice to cease business—If the actual funds of a domestic life company are not of a net cash value equal to its liabilities, including the net value of its policies computed by the rule of valuation hereinafter established, the commissioner shall notify it thereof, and thereupon such company or any of its agents, shall issue any new policies until he is satisfied that its funds equal its liabilities, and shall have so notified it. (1601) [3262]

3300. To report violations—Whenever, upon examination or other evidence or information, it appears to him that any company, or any officer or agent thereof, has violated any provision of this subdivision, he shall report the facts to the governor, who shall cause proper proceedings to be taken in the premises. (1605) [3263]

3301. Unsatisfied judgment—Whenever a judgment has been rendered by any court in this state against any company holding the commissioner’s certificate, and an execution issued thereon has been returned unsatisfied in whole or in part, and a certified copy of the docket entry and the clerk’s certificate of those facts is filed with the commissioner, he shall forthwith revoke its certificate and give one week’s published notice thereof. No new certificate shall issue until such judgment has been fully satisfied and proof thereof filed with him, and the expenses and fees incurred are paid. During such revocation neither such company, nor any of its officers or agents, shall issue any new policy, take any risk, or transact any business, except such as is absolutely necessary in closing up its affairs in this state. (1608) [3264]

124-512, 147-1135.

3302. Computation of net value—The commissioner shall compute, yearly, the net value on the last day of the preceding year of all outstanding policies in every company authorized to insure lives in this state, calculated upon the basis of the American experience table of mortality, with interest at not exceeding four per cent per annum. Such net value shall be deemed the legal basis on account of its unaccrued policy obligations, to provide for which it shall hold funds in authorized investments, approved by the commissioner, to an amount equal to such net value above and free from all other liabilities. In computing such net value, assessment policies, or certificates of any assessment company reincorporated to transact life insurance business, shall be valued as one-year term policies. In every case in which the actual premium charged is less than the net premium computed as aforesaid, the company shall also be charged with the value of an annuity, the amount of which shall equal the difference and the term of which in years shall equal the number of future annual payments due on the insurance at the date of the valuation. (1904) [3265]

3303. Valuation in other states—The commissioner may accept the valuation made by the insurance commissioner of the state under whose authority a life company was organized, whenever such valuation has been made on sound and recognized principles and on the legal basis provided in § 3265, or its equivalent, when furnished with a certificate of such commissioner setting forth such value on the last day of the preceding year. Every such life company which fails to promptly furnish such certificate shall on demand furnish such commissioner detailed lists of all its policies and securities, and shall be liable for all charges and expenses resulting therefrom. (1609) [3266]

§ 3265 is § 3262, herein.
3304. Reserves—To determine the policy liability of any company other than life or title insurance, and the amount such company shall hold as reserve, the commissioner shall take 50 per cent of the aggregate premiums on policies running one year or less from date of policy, and a pro rata amount on policies running more than one year from date of policy, except upon inland and marine risks, which he shall compute by charging 50 per cent of the amount of premium written in its policies upon yearly risks and upon risks covering more than one passage not terminated, and the full amount of premiums written in policies upon all other inland and marine risks not terminated. In case of any fire and marine company with less than $500,000 capital admitted to transact in this state fire business only, the full amount of premiums written in its marine and inland navigation and transportation policies shall be charged as liability.

In case of a mutual fire insurance company with a policy holders’ contingent liability fixed by its by-laws and in its policies as provided by law, to determine the amount of insurance the commissioner shall take twenty-five (25) per cent of the aggregate premiums running one year or less from date of policy, and fifty (50) per cent of the pro rata amount on policies running more than one year from date of policy. A policy for a term of years on which the premium is payable annually shall be considered a policy for one year.

In case of a casualty insurance company writing insurance against loss or damage resulting from accident to or injuries suffered by an employee or others and for which the insured is liable, and under insurance against loss from liability on account of the death of or injury to an employee not caused by the negligence of an employer, he shall charge as a liability, in addition to the capital stock and all other outstanding indebtedness of the corporation:

a. The premium reserve on policies in force, equal to fifteen (15) per cent of the gross premiums charged for covering the risks, provided that the commissioner may, in his discretion, charge a premium reserve equal to the unearned portions of the gross premiums charged, computed on each respective risk from the date of the issuance of the policy.

b. The reserve for outstanding losses, other than compensation and liability, at least equal to the aggregate estimated amounts due or to become due on account of all losses and claims of which the corporation has received notice, provided that such loss reserve shall also include the estimated liability on any notices received by the corporation of the occurrence of any event which may result in a loss, and the estimated liability for all losses which have occurred but on which no notice has been received. For the purpose of such reserves, the corporation shall keep a complete and itemized record showing all losses and claims on which it has received notice, including all notices received by it of the occurrence of any event which may result in a loss.

Whenever, in the judgment of the commissioner, the loss reserves, calculated in accordance with the foregoing provisions, are inadequate, he may, in his discretion, require such corporation to maintain additional reserves.

The reserve for outstanding losses under insurance against loss or damage from accident to or injuries suffered by an employee or other person and for which the insured is liable computed as follows:

1. For all liability suits being defended under policies written more than one year prior to the date as of which the statement is made, one thousand five hundred dollars for each suit.

2. For all liability policies written during the three years immediately preceding the date as of which the statement is made, such reserve shall be sixty-five per cent of the earned liability premium of each of such three years less all loss and loss expense payments made under liability policies written in the corresponding years; but in any event, such reserve shall, for the first of such three years, be not less than seven hundred and fifty dollars for each outstanding liability suit on said year’s policies.

3. For all compensation claims under policies written more than three years prior to the date as of which the statement is made, the present values at four per centum interest of the determined and the estimated future payments.

4. For all compensation claims under policies written in the three years immediately preceding the date as of which the statement is made, such reserve shall be sixty-five per cent of the earned compensation premiums of each of such three years, less all loss and loss expense payments made in connection with such claims under policies written in the corresponding years; but in any event, in the case of the first year of any such three-year period such reserve shall be not less than the present value at four per centum interest of the determined and the estimated unpaid compensation claims under policies written in that year. The term “earned premiums” as used herein shall include gross premiums charged on all policies written, including all determined excess and additional premiums, less return premiums, other than premiums returned to policy holders as dividends, and less reinsurance premiums and premiums on policies cancelled, and less unearned premiums on policies in force. But any participating company which has charged in its premiums a loading solely for dividends shall not be required to include such loading in its earned premiums, provided a statement of the amount of such loading has been filed and approved by the commissioner of insurance.

The term “compensation” as used in this act shall relate to all insurance effected by virtue of statutes providing compensation to employers for personal injuries irrespective of fault of the employer. The term “liability” shall relate to all insurance, except compensation insurance, against loss or damage from accident to or injuries suffered by an employee or other person and for which the insured is liable.

The term “loss payments” and “loss expense payments” as used herein shall include all payments to claimants, including payments for medical and surgical attendance, legal expense, salaries and expenses of investigators, adjusters and field men, rents, stationery, telegraph and telephone charges, postage, salaries and expenses of office employees, home office expenses, and all other payments made on account of claims, whether such payments shall be allocated to specific claims or unallocated.

All unallocated liability loss expense payments made in a given calendar year subsequent to the first four years in which an insurer has been issuing liability insurance policies shall be distributed as follows: Thirty-five
per cent shall be charged to the policies written in that year, forty per cent to the policies written in the preceding year, ten per cent to the policies written in the second year preceding, ten per cent to the policies written in the third year preceding and five per cent to the policies written in the fourth year preceding, and such payments made in each of the first four calendar years in which an insurer issues liability policies shall be distributed as follows: In the first calendar year, one hundred per cent shall be charged to the policies written in that year, in the second calendar year fifty per cent shall be charged to the policies written in that year and fifty per cent to the policies written in the preceding year, in the third calendar year forty per cent shall be charged to the policies written in that year, forty per cent to the policies written in the preceding year, and twenty per cent to the policies written in the second year preceding, and in the fourth calendar year thirty-five per cent shall be charged to the policies written in that year, forty per cent to the policies written in the preceding year, fifteen per cent to the policies written in the second year preceding, and ten per cent to the policies written in the third year preceding, and a schedule showing such distribution shall be included in the annual statement.

All unallocated compensation loss expense payments made in a given calendar year subsequent to the first three years in which an insurer has been issuing compensation policies shall be distributed as follows: Forty per cent shall be charged to the policies written in that year, forty-five per cent to the policies written in the preceding year, ten per cent to the policies written in the second year preceding and five per cent to the policies written in the third year preceding, and such payments made in each of the first three calendar years in which an insurer issues compensation policies shall be distributed as follows: In the first calendar year one hundred per cent shall be charged to the policies written in that year, in the second calendar year fifty per cent shall be charged to the policies written in that year and fifty per cent to the policies written in the preceding year, in the third calendar year forty per cent shall be charged to the policies written in that year, forty-five per cent to the policies written in the second year preceding and fifteen per cent to the policies written in the preceding year, and a schedule showing such distribution shall be included in the annual statement.

Whenever, in the judgment of the commissioner of insurance the liability or compensation loss reserves of any insurer under his supervision, calculated in accordance with the foregoing provisions, are inadequate, turn, in his discretion, require such insurer to maintain additional reserves based upon estimated individual claims or otherwise.

Each insurer that writes liability or compensation policies shall include in the annual statement required by law a schedule of its experience thereunder in such form as the commissioner of insurance may prescribe. Provided that this act shall not apply to farmers mutual insurance companies. (21 C. 406 § 1)

Explanatory note—Laws '21, c. 406, § 2, repeals G. S. '13, § 3268.

3305. What assets admissible—In valuing the assets which compose the legal reserve of a life company, its real estate, stocks, and bonds shall be so rated that the average annual income thereof shall not be less than three per cent, and if any asset produces less it shall be rated at its value upon a three per cent basis. Loans and credits shall not be allowed for more than their face value, nor shall any asset be appraised for more than its market value. Only such assets shall be allowed as are available for payment of losses in this state; but any deposit or fund set apart as security for a particular liability may be set off to an amount not exceeding such liability. The amount of any interest bearing lien against any policy or loan thereon, not exceeding the net value or present value of such policy, computed under the provisions of this chapter, may likewise be allowed against liability thereunder. Stockholders' obligations of any description shall not be rated as part of the assets of any company, unless secured by sufficient approved collateral. (1608) [3260]

3306. Valuation of bonds, etc.—All bonds or other evidences of debt having a fixed term and rate held by an insurance company or fraternal beneficiary association authorized to do business in this state may, if amply secured and not in default as to principal and interest, be valued as follows: If purchased at par, at the par value; if purchased above or below par, on the basis of the purchase price adjusted so as to bring the value to par at maturity and so as to yield in the meantime the effective rate of interest at which the purchase was made, provided that the purchase price shall in no case be taken at a higher figure than the actual market value at the time of purchase; and, provided further, that the commissioner of insurance shall have full discretion in determining the method of calculating values according to the foregoing rule. (19 c. 54) [3264]

3307. Increase or decrease of capital—Upon application, the commissioner shall examine the proceedings of any foreign company to increase or decrease its capital stock, and when found conformable to law shall revoke the old and issue a new certificate of authority to such company to transact business upon such increased or reduced capital. (1609) [3270]

3308. Accounts of assignees, etc.—The commissioner or his deputy, annually, or oftener when deemed necessary shall examine the transactions and accounts of assignees and receivers of insolvent companies, and also the accounts of such assignees or receivers referred to him under the provisions of this chapter, and in each case shall make report thereof to the court. For this purpose, he or his deputy shall have free access to the official papers of such assignees or receiver relative to their transactions, and may examine them under oath as to all matters connected therewith. Whenever in his opinion any assignee or receiver has violated his official duty, or further proceedings to collect an assessment will not afford substantial relief to creditors, he shall report the facts to the court. (1630) [3271]

3309. Annual report.—The annual report of the commissioner shall include a statement of the receipts and expenditures of his department, a statement of the financial condition and business transactions of the several insurance companies doing business in the state, as disclosed by official examinations and by their annual statements, the condition of the receiverships of insolvent companies, and such other information as he thinks proper. (R. L. '05 § 1612; G. S. '13 § 3273, amended '15 c. 81)

3310. Deposits of securities—He shall receive and hold in official trust deposits made by any domestic company in compliance with the laws of any other state, to enable it to do business in such state, and in like manner hold deposits made by a foreign company under any law of this state. The company mak-
3311. Securities to be deposited in State Treasurer's vault—The state department of banking and the state department of insurance shall use, for the safe keeping of securities except such securities as may for the convenience of the department of banking be kept in places designated by the superintendent of banks, such space in the safety deposit vault in the office of the state treasurer as may be agreed upon and assigned to such departments respectively, by the state treasurer. (1613) [3274]

3312. Definitions—In this chapter, unless the context otherwise requires, "company" or "insurance company" shall include every corporation or association engaged in insurance as principal. "Domestic" shall designate those incorporated in this state, and "foreign" when used without limitations, those in any other state or country. "Beneficiary associations" shall mean a corporation, society or voluntary association organized and carried on for the sole benefit of the members and their families, relatives or dependents, but not for profit, and insure the lives of its members and their families, relatives or dependents against loss or damage from specified causes, or to do any act of insurance on property, lives, or interests in this state, shall be deemed to be made in this state. (R. L. '05 § 1596; G. S. '13 § 3257, amended '17 c. 308)

3313. Acceptance of Laws—Every company, domestic or foreign shall file with the commissioner its acceptance of the provisions hereof, and by such changes, if any, as may be necessary, conform its charter or certificate of incorporation thereto, so far as same relate to such a company; and it and every company hereafter organized shall obtain from the commissioner his certificate that such charter or certificate of incorporation, and all proceedings thereunder, comply with law, which he shall indorse thereon when approved, and thereupon each shall be governed by such provisions and those relative to corporations in general, so far as applicable and not otherwise specially provided. (1595) [3256]

3314. Insurance defined — Unlawful contracts — Contracts deemed made in this state—Insurance is any agreement whereby one party, for a consideration, undertakes to indemnify another to a specified amount against loss or damage from specified causes, or to do some act of insurance on the assured in case of such loss or damage. It shall be unlawful for any person, firm or corporation to solicit or make or aid in the soliciting or making of any contract of insurance not authorized by the laws of this state. Any contract of insurance on property, lives, or interests in this state, shall be deemed to be made in this state. (R. L. '05 § 1596; G. S. '13 § 3257, amended '17 c. 308)

3315. Capital stock required and business which may be transacted—(a) Insurance corporations shall be authorized to transact in any state or territory in the United States, in the Dominion of Canada, and in foreign countries, when qualified in such countries, under the laws there regulating the issuance of certificates of incorporation, either as originally granted or as thereafter amended, any of the following kinds of business, upon the stock plan, or upon the mutual plan when the formation of such mutual companies is otherwise authorized by law.

1. To insure against loss or damage to property on land and against loss of rents and rental values,
leasholds of buildings, use and occupancy and direct or consequential loss or damage caused by change of temperature resulting from the destruction of refrigerating or cooling apparatus, or of its connections, by fire, lightning, windstorm, tornado, cyclone, earthquake, hail, frost or snow, bombardment invasion, insurrection, riot, civil war or commotion, military or usurped power and loss or damage to property by explosion, whether fire ensues or not, except explosions on risks specified in sub-division 3 of this section, also against loss or damage by water to any goods or premises arising from the breakage or leakage of sprinklers, pumps or other apparatus erected for extinguishing fires, and of water pipes, and against accidental injury to such sprinklers, pumps, or other apparatus.

2. To insure vessels, freight, goods, wares, merchandise, specie, bullion, jewels, profits, commissions, bank notes, bills of exchange, and other evidences of debt, bottomry and respondentia interest, and every insurance appertaining to or connected with marine risks of transportation and navigation, including the risks of lakes, river, canal and inland transportation and navigation.

3. To insure steam boilers and pipes, flywheels, engines and machinery connected therewith or operated thereby, against explosion and accident, and against loss or damage to persons or property resulting therefrom, and against loss of use and occupancy caused thereby; and to make inspection of and to issue certificates of inspection upon such boilers, pipes, flywheels, engines and machinery.

4. To make contracts of life and endowment insurance, to grant, purchase, or dispose of annuities of endowment of any kind, and to insure against accidents to or sickness of the assured.

5. To insure against loss or damage by the sickness, bodily injury or death by accident of the assured, or of any other person employed by or for whose injury or death the assured is responsible.

6. To guarantee the fidelity of persons in fiduciary positions, public or private, or to act as surety on official and other bonds, and for the performance of official or other obligations.

7. To insure owners and others interested in real estate or damage, by reason of defective titles, incumbrances, or otherwise.

8. To insure against loss or damage by breakage of glass, located or in transit.

9. To insure against loss by burglary, theft, or forgery.

10. To insure against loss from death of domestic animals and to furnish veterinary service.

11. To guarantee merchants and those engaged in business, and giving credit, from loss by reason of giving credit to those dealing with him; this shall be known as credit insurance.

12. To insure against loss or damage to automobiles or other vehicles and their contents, by collision, fire, burglary or theft, and other perils of operation, and against liability for damage to persons, or property of others by collision with such vehicles, and to insure against any loss or hazard incident to the ownership, operation or use of motor or other vehicles.

13. To insure against liability for loss or damage to the property of another caused by the insured or by those for whom the insured is responsible.

14. To insure against any loss or damage resulting from accident or injury suffered by any person, occurring in the practice of medicine, or surgery or in the dispensing of drugs or medicine, for which loss or damage the insured may be legally liable.

15. To make contracts providing that upon the death of the assured a funeral benefit will be paid or a funeral service furnished, the aggregate amount or value of which shall not exceed $150.00 upon any one life. Provided, however, that any corporation that has been licensed to do business for three successive years may make contracts not to exceed $300.00 upon any one life; provided further that any corporation licensed under this act which now or hereafter has a paid up capital of $15,000.00, and maintains with the commissioner of insurance a deposit of $15,000.00, may make life insurance contracts not to exceed $600.00 on any one life and with or without indemnity for total and permanent disability such as are usually contained in life insurance contracts.

(b) The paid-up capital stock of every such corporation authorized to transact the kinds of business enumerated in sub-divisions 1 to 15 of this section shall not be less than specified below:

- Sub-division 1, $100,000.
- Sub-division 2, $100,000.
- Sub-division 3, $100,000.
- Sub-division 4, $100,000.
- Sub-division 5, $100,000.
- Sub-division 6, $250,000.
- Sub-division 7, $200,000.
- Sub-division 8, $100,000.
- Sub-division 9, $100,000.
- Sub-division 10, $100,000.
- Sub-division 11, $100,000.
- Sub-division 12, $100,000.
- Sub-division 13, $100,000.
- Sub-division 14, $100,000.
- Sub-division 15, $10,000.

Companies organized to transact business specified in Sub-division 15 shall be subject to all the provisions of law relating to legal reserve life insurance companies, except that the deposit with the commissioner of insurance shall be $1,000 and that such company shall have secured at least one hundred applications, under one hundred separate lives, for insurance aggregating at least $10,000. Such companies shall issue only non-participating policies, which shall be construed as industrial policies.

Any such corporation having a paid-up capital stock of not less than $200,000 and a surplus of not less than $50,000 constantly maintained may, when authorized by its articles of incorporation, transact any or all of the kinds of business specified in Sub-divisions 1 to 15 inclusive, excepting those specified in Sub-divisions 1, 2, 4, 6 and 15.

Any such corporation having paid-up capital stock of not less than $200,000, may transact the kinds of business specified in Sub-divisions 1, 2 and 12 of this section.

Any such corporation having a paid-up capital stock of not less than $200,000 and authorized to transact the kinds of business specified in Sub-division 4 of this section may also transact the kinds of business specified in Sub-division 5.

Any such corporation having a paid-up capital stock of not less than $250,000 and a surplus of not less than $50,000 constantly maintained, when authorized to transact the kinds of business specified in Sub-division 6, may also transact the kinds of business specified in Sub-division 7, 8, 9, 10, 11, 12, 13 and 14. ('15, c. 138, 766
Insurance not specifically authorized by law may be transacted by licensed companies upon authorization by commissioner—Any insurance corporation or association hereafter or hereof licensed to transact insurance within the state of Minnesota may of the kinds or classes of insurance specifically authorized under the laws of this state may, when so authorized, transact within and without the state of Minnesota any lines of insurance not specifically provided for under the laws of this state when such lines or combination of lines of insurance are not in violation of the constitution or laws of the State of Minnesota, and, in the opinion of the Commissioner of Insurance not contrary to public policy, provided such company or association shall first obtain authority of the Commissioner of Insurance and shall meet such requirements as to capital or surplus, or both, as the Commissioner of Insurance shall prescribe.

This act shall apply to companies operating upon the stock or mutual plan, reciprocal or interinsurance exchanges.

All acts or parts of acts inconsistent herewith are hereby repealed. (19, c. 240, § 8; amended '27, c. 265)

Insurance companies to report to chief boiler inspector—Every insurance company insuring boilers and pressure vessels in this state shall within fifteen days after inspecting any such boiler or pressure vessel make, in duplicate, a report in writing, showing the date of such inspection, or when the person making the inspection, the condition of such boiler or pressure vessel as disclosed by such inspection, weather the same is operated by a licensed engineer and whether a policy of insurance has been issued by said company with reference to said boiler or pressure vessel. Such insurance company shall within said period of fifteen days mail one of such reports to the chief boiler inspector and shall deliver one of such reports to the person, firm or corporation owning or operating such boiler or pressure vessel.

Every boiler or pressure vessel as to which any insurance company authorized to do business in this state has issued a policy of insurance, after the inspection thereof, shall be exempt from other inspection under the provisions of this act, while the same continues to be insured, provided the person, firm or corporation owning or operating the same shall have an unexpired certificate of exemption from inspection, which certificate shall be issued by the chief boiler inspector upon application by the holder of a report of inspection made by the insurance company as hereinafter set forth and showing that a policy of insurance has been issued by such insurance company with reference to such boiler or pressure vessel and the payment to the chief boiler inspector of a fee of fifty cents therefor. Such certificate of exemption shall expire one year from the date of the report of inspection of the boiler or pressure vessel to which it relates. Such certificate shall be posted in a conspicuous place near the boiler or pressure vessel described in such certificate and to which it relates. Every insurance company shall notify the chief boiler inspector, in writing, of the cancellation or expiration of any policy of insurance issued by it with reference to policies in this state, and the cause or reason for such cancellation or expiration. Such notice of cancellation or expiration shall show the date of the policy and the date when the cancellation has or will become effective.

Any insurance company which shall fail to comply with the requirements of this section shall be deemed guilty of a misdemeanor and fined not more than fifty dollars. (19, c. 240 § 8)

Retaliatory provision—Whenever the laws of any other state, territory or country prohibit the organization of or do not provide for the organization of or the licensing in such state, territory or country of a class or kind of insurance companies or associations organized under the laws of this state and authorized to transact the business of insurance in this state, then companies or associations of the same kind or class of such other state, territory or country shall not be licensed to do business in this state.

This provision shall not apply to companies or associations organized under the laws of another state now licensed to do business in this state.

No insurance company or association nor fraternal beneficiary association, not specifically exempted therefrom by law, shall transact the business of insurance in this state unless it shall hold a license therefrom from the commissioner of insurance. (15 c. 138 § 2)

Deposits with commissioner—No company in this state other than fire, marine, gas, life, fire and marine, hail, farmers' mutual or real estate title insurance companies shall do business in this state unless it has on deposit with the insurance commissioner of this state as security for all its policyholders, stocks or bonds, of this state, or of the United States or bonds of any of the municipalities of this state, or personal obligations secured by first mortgage on real estate within this state, worth, exclusive of buildings, the amount of the lien, and bearing interest of not less than three per cent per annum, to an amount, the actual market value of which exclusive of interest, shall never be less than one hundred thousand dollars, except in case of companies organized to insure bicycles against loss from theft, the amount of such deposits for such companies shall never be less than ten thousand dollars ($10,000), which stocks, bonds or mortgages shall be retained by the insurance commissioner and be disposed of as directed by law.

Provided, however, that the deposit of mortgages on real estate shall not exceed the amount of fifty thousand dollars. As long as any policy of insurance of this company remain in force, the insurance commissioner shall hold the said deposit as security for all holders of its policies. Provided, any insurance company of any other state of the United States may file with the insurance commissioner of this state a certificate of the insurance commissioner of such other state, that, as such officer, he holds in trust and on deposit for the benefit of all the policyholders of such company a deposit of not less than one hundred thousand dollars par value of such securities as are required or permitted to be deposited with him by the laws of such state, such securities to be of the character in which insurance companies are authorized to invest under the laws of the state in which such company is authorized to do business in this state, worth, exclusive of buildings, the amount of the lien, and bearing interest of not less than three per cent per annum, to an amount, the actual market value of which exclusive of interest, shall never be less than one hundred thousand dollars. No deposit shall be required in this state while the said deposit, so certified, remains. (R. L. '95 § 1632, amended '05 c. 181) [3309]


Requires all such companies as engage in writing
3320. Bonds of secretaries and treasurers of companies—Investment of funds—Loans, etc., to officers—Signatures for policies—Designation of principal place of business—The secretary and the treasurer of every such company shall give bond, which shall be approved by resolution of the directors. All of its funds shall be invested in its corporate name, and no officer, director, or member of any committee passing on investments shall borrow any of such funds, or become directly or indirectly liable as a surety or indorser for or on account of loans thereof to others, or receive to his own use any fee, brokerage, commission, gift, or other consideration for, or on account of, any loan made by or on behalf of such company. All its policies shall be signed by the secretary or an assistant secretary, and by its president or vice president, or in their absence, by two directors, provided that one of such signatures may be a facsimile signature if the other is an original signature and both thereof may be facsimile signatures if the policy is countersigned by a registrar or other officer or employee duly authorized by the board of directors or executive committee of such company. Whenever it establishes any agency in a place other than that of its principal place of business all signs, cards, pamphlets, or other printed matter issued shall designate such principal place. (1633) (Amended '27, c. 324)

3321. Agents and persons authorized to act—Every such domestic company shall secure a license from the commissioner of insurance for each person employed as its agent in this state. Such license, if otherwise warranted, shall be granted upon written application by such company upon forms prescribed by the commissioner of insurance and the payment of a fee of twenty-five cents. Any officer of such company may, without license or other qualification, act in its behalf in the negotiation of insurance. (R. L. '05 § 1634, amended '13 c. 113) (3311)

Where the contract between an insurance company and its agent provides that the termination of the contract shall terminate all rights of the agent to compensation on the basis of future premiums, the authority to terminate the contract is determined by the company in the manner provided for therein, the agent cannot maintain a claim for compensation based upon such future premiums. (160—327, 200+452)

3322. Capital stock to be paid in full—Investment of funds of domestic companies—The capital of every stock company shall be paid in full in cash within six months from the date of its certificate of incorporation, and therefore, a majority of the directors shall certify under oath to the commissioner that such payment in cash has been made by the stockholders for their respective shares, and is held as the capital of the company, and until then no policy shall be issued. Except as otherwise provided by law, the funds of every domestic company shall be invested in, or loaned upon, one or more of the following kinds of securities or property, and under the restrictions and conditions herein specified, viz:

1. Bonds or treasury notes of the United States, national or state bank stock, interest-bearing bonds or certificates of indebtedness at market value of this or any other state, or of any city, town, or county in this or any other state, or of the Dominion of Canada or any province thereof, having legal authority to issue the same, at market value, subject in every case to the same limitations and restrictions, according to the last assessment for taxation, which exists in this state upon issues of securities by such or like municipalities at the date of the investment.

2. Notes or bonds, approved by the commissioner, secured by first mortgage on improved real estate in this or any other state, worth at least twice the amount loaned thereon, not including buildings unless insured by policies in an amount approved by the commissioner payable to and held by the security holder, or by a trustee for the security holder.

3. Stock or bonds at market value, approved by the commissioner, upon which stock interest or dividends of not less than three per cent have been regularly paid for three years immediately preceding the investment, of any public service corporation incorporated by or under the laws of the United States, or any state, or the Dominion of Canada, or any province thereof; or in the stock of any insurance company; or in the stock or bonds of any real estate holding company whose real estate is used in whole or in part in the transacting of the insurance business of such insurance company, either directly or by reinsurance, or in the fee to real estate used in whole or in part in such business; or in the stocks or bonds of any corporation owning investments in foreign countries used for purposes of legal deposit, when the insurance company transacts business therein direct or as reinsurer.

4. Insurance policies, issued by itself, to an amount not exceeding the net or reserve value thereof.

5. Promissory notes maturing within six months secured by the pledge of registered terminal warehouse receipts issued against grain deposited in terminal warehouses as defined in Section 4435, Revised Laws of Minnesota for 1913. At the time of investing in such notes the market value of the grain shall exceed the indebtedness secured thereby, and the note or pledge agreement shall provide that the holder may call for additional like security or sell the grain without notice upon depreciation of the security. The insurance company may accept, in lieu of the deposit with it of the warehouse receipts, a trustee certificate issued by any national or state bank at a terminal point, certifying that the warehouse receipts have been deposited with it and are held as security for the notes. The amount invested in the securities mentioned in such business; or in the stocks or bonds of any corporation owning investments in foreign countries used for purposes of legal deposit, when the insurance company transacts business therein direct or as reinsurer.

6. Loans on pledge of any such securities, but not exceeding eighty per cent of the market value of stocks and ninety-five per cent of the market value of bonds specified in Subdivisions 1 and 3; and in all loans reserving the right at any time to declare the indebtedness due and payable when in excess of such proportion or upon depreciation of security. (R. L. '05 § 1635; G. S. '13, § 3313; amended '15, c. 82, § 1; '25, c. 245, § 1)

Explanatory note—Section 4435, R. L. 1913 was repealed by Laws 1923, c. 201, § 15. See § 5030, herein. And see § 5016, herein.

3323. Debentures lawful investments when—The debentures of such corporation (Farm Mortgage Debenture Companies) shall be lawful investments for any trust company, life or fire insurance company organized under the laws of this state and for trust funds in charge of any trustee unless expressly restricted by the person or persons creating such trust, provided, that not more than twenty per centum of the capital of any such company or of any such trust funds may be so invested. (06 c. 58 § 14) (6407)
3324. Funds may be invested in bonds or obligations of foreign countries—Any domestic insurance company authorized to transact the business of fire insurance or fire and marine insurance, and lawfully transacting business in any foreign state or country, may invest its funds in the bonds of other equivalent obligations issued by the national government of such foreign state or country, and for the payment of which the faith and credit of such foreign state or country is pledged. (09 c. 345) [3312]

3325. Investments—The funds of any insurance company or fraternal beneficiary association, organized under the laws of the state of Minnesota or licensed to do business therein; in addition to the investments already authorized by law, may be invested in federal farm loan bonds, or, if approved by the commissioner of insurance, in loans upon leasehold estates in improved real property for a term of ninety-nine years or more where forty years or more of the term is unexpired and where unencumbered except by rentals accruing therefrom to the owner of the fee, and where the mortgagee is entitled to be subrogated to all the rights under the leasehold, provided that no loan on such real property or such leasehold estate shall exceed 50 per cent of the fair market value thereof at the time of such loan, and a certificate of the value of such property shall be executed before making such loan by the person or persons making or authorizing such loan on behalf of the corporation, which certificate shall be recorded on the books of the company. (19 c. 28 § 21) [3324]

3326. Deposit with insurance company—Whenever the laws of the state require that an insurance company shall maintain a deposit with the insurance commissioner, such deposit, in addition to the securities hereinafore authorized by law, may consist in whole or in part of federal farm loan bonds, or, if approved by the commissioner of insurance, of loans upon leasehold estates in improved real property for a term of ninety-nine years or more where forty years or more of the term is unexpired and where unencumbered except by rentals accruing therefrom to the owner of the fee, and where the mortgagee is entitled to be subrogated to all the rights under the leasehold, provided that no loan on such real property or such leasehold estate shall exceed 50 per cent of the fair market value thereof at the time of such loan, and a certificate of the value of such property shall be executed before making such loan by the person or persons making or authorizing such loan on behalf of the corporation, which certificate shall be recorded on the books of the company. (19 c. 28 § 21) [3326]

3327. Reduction, how made—Whenever the capital of any such company is impaired, it may, upon a vote of the majority of the stock, reduce the same to not less than the legal minimum. In such case no part of its assets shall be distributed to the stockholders. Any such company whose capital is not impaired may, by a two-thirds vote of its stock and with the consent of the commissioner, reduce the same to not less than one and one-half times the paid-in capital, upon which the right to vote shall be personally liable for any loss thereon above the amount which might lawfully be insured. (1637) [3315]

3328. Temporary capital stock of mutual life companies—A mutual life insurance company may be organized with, and an existing mutual life insurance company may establish a temporary capital of not less than $100,000, which shall be invested in the same manner and in the same kinds of obligations as the other capital of the company. (09 c. 345) [3328]

3329. Liability of directors and officers—If a company be at any time under liability for losses exceeding its net assets, and the president and directors, or any of them, knowing it, directly or indirectly issue or consent to the issue of further insurance, each shall be personally liable for any loss under such insurance; and if any of them insures or allows to be insured on a single risk a larger sum than is authorized by law, he shall be personally liable for any loss thereon above the amount which might lawfully be insured. (1637) [3315]

3330. Assessments to restore capital—Whenever the net assets of a company, other than life, do not exceed three-fourths of its original capital, it may restore such capital by an assessment. Such assessment is not paid within sixty days after demand shall be forfeited and may be cancelled by the directors and new shares issued in place thereof. If it shall not, within three months after notice from the commissioner to that effect, so restore its capital or reduce it as provided by law, its authority to transact new business shall cease. (1638) [33010]

3331. Dividends—No domestic company shall declare a dividend either in cash or stock, except from its actual net surplus computed as required by law in its annual statement; nor shall any such company which has ceased to do new business divide any portion of its assets, except surplus, until it shall have performed or cancelled its policy obligations. It may declare and pay, out of surplus, cash dividends of not more than ten per cent of its capital stock in any year, and if the dividends in any one year are less than ten per cent the difference may be made up in any subsequent year or years from surplus accumulations. But it may pay such dividend as the directors deem prudent out of any surplus remaining after the purgeing in addition to all liabilities except unearned premiums, an amount equal to the whole amount of premiums on unexpired risks and deducting from the assets all securities and accounts
receivable on which no part of the principal or interest has been paid within the preceding year, or for which foreclosure or suit has been commenced, or upon which judgment obtained has remained more than two years unsatisfied and on which interest has not been paid and also deducting all liens due and unpaid on any of its property. (1639) [3317]

3332. Corporate name—Advertisements—Every company, domestic or foreign, shall conduct its business, display all signs and advertisements, and issue all policies, circulars, and other documents and publications in this state in its own corporate name, and every foreign company shall state conspicuously upon a sign at each agency the state or country of its organization. Whenever a company publishes its assets, it shall in the same connection, and with equal conspicuousness, publish its liabilities, computed on the basis allowed for its annual statements; and any publication purporting to show its capital shall state only the amount thereof which has been actually paid in cash. (1614) [3290]

3333. Real estate—The real estate acquired or held by any domestic company for the convenience and accommodation of its business shall not exceed in value twenty-five per cent of its cash assets; nor shall any foreign company acquire or hold for like purposes real property in this state in greater proportion. All others shall be disposed of within five years after title thereto is acquired, unless the company obtains a certificate from the commissioner that its interests will be materially prejudiced by such sale, and extending the time to a date named, and then within the time so specified. (1615) [3291]

3334. Policy to embrace conditions—A statement in full of the conditions of insurance shall be incorporated in or attached to every policy, and neither the application of the insured nor the by-laws of the company shall be considered as a warranty or a part of the contract, except in so far as they are so incorporated or attached. (1616) [3292]

3335. Reinsurance—Reports of—Maximum of insurance or reinsurance by fire companies—Misdemeanor—If any company other than life shall, directly or indirectly, effect the reinsurance of any risk taken by it, or any part thereof, it shall make a sworn report thereof to the commissioner, at the time of filing its annual statement, or at such other time as he may request.

No fire company shall insure or reinsure in a single risk a larger sum than one-tenth of its net assets; provided, however, that a mutual fire insurance company organized under the provisions of General Statutes 1923, Section 3536, Subd. 1, may insure in a single risk, consisting of a creamery or cheese factory, a sum equal to one per cent of its insurance in force.

Every company effecting any reinsurance in violation of the foregoing provision, and every agent effecting or negotiating the same, shall separately be guilty of a misdemeanor. (R. L. '05, § 1617; amended '07, c. 321, § 1; '27, c. 229) [3293]

3336. Consolidation or reinsurance—No company organized under the laws of this state to do the business of life, accident or health insurance, either on the stock, mutual, stipulated premium, assessment or fraternal plan, shall consolidate with any other company, or reinsure its risks, or any part thereof with any other company, or reinsure its risks, or the whole of, or any portion of the risks of any other company except as hereinafter provided; but nothing herein contained shall prevent any such company, organized on the stock or mutual plan, from reinsuring a fractional part of any single risk. (‘05 c. 303 § 1) [3516]

3337. Conditions for reinsurance—Every insurer authorized to issue policies in this state may reinsure, in any other insurer any part or all of any risk or risks, other than life, assumed by it; but such reinsurance, unless effected (a) with an insurer authorized to issue policies in this state, or (b) with an insurer similarly authorized in another state, territory or district of the United States and showing the same standards of solvency and meeting the same statutory and departmental regulations which would be required of or prescribed for such insurer were it at the time of such reinsurance authorized in this state to issue policies covering risks of the same kind or kinds as those reinsured, shall not reduce the reserve or other liability to be charged on the gross premium basis with an unearned premium liability representing the proportion of such obligation retained by it, and the insurer to which the business is ceded shall be charged with an unearned premium liability representing the proportion of such obligation ceded to it calculated in the same way. The two parties to the transaction shall together carry the same reserve as the ceding insurer would have carried had it retained the risk.

Any contract of reinsurance whereby an insurer cedes more than seventy-five per cent of the total of its outstanding insurance liabilities shall, if such insurer is incorporated by or, if an insurer of a foreign country, has its principal office in this state, be subject to approval in writing by the commissioner of insurance of this state.

Nothing in this section shall be deemed to permit the ceding insurer to receive through the cession of the whole of any risk or risks any advantage in respect to its unearned premium reserve that would reduce the same below the actual amount thereof.

For the purposes of this section, the word "insurer" shall be deemed to include the word "reinsurer," and the words "issue policies of insurance" shall be deemed to include the words "make contracts of reinsurance." (‘19 c. 141 § 1)

3338. Petition for consolidation or reinsurance—When any such company shall propose to consolidate with any other company, or to enter into any contract of reinsurance, in this state, it shall file in the office of the insurance commissioner of this state, a petition setting forth the terms and conditions of such proposed consolidation or reinsurance, and praying for the approval of or any modification thereof, which the commissioner hereinafter provided for may approve. (‘05 c. 303 § 2) [3317]

3339. Notice of hearing—The insurance commissioner shall thereupon issue an order requiring notice to be given by mail to each policyholder of such company of such petition, and the time and place at which hearing thereon will be held, and shall publish the said notice in five daily newspapers, once in each week.
for at least two weeks before the time appointed for the hearing upon said petition.

In lieu of proceeding under the foregoing paragraph of this section and section 2 of chapter 303, Laws of 1905, any company, may consolidate and enter into a contract of reinsurance with any other company by filing with the commissioner of insurance a copy of such contract and all papers relating thereto, which consolidation and reinsurance shall take effect upon such filing and the mailing to each person holding a policy so reinsured a notice thereof. Provided, that the holders of not less than one per cent of such policies so reinsured shall within thirty days thereafter file a petition with the commissioner of insurance for a hearing on the question of such reinsurance, the commissioner shall, and without such petition may, order a hearing as provided in section 4, chapter 303, Laws of 1905, notice of which shall be given by the company by mail to each holder of such policy, so reinsured, at least ten days before such hearing, and thereupon proceedings shall be had as provided in sections 4 and 5, chapter 303, Laws of 1905. (06 c. 303 § 3, amended '15 c. 333 § 1) [3518]

3340. Commission to hear petition—Hearing—Disposition of surplus assets—The governor, or in event of his inability to act, some competent person resident of the state to be appointed by him, the attorney general, and the insurance commissioner of the state shall constitute a commission to hear and determine upon said petition. At the time and place fixed in said notice, or at such time and place as shall be fixed by adjournment, the commission shall proceed with the hearing, and may make or order such examination into the affairs and condition of said company as it may deem proper. The insurance commissioner shall have the power to summon and compel the attendance and testimony of witnesses and the production of books and papers before said commission. Any policyholder or stockholder of the company or companies so petitioning may appear before said commission and be heard in reference to said consolidation or reinsurance. Said commission, if satisfied that the interests of the policyholders of such company or companies are properly protected, and that no reasonable objection exists thereto, may approve and authorize the proposed consolidation or reinsurance, or may modify or change the terms and conditions thereof as may seem best for the interests of the policyholders, and said commission may make such order with reference to the distribution and disposition of the surplus assets of any such company thereafter remaining as shall be just and equitable to the policyholders. Such consolidation or reinsurance shall only be approved by the consent of all the members of said commission, and it shall be the duty of said commission to guard the interests of the policyholders of any such company or companies proposing to consolidate or reinsure. (06 c. 303 § 4) [3519]

3341. Expenses, how paid—All actual expenses and costs incident to proceedings under the provisions of this act shall be paid by the company so proceeding, or by any company consolidating with the same, as providing therein for said petition, and an itemized statement of the expenses and costs shall be filed with the insurance commissioner with a certified copy of the decision of the commission. No officer of any such company or companies, nor member of said commission, or employee of the state insurance department, shall receive any compensation, gratuity or otherwise, directly or indirectly, for in any manner aiding, promoting or assisting in such consolidation or reinsurance. (06 c. 303 § 5, amended '15 c. 333 § 2) [3520]

3342. Penalty—Any officer, director or stockholder of any such company or companies, or any member of such commission or employee of the state, violating or conspiring to violate any of the provisions of this act, shall be punished by a fine of not less than ten thousand dollars and by imprisonment for not less than one year. (06 c. 303 § 6) [3521]

3343. Annual statements—Every insurance company, including fraternal beneficiary associations doing business in this state, shall transmit to the commissioner annually, on or before March 1, upon blanks furnished by him a verified statement of its entire business and condition, during the preceding calendar year, including, in case of a fire company, the amount of premiums received in each municipality, having an organized, or partly paid, or a voluntary fire department, but limited in case of a foreign company, except one engaged in life insurance, to its business and condition in the United States. Such statements shall also contain in a separate verified schedule, all details required by law for assessment, for taxation. If approved by the commissioner, a summary of such statements, prepared by the commissioner in connection with the certificate of approval, shall be published, and proof of publication filed with him before August 1 following, in default whereof he shall have such publication and proof made at the expense of the company. Upon the approval of such statement the commissioner shall issue a renewal license for the succeeding year beginning June 1. Any license to a company or its agent, issued after the approval of said statement, shall expire May 31 of the year following. No company or agent thereof shall transact any new business in this state after May 31 in any year unless it shall have previously transmitted such statement to the commissioner; but no fraternal beneficiary association, nor any social corporation paying only "sick benefits" not exceeding two hundred and fifty dollars in any one year, nor "funeral benefits" or aiding those dependent on a member not more than three hundred and fifty dollars, nor any subordinate lodge or council which is, or whose members are, assessed for benefits which are payable by a grand body shall be required to make such statements. The commissioner shall not be required to prepare abstracts of the annual statement of fraternal beneficiary associations and reciprocal or inter-insurance exchanges, nor shall such associations or exchanges be required to publish an abstract or summary of said statement. (R. L. '05, § 1618; amended '07, c. 11, § 1; '25, c. 31, § 1; '27, c. 156) [3294]

Explanatory note—Laws 1925, c. 31, § 2 repeals all inconsistent acts and provides for indictment for perjury in verifying statement. (78-311, 81-43.)

3344. Place and manner of publication—The publication required by § 3343 shall be made in the place of the company's home office, if within the state, otherwise in each of the three most populous counties of the state, and in all cases at least three times, and in legal newspaper. Commission to the commissioner of insurance, chapter 484, Laws 1921, which will accept and publish such advertisement, at the rates prescribed by law for legal publications. Such newspaper shall be entitled to charge and receive for such publication not to exceed the rate prescribed by law for legal publications. Provided, that resident mutual insurance companies shall publish said statement in the legal newspaper in the county of the company's home office where there is
no legal newspaper published in the place where the home office is situated.

This act shall in no wise repeal, modify, amend or affect chapter 204, Laws 1919. (R. L. § 1619, amended '07 c. 61 § 1; '23 c. 190 § 1) [3295]

Explanatory note—For Laws 1915, c. 481, see §§ 10935 to 10941, herein.
For Laws 1919, c. 204, see §§ 3345, 3346, herein.

3345. Publication of statements of insurance companies—The publication of the summaries of the annual statements of insurance companies as required by the provisions of section 1618, Revised Laws of 1905, as amended by chapter 11, Laws of 1907, may be made in any insurance trade journal as defined in section 2 hereof, if the owner, or proprietor, or publisher will accept and publish the same in the same manner as law for legal publications, with the same force and effect and in lieu of the publication thereof in a newspaper as defined in and required by the provisions of section 1610, Revised Laws of 1905, as amended by chapter 61, Laws of 1907. ('19 c. 204 § 1)

Explanatory note—For R. L. '05, §§ 1618, 1619, as amended by Laws 1907, c. 61, see §§ 3343, 3344, herein.
Section 2 is § 3346, herein.

3346. May be made in insurance trade journal—Any publication authorized by the provisions of section 2, may be made in any insurance trade journal for the county in which it has its permanent office of publication if it comply with the following requirements; such journal must have been published continuously for ten years prior to any such publication, it must be circulated to a bona fide list of paid subscribers, it must be published to disseminate solely unbiased information relative to all phases of the business of insurance underwriting and shall not in any way or degree be owned or controlled by any insurance company or organization, and the owner of the same shall have filed with the commissioner of insurance an affidavit setting forth the existence of the conditions hereinbefore specified. ('19 c. 294 § 2)

3347. Tax on gross premiums—Every domestic and foreign company, except town and farmers’ mutual insurance companies and domestic mutual insurance companies other than life shall pay to the State Treasurer on or before April 30, annually, a sum equal to 2 per cent of the gross premiums less return premiums on all direct business received by it in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, and if unpaid by said date a penalty of 10 per cent shall accrue thereon, and there after such sum and penalty shall draw interest at the rate of 1 per cent per month until paid. Return premiums as used in this section shall mean any dividend and any unused or unabsorbed portion of premium deposit or assessment that shall be applied toward the payment of any premium, premium deposit or assessment due from the policyholder or member upon a cancellation or renewal of the insurance on the face of each policy so canceled or renewed; and which such dividend was earned or premiums deposit or assessment paid, and also any portion of premium returned by the company upon cancellation of a policy or membership, except surrender values paid upon the cancellation and surrender of policies or certificates of life insurance.

In the case of every domestic company such sum shall be in lieu of all other taxes, except those upon real property, owned by it in this state, which shall be taxed the same as like property of individuals, and in the case of every foreign company such sum shall be in lieu of all other taxes, except those upon real and personal property owned by it in this state, which shall be taxed the same as like property of individuals. (R. L. '05, § 1625; amended '07, c. 321, § 1; '15, c. 184, § 1; '19, c. 515, § 2; '21, c. 341, § 1; '27, c. 421) [3092]

Farmers’ mutual insurance companies and domestic mutual insurance companies relieved of tax payments under chapter 204 to 1229 inclusive, by reason of invalidity of '15 c. 184. See '21 c. 341 § 2.

PROVISIONS COMMON TO ALL COMPANIES

3348. Definitions—An insurance agent is hereby defined as a person acting under express authority from an insurer and on its behalf to solicit insurance, or to appoint other agents to solicit insurance, or to write and countersign policies of insurance, or to collect premiums therefore within this state, or to exercise any or all said powers when so authorized by the insurer.

An insurance solicitor is hereby defined as a person acting under express authority from an insurance agent to solicit insurance for such agent, but without the power or authority to issue or countersign policies for the insurer of which such agent is the duly authorized representative.

No person shall act or assume to act as an insurance agent or solicitor in the solicitation or procurement of applications for insurance, nor in the sale of insurance or policies of insurance, nor in any manner transact insurance for an insurance agent or solicitor in the negotiation of insurance by or with insurer, including resident agents or reciprocal or interinsurance exchanges, except fraternal beneficiary associations and township mutual companies, until such person shall obtain from the commissioner of insurance a licence therefor, which license shall specifically set forth the name of the person so authorized to act as agent or solicitor and the class or classes of insurance for which he is authorized to solicit or countersign policies. ('15 c. 105 § 1, amended '21 c. 380 § 1)

3349. Licenses—A license to any person to act as insurance agent for any insurer shall only be granted by the commissioner of insurance upon the written requisition of such insurer, upon forms prescribed by the commissioner of insurance and a payment of a fee of two dollars ($2.00) in the case of a foreign insurer, and fifty cents in the case of a domestic insurer, and the filing of the application hereinafter provided for. Such license shall be issued for the term ending on the first day of March thereafter. ('15 c. 106 § 2, amended '21 c. 380 § 2)

3350. Agents to be licensed—Every insurance agent duly licensed to transact business in this state shall have the right to procure the insurance of risks or parts of risks in the class or classes of insurance for which he is licensed in other insurers duly authorized to transact business in this state, but such insurance shall only be consummated through a duly licensed resident agent of the insurer taking the risk.

A non-resident insurance agent or solicitor placing insurance through a resident insurance agent of this state shall be permitted to do so only when he shall have first made written application for and procured from the commissioner of insurance a license therefor upon a form prescribed by said commissioner of insurance upon the payment of a fee of ten dollars ($10.00). Such license shall expire one year from its date and shall in no case be granted to a resident of any state which does not permit the licensing of an
agent of this state under like circumstances. ('15 c. 195 § 8, amended '21 c. 380 § 3)

3351. Agent may employ solicitors—An insurance agent duly authorized as such and representing one or more insurers within this state may employ such solicitors as he may desire to represent him, but such solicitors shall not represent themselves by advertisement or otherwise, as agents of the insurer or insurers represented by their employer, and they shall in all instances represent themselves only as solicitors for said insurance agent.

No person shall act or assume to act as an insurance solicitor until he shall have obtained from the commissioner of insurance a license therefor, and paid a fee of ten dollars ($10.00) which license shall be issued to him only on the requisition of an insurance agent duly licensed in this state and the filing of the application hereinafter provided for. ('15 c. 195 § 4, amended '21 c. 380 § 4)

3352. Qualifications, applications, revocation—No person shall be licensed by the commissioner of insurance as an insurance agent or solicitor if the commissioner of insurance shall be satisfied that such person is incompetent or unqualified to act as such insurance agent or solicitor; or that such person does not in good faith intend to carry on the business of insurance agent or solicitor, or intends to secure a license for the sole purpose of writing insurance upon his own life or property; or that such person is untrustworthy or of bad moral character; or that such person has unreasonably failed to pay over to any insurer, agent or solicitor, or policyholder or member of any insurance company or association entitled thereto the whole or any part of any premium or return premium, or money arising out of the soliciting or writing of any policy or contracts of insurance, or arising out of any insurance transaction, and due or payable to or belonging to any policyholder or other person, firm or corporation; or that such person has willfully misrepresented to any person, firm or corporation the terms or condition of any policy or contract of insurance or the financial standing or condition or manner of doing business of any insurer, agent or solicitor; or that such person has deceived or defrauded, or attempted to deceive or defraud any person, firm or corporation in connection with any insurance transaction or that such person has been dishonest in connection with any insurance transaction, or that such person has used or procured any person, firm or corporation to sell or offer for sale, any policy or contract of insurance of any company or association which is now or has been licensed to do business in the state to the damage of such person, firm or corporation, or that such person has violated any of the provisions of the laws of this state in any way relating to insurance or the transaction or negotiation of insurance, or insurance agents, or solicitors, or any lawful ruling of the commissioner of insurance. No license shall be granted under this act to any agent or solicitor until he shall have filed with the commissioner of insurance an application duly signed and verified by him, which application shall be in such form as may be prescribed by the commissioner of insurance and shall set forth such facts as may enable him to form a conclusion as to the qualifications of such agent or solicitor, and whether such agent or solicitor has previously filed with the commissioner of insurance such an application, said commissioner may renew his license without requiring further application. ('16 c. 195 § 5, amended '21 c. 380 § 5)

3353. Manner of revocation—The commissioner of insurance may at any time revoke the license of any insurance agent or solicitor or suspend the same for not less than thirty (30) days if he shall be satisfied that any such licensee is not qualified under the provisions of the foregoing section, and he shall give such notice, thereof as he deems will best protect the public. ('15 c. 195 § 6, amended '21 c. 380 § 8)

3354. Application by company—The license of any person as agent for any insurer shall likewise be revoked by the commissioner of insurance when written request therefor is made by such insurer. The license of any solicitor shall likewise be revoked when written request therefor is made by the agent employing him or the company whose agent appointed him. ('15 c. 195 § 7, amended '21 c. 380 § 7)

3355. Notice of revocation—Notice of such revocation or suspension shall be given to such person by mail and shall be deemed complete if such notice is deposited in the mails postage prepaid, directed to such person at his last known place of residence as disclosed by the application for license on behalf of such person. Notice of such revocation or suspension or the refusal of an agent's license shall in like manner be given to the insurer which applied therefor. Notice of the refusal of a solicitor's license shall in like manner be given the applicant therefor. ('15 c. 195 § 8, amended '21 c. 380 § 8)

3356. Complaint.—Reinstatement.—Hearing.—The commissioner of insurance, when he deems it advisable, may require any complaint made against an insurance agent or solicitor to be in writing and sworn to by the person or persons making the same. When the commissioner of insurance shall deem it advisable, and in all cases where such complaint or such agent or solicitor requests the same in writing, the commissioner of insurance shall grant a summary hearing in his office to determine whether or not such license shall be refused, revoked or suspended, and if an appearance shall not be made at such hearing, the license of the person applying for the same, or on whose behalf application for the same is made, or who is complained against shall be forthwith refused, revoked or suspended, as the case may be. Whenever the license of any agent or solicitor has been refused or revoked or suspended, the commissioner of insurance shall, in like manner, determine the unfitness of any person or the refusal of an agent's or solicitor's license. When such license shall file with the commissioner of insurance a good and sufficient bond in the sum of $5,000.00 for the protection of the citizens of the state. ('15 c. 195 § 9, amended '21 c. 380 § 9)

3357. Commissioner to determine unfitness—Upon proper complaint the commissioner of insurance may, in like manner, determine the unfitness of any person whose license as agent or solicitor has expired, or has been revoked upon the request of the insurer for which he was licensed, to be thereafter licensed as insurance agent or solicitor and record thereof shall be made as the case of revocation, refusal or suspension of an agent's or solicitor's license. ('15 c. 195 § 10, amended '21 c. 380 § 10)

3358. Record of suspensions—The commissioner of insurance shall keep a record of the name and address of every person whose license as agent or solicitor has been refused, revoked or suspended, together with a brief statement of the facts on which such refusal, revocation, or suspension was based. A true copy of such record shall be open to public inspection. ('15 c. 195 § 11, amended '21 c. 380 § 11)

3359. Insurer not to employ unfit or disqualified—No insurer, its officers, agents or managers, shall knowingly make application to the commissioner of
insurance for a license as agent on behalf of any person who is known to such insurer, its officers, agents or managers, making such application, to be unfit or disqualified to be licensed as an insurance agent as defined by the provisions of this act, and immediately upon the discovery by such insurer, its officers, agents or managers, having supervision of such unfitness or disqualification such insurer or such officers, agents or managers shall forthwith request the commissioner of insurance in writing to revoke the license of such agent; nor shall any insurer retain in its employ any such agent known by it to be disqualified or unfit to be licensed as an insurance agent as defined by this act, nor shall any agent retain in its employ as solicitor any person disqualified or unfit to be licensed as such. (15 c. 195 § 12, amended '21 c. 380 § 12)

§ 3360. Redress of aggrieved—Powers of commissioner—Any person aggrieved by any rule or order of the commissioner of insurance made under the provisions of this act, may appeal therefrom to any district court of the state by serving written notice of such intention upon the commissioner of insurance, specifying such court, within ten (10) days after the same is made. The commissioner of insurance shall thereupon file with the clerk of such court a certified copy of his order or ruling and findings of fact upon which the same are based, which shall be prima facie evidence of the facts therein stated. Thereupon the court shall summarily hear and determine the questions involved on said appeal. (15 c. 195 § 13, amended '21 c. 380 § 13)

§ 3361. Commissioner may compel attendance of witnesses—The commissioner of insurance shall have full power to summon and compel the attendance of witnesses before him to testify in relation to any matter which is, by the provisions of this act, or other provisions of the laws of this state relating to insurance, a subject of inquiry or investigation, and may require the production of any book, paper or document deemed pertinent thereto. Such summonses shall be served in the same manner and have the same effect as subpoenas from district courts of this state. All witnesses summoned shall receive the same compensation as is paid to witnesses in the district court, which shall be paid out of the contingent fund of the department of insurance or proper vouchers for the same signed by the commissioner of insurance, and the commissioner of insurance shall, at the close of the hearing wherein such witness was subpoenaed, certify to the attendance and mileage of such witnesses, which certificate shall be filed with such vouchers. All investigations held by or under the direction of the commissioner of insurance may, in his discretion, be private, and persons other than those required to be present by the provisions of this act may be excluded from the place where such investigation is held, and witnesses may be kept separate and apart from each other and not allowed to communicate with each other until they have been examined. (15 c. 195 § 14, amended '21 c. 380 § 14)

§ 3362. Oaths administered—The commissioner of insurance and his deputy are each hereby authorized and empowered to administer oaths and affirmations to any person appearing as witness before them; and false swearing in any matter or proceeding aforesaid shall be deemed perjury and shall be punished as such. (16 c. 195 § 15, amended '21 c. 380 § 15)

§ 3363. Contempt—Penalty—Any witness who refuses to be sworn or who refuses to testify, or who disobeys any lawful order of said commissioner of insurance or his deputy, in relation to said investigation, or who fails or refuses to produce any paper, book or document touching any matter under examination, or who is guilty of any contemptuous conduct, after being summoned to appear before them to give testimony in relation to any matter or subject under examination or investigation as aforesaid, may be summarily punished by the said commissioner of insurance or his deputy, as for contempt by a fine in a sum not exceeding one hundred dollars. (15 c. 195 § 16, amended '21 c. 380 § 16)

§ 3364. Punishment—Disobedience of any subpoenas in such proceeding, or contumacy of a witness, may upon application of the commissioner of insurance, be punished by any district court in the same manner as if the proceedings were pending in such court. (15 c. 195 § 17, amended '21 c. 380 § 17)

§ 3365. License mandatory—No commission or other compensation shall be paid or allowed by any person, firm or corporation to any other person, firm or corporation acting or assuming to act as an insurance agent or solicitor without a license therefor. (15 c. 195 § 18, amended '21 c. 380 § 18)

§ 3366. Violation of law—Misdemeanor—Penalty—Any person, firm or corporation violating or failing to comply with any of the provisions of this act, and any person who acts in any manner in the negotiation or transaction of unlawful insurance with an insurance company not licensed to do business in the state, or who as principal or agent violates any provision of law relating to the negotiation or effecting of contracts of insurance, shall be guilty of a misdemeanor, and upon the conviction of any agent or solicitor of any violation of the provisions of this act, the commissioner of insurance shall suspend the authority of such agent or solicitor to transact any insurance business within the state of Minnesota for a period of not less than three (3) months. Any insurer employing an agent and failing to procure a license as required by this act, or permitting such agent to transact business for it within the state before such license has been procured, shall pay the commissioner of insurance, for the use of the state, a penalty of twenty-five dollars ($25.00) for each offense, and in the event of failure to pay such penalty within ten (10) days after notice from the commissioner of insurance, the authority of such insurer to do business in this state shall be revoked by the commissioner of insurance until such penalty is paid, and no such insurer shall be readmitted until it shall have complied with all the terms and conditions imposed for admission in the first instance; provided, that any action taken by the commissioner of insurance under the provisions of this section shall be subject to review by the district court of the county in which the office of such commissioner is located. (15 c. 195 § 19, amended '21 c. 380 § 19)

§ 3367. Refusal to appear or testify—The commissioner of insurance shall revoke the license of any agent or solicitor or insurer, refusing or neglecting to appear or testify at any hearing held before the commissioner of insurance, or failing or refusing to produce any books, papers or documents demanded by the commissioner of insurance, who has, in the management of his business, been notified by the commissioner of insurance in writing to so appear and testify or produce books, papers or documents at such hearing. (15 c. 195 § 20, amended '21 c. 380 § 20)

3368. Liability of officers—No director or other officer of any company shall either officially or privately guarantee a policyholder thereof against an assessment to which he would otherwise be liable. Whenever the directors of any company fall for thirty days after entry of any judgment, or for six months after the accruing of any other indebtedness against it, to levy and deliver for collection any assessment required by law for payment thereof, or to apply the proceeds thereof in either case, each shall be personally liable for the amount thereof, and for all debts and claims then outstanding or which may accrue until such assessment shall be levied and put in process of collection. Whenever the treasurer unreasonably fails to collect and properly apply the proceeds of any such assessment he shall be personally liable, not exceeding the total assessment, to any person entitled thereto, and shall be repaid only out of funds thereafter collected thereon. (1621) [3298]

3369. Compensation—No officer or other person employed to determine the character of a risk, and decide the question of its acceptance by any mutual fire company other than a town or farmers' company, shall receive a commission or other payment therefrom, but his compensation shall be by fixed salary and such share of the net profits as the directors may determine; and such officer or person shall not be an employee of any other officer or agent of the company, nor interested in his business. (1622) [3299]

3370. Misrepresentation by applicant—No oral or written misrepresentation made by the assured, or in his behalf, in the negotiation of insurance, shall be deemed material, or defeat or avoid the policy, or prevent its attaining, unless made with intent to deceive and defraud, or unless the matter misrepresented increases the risk of loss. (1625) [3300]

In General.

A breach of warranty will not avoid the policy unless made with intent to deceive and defraud or unless the matter misrepresented increases the risk of loss. 156-1, 215-296.

Held under the circumstances stated in the opinion, the findings that the misrepresentations were not made with intent to deceive or defraud, and that they did not increase the risk. 160-468, 2094-240.

Misrepresentation will avoid the policy if the matter misrepresented increases the risk of loss, even though it was not made with intent to defraud. 187-53, 208+410, 209+27, 253-20+410, 27+474, 439, 450, 450+280, 51-315, 753-495, 94-295, 105-715, 125-455, 144+218, 134-155, 1644+921, 1654+272, 412 (138-240, 138-414, 164+915, 1656+727), (154+486).

Fraternal Associations.

Does not apply to fraternal associations. 159-14, 158-128.

Acts of Agent.

Where the agent of the insurance company incorrectly wrote an answer to the application, and insured was innocent thereof, the misstatement is not that of the insured, who had orally disclosed the truth, and the policy cannot be avoided on the claim that such statement is a material misrepresentation of the insured. 167-32, 208+410.

Where an agent, authorized to take applications for insurance, knows that the applicant's answers to questions in the application are made to the best of his knowledge and belief, and proved to be incorrect, they will not, in the absence of bad faith, avoid the policy. 112-5.

Insured not chargeable with notice of misrepresentation in application merely because he retained the policy to which such application was not related. 9123.

The applications were procured by defendant's agent who had authority to transact its business of insurance in the state of Minnesota. They were signed in blank. The agent filled in the answers to the questions. The answers were innocuous and incomplete, but, under the evidence, the jury might find that plaintiff had honestly stated the facts to its agent and requested him to fill in the answers in conformity with the statement. Following the rule announced in Kausel v. Minn., etc., Ins. Ass'n., 21 Minn. 17, 16 S. W. 430, 47 Am. Rep. 776, it is held that plaintiff cannot be charged with the misstatements in the applications. 210+416.

Notice of Misrepresentation.

The insured is not charged with notice of a misrepresentation in the application merely because he accepted and retained the policy to which the application was attached. 210+446.

Pleading.

The facts alleged in the answer and admitted in the reply precluded plaintiffs from asserting that the declaration made to the company's medical examiner, which was signed by the insured, was not part of his application for the policy. 165-186, 205+418.

Evidence.

Admission of evidence as to fraud. 167-362, 209+27.

Questions for Jury.

The facts, stated in the opinion, presented a jury question as to whether the misrepresentation increasing the risk of loss. 163-280, 209+485.

Usually it is for a jury to decide whether a misrepresentation has in fact been made, whether it is material, whether it was made with intent to deceive and defraud, or whether the matter misrepresented increases the risk of loss. 167-20, 286+419.

3371. Receivers—Accounts—Deposits of records—All accounts of receivers or assignees of insolvent companies rendered to the district court shall be referred to the commissioner, before allowance for examination and report thereon, and at the completion of their duties they shall deposit with him all books, records and papers relating to such insolvency. (1624) [3301]

3371-1. Insurance commissioner as receiver—Whenever for any reason a receiver of any domestic insurance corporation, company or association is appointed, including fraternal beneficiary associations and reciprocal or inter-insurance exchanges, the district court may name the insurance commissioner of this state as such receiver and if so appointed he shall act with all the powers, rights and privileges now given by law to receivers of such companies. (25, c. 256)

See also notes under § 3429.

LIFE INSURANCE COMPANIES

3372. Defined—Every corporation or association, domestic or foreign, operating upon any plan involving payment of money or other thing of value to policy or certificate holders, or members, or families, or representatives of either, conditioned upon the continuance or cessation of human life, or for the payment of endowments or annuities (except benevolent, fraternal, co-operative or secret societies or orders for the sole purpose of mutual welfare, protection and relief of their members and the payment of stipulated amounts, or the proceeds of assessments, to the families of deceased members), shall be deemed a life insurance company, and shall make no such insurance, guaranty, contract, or pledge in this state, or to or with any citizen or resident thereof, which does not distinctly specify the amount and manner of payment of benefits and the consideration therefor. (1087) [3459]

[88-20, 92+472, 102-16, 112+1050, 107-15, 119+255.]{775}
insure the meeting at which it is to be used. (1697) [3487]  
(Amended '25, c. 53, § 1)  

Explanatory note—Laws 1925, c. 53, § 2, reads as fol- 
lows: "This act shall not be construed to affect or im- 

3376. Discrimination in accepting risks, etc.—No company or agent, all other conditions being equal, 
shall make any discrimination in the acceptance of 
risks, in rates, premiums, dividends, or benefits of any 
kind, or by way of rebates, between persons of the 
same class, nor on account of race; and upon request 
of any person whose application has been rejected, 
the company shall furnish him in writing the reasons 
therefor, including a certificate of the examining physi-

3377. Discrimination, rebates, etc.—No life insur-
cance company doing business in this state shall make 
or permit any distinction or discrimination in favor of 
individuals between the insured (the insured) of the 
same class and equal expectation of life in the amount 
or payment of premiums or rates charged for policies 
of life or endowment insurance, or in the dividends or 
other benefits payable thereon, or in any other of the 
terms and conditions of the contracts it makes; nor 
shall any such company or agent thereof make any 
contract of insurance or agreement as to such contract 
other than as plainly expressed in the policy issued 
(thereon) thereof; nor shall any such company or any 
officer, agent, solicitor or representative thereof pay, 
allow or give or offer to pay, allow or give directly or 
indirectly, as inducement to insurance, any rebate of 
premium payable on the policy, or any special favor or 
advantage in the dividends or other benefits to accrue 
thereon or any paid or paid in advance for services of 
any kind or any valuable consideration or induc-

3378. Penalty for violation of previous section— 
Any violation of the provisions of section 1 of this act 
shall be a misdemeanor and punishable as such. (07 
c. 277 § 2) [3468]  

A provision in a premium promissory note for the for-

3379. Disbursements of life insurance companies, 
how to be evidenced—No domestic life insurance com-
pany shall make any disbursement of one hundred dol-
ars or more unless the same be evidenced by a voucher 
signed by or on behalf of the person, firm, or corpora-
tion receiving the money and correctly describing the 
consideration for the payment. If the expenditures be 
for both services and disbursements the voucher shall 
set forth the services rendered and an itemized state-
ment of the disbursements made. If the expenditures 
be in connection with any matter pending before any 
legislature or public body, or before any department
or officer of any state or government, the voucher shall correctly describe, in addition, the nature of the matter and of the interest of such company therein. When such voucher cannot be obtained the expenditure shall be evidenced by an affidavit describing the character and object of the expenditure and stating the reason for not obtaining such voucher. ( '07 c. 40) [3300]

3350. Solicitors agents of company—Any person who shall solicit an application for insurance upon the life of another shall, in any controversy between the assured or his beneficiary and the company issuing any policy upon such application, be regarded as the agent of the company and not the agent of the assured. ( '07 c. 41) [3485]

(154-747, 151-151, 134-745, 138-56, 161-217.)

3351. Political contributions prohibited—Penalties—Evidence, immunity—No insurance company or association, including fraternal beneficiary associations, doing business in this state, shall directly, or indirectly, pay or use or offer, consent or agree to pay or use any money or property for or in aid of any political party, committee or organization, or for or in aid of any corporation, joint stock or other association organized or maintained for political purposes, or for or in aid of any corporation, joint stock or other association for the use or in aid or for the benefit of any candidate for political office, or for the use of any corporation, joint stock or other association which violates any of the provisions of this act, upon the ground or for the reason, that the testimony or evidence, documentary or otherwise, and no testimony or evidence, documentary or otherwise, required of him may tend to incriminate or degrade him; but no person shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter or thing concerning which he may so testify or produce evidence, documentary or otherwise, and no testimony so given or produced shall be used against him upon any criminal investigation or proceeding. ( '07 c. 42) [3501]

3352. Misrepresentation—No life insurance company doing business in this state, and no officer, director or agent thereof shall issue or circulate, or cause or permit to be issued or circulated, any estimate, illustration, circular or statement of any sort misrepresenting the terms of any policy issued by it or the benefits or advantages promised thereby, or the dividends or shares of surplus to be received thereon, or shall use any name or title of any policy or class of policies misrepresenting the true nature thereof. ( '07 c. 43 § 1) [3488]

3353. Penalties—Any person violating the provisions of this act shall be guilty of a misdemeanor and the license of any company which shall authorize or permit a violation of this act shall be revoked. ( '07 c. 45 § 2) [3489]

3354. Investments—No domestic life insurance company, whether incorporated by special act or under a general law shall, after the first day of January, 1908, invest in or loan upon any shares of stock of any corporation, other than a municipal corporation; nor, excepting governments, state or municipal securities, shall it invest in, or loan upon, any bonds or obligations not secured by adequate collateral security, and when more than one-third of the total value of the collateral security shall consist of shares of stock, it shall be deemed inadequate. Every such company possessed of stocks or securities prohibited by this act shall, within five years, unless such time is extended by the commissioner of insurance. No investment or loan, except policy loans, shall be made by any such life insurance company, unless the same shall first have been authorized by the board of directors, or by a committee thereof charged with the duty of supervising such investment or loan. No such company shall subscribe to or participate in any underwriting of the purchase or sale of securities of (or) property, or enter into any transaction for such purchase or sale on account of said company jointly with any other person, firm or corporation; nor shall any such company enter into any agreement to withhold from sale any of its property, but the disposition of its property shall be at all times within the control of its board of directors, and such company, or its officers, or agents, or otherwise, shall be held responsible to or for the use of the company issuing any life insurance policy. All such real property specified in subdivision 2, 3 and 4 of this section, which shall not be necessary for its accommodation in the transaction of its business, shall be sold and disposed of within five years after the company shall have acquired title to the same, or within five years after the same shall have ceased to be necessary for the accommodation of its business, and it shall not hold such property for a longer period unless it shall procure a certificate from the commissioner of insurance that its interests will suffer materially by the forced sale thereof, in which event the time for the sale may be extended to such

3380.
time as the commissioner shall direct in such certificate. (‘07 c. 163 § 2) [3491]

3386. Reinsurance—No domestic life company, without permission of the commissioner, shall reinsure any portion of any individual risk in a company or companies not authorized to do business in this state. (1690) [3464] (Amended ‘27, c. 52)

3387. Who entitled to proceeds of life policy—When any insurance is effected in favor of another, the beneficiary shall be entitled to its proceeds against the creditors and representatives of the person effecting the same. All premiums paid for insurance in fraud of creditors, with interest thereon, shall inure to their benefit from the proceeds of the policy, if the company be specifically notified thereof in writing before payment. (1691) [3465]

3388. Bankrupt, holding a policy payable to his wife, cannot be required to pay the surrender value to the trustee, though it reserves to him the right to change the beneficiary. (D.C.) 176 Fed. 551.) See 108–21, 111–230.

3389. Life policy payable to wife of bankrupt with right to change beneficiary was exempt. 2S3 Fed. 779; 1 P. (2d) 435, note under § 3387.

3390. Policyholder permitted to choose method of application of surplus—Every policyholder shall on all participating policies hereafter issued, be permitted after his policy has been in force five years annually to select the manner and method of the application of the surplus to be annually apportioned to his policy from among those set forth in the policy. All apportioned surplus not actually paid over to the insured or applied in the reduction of current or future premiums or in the purchase of paid-up insurance of pure endowment additions, shall be credited to the insured and carried as an actual liability and be paid at the maturity of the policy. (‘07, c. 108 § 2; amended ‘25, c. 37) [3493]

3392-23. Automatic paid-up or extended insurance in certain cases—In event of default in payment of any premium due on any policy, provided not less than three full years' premiums shall have been paid, and provided further, such policy shall not be continued in force by virtue of an automatic loan provision therein, there shall be secured to the insured without action on his part, either paid or extended insurance as specified in the policy, the net values of which shall be at least equal to the entire net reserve held by the company on such policy, less two and one-half per centum of the entire divisible surplus as has been contributed thereto by his policy. (‘07 c. 198 § 4) [3495]

3393. No waiver of provisions of preceding sections—No agreement between the company and the policyholder or applicant for insurance shall be held to waive any of the provisions of this act. (‘07 c. 198 § 5) [3496]
3394. Annual apportionment of surplus on existing policies—Every life insurance company doing business in this state conducted on the mutual plan or in which policyholders are entitled to share in the profits or surplus shall, on all policies of life insurance hereinafter issued, under the conditions of which the distribution of surplus is deferred to a fixed or specified time, and contingent upon the policy being in force and the insured living at that time, annually ascertain the amount of surplus to which all such policies as a separate class are entitled, and shall annually apportion to such policies as a class the amount of surplus so ascertained, and carry the amount of such apportioned surplus to the amounts of actual interest earnings and accruals of such fund, as a distinct and separate liability to such class of policies on and for which the same was accumulated, and no company or any of its officers shall be permitted to use any part of such apportioned surplus fund for any purpose whatsoever other than the express purpose for which the same was accumulated. (07 c. 201 § 1) [3497]

3395. Exception from provisions of previous section—This section shall not apply to industrial policies, or to any policy until the same has been in force three years. (07 c. 201 § 2) [3498]

3396. Mis-statement, when not to invalidate policy—In any claim upon a policy issued in this state without previous medical examination, or without the knowledge or consent of the insured, or, in case of a minor, without the consent of his parent, guardian, or other person having his legal custody, the statements relative to the age, physical condition, description thereof, so specifying its general character, dividend periods, and other particulars that the holder will not be liable to mistake the nature and scope of the contract. (1694) [3468]

3397. Description of policy on its face—No company shall issue any policy to a resident of this state which does not bear in bold letters upon its face a brief description thereof, so specifying its general character, dividend periods, and other particulars that the holder will not be liable to mistake the nature and scope of the contract. (1694) [3468]

3398. Policies—No policy of life insurance shall be issued or delivered in this state and no policy of life insurance of a life insurance company organized under the laws of this state shall be issued unless authorized by the provisions of this act. (07 c. 220 § 1) [3497]

3399. Forms—The following are established as standard forms in which policies of life insurance may be issued and delivered in this state, and in which policies of life insurance of life insurance companies organized under the laws of this state may be issued: (Name of State.)

Standard Life Insurance Policy. (Insert "Ordinary" or "Limited Payment.") Life

Amount $.

Premiums $.

Age

Of (Name of State.)

In consideration of......dollars, receipt of which is hereby acknowledged, and of the payment of (insert amounts and times of payments of premiums) until (insert "the death of the insured" in ordinary life, and "full years' premiums shall have been paid or until the prior death of the insured" in limited payment life).

Promises to pay upon receipt at the home office of the company in......of due proof of the death of......County of......of......State of......herein called the insured, to......beneficiary or......beneficiary of......beneficiary. Provided, that the (insert "death of the insured" in ordinary life, and "full years' premiums shall have been paid or until the prior death of the insured" in limited payment life).

CHANGE OF BENEFICIARY—When the right of revocation has been reserved, or in case of the death of any beneficiary under either a revocable or irrevocable designation, the insured, subject to any existing assignment of the policy, may designate a new beneficiary with or without reserving right of revocation by filing written notice thereof at the home office of the company, accompanied by the policy for suitable endorsement thereof. If any beneficiary shall die before the insured and the insured shall not have designated a new beneficiary the interest of such beneficiary shall be payable to the insured (insert "his" or "her") executors, administrators or assigns.

PAYMENT OF PREMIUMS—The company will accept payment of premiums at other times than as stated above, as follows:

All premiums are payable in advance at said home office, or to an agent of the company upon delivery of a receipt signed by one or more of the following officers of the company (insert titles of officers who may sign receipts), and countersigned by said agent.

A Grace of one month, subject to an interest charge at the rate of......per centum per annum shall be granted for the payment of every premium after the first, during which month the insurance shall continue in force. If the insured shall die during the month of grace the overdue premium will be deducted from any amount payable hereon in any settlement hereunder.

CONDITIONS—(The policy may here provide for restrictions of liability by reason of travel, occupation, change of residence and suicide. These restrictions, except as refer to military and naval service in time of war, must be applicable only to cases where
the act of the insured provided against occurs within two years after the issuance of the policy.)

INCONTESTABILITY—This policy constitutes the entire contract between the parties and shall be incontestable from its date except for nonpayment of premiums and except as otherwise provided in this policy. All statements made by the insured shall in the absence of fraud be deemed representations and not warranties and no such statement shall avoid this policy unless it is contained in a written application and a copy of such application shall be endorsed upon or attached to this policy when issued.

If the age of the insured has been understated, the amount payable hereunder shall be such as the premium paid would have purchased at the correct age.

PARTICIPIATION—This policy shall participate in the surplus of the company, beginning not later than the end of the (insert first, second or third) policy year the company will annually determine and account for the portion of the divisible surplus accruing hereon.

DIVIDENDS—Dividends at the option of the owner of this policy shall be paid in cash on the (designate day of year) of each year (here may be inserted "after the first policy year" or "after the second policy") be either—
1. Paid in cash, or
2. Applied toward the payment of any premium or premiums, or
3. Applied to the purchase of paid-up additions to the policy, or
4. Left to accumulate to the credit of the policy with interest at (designate rate of interest adopted by the company for calculating its reserves) per centum per annum and payable at the maturity of the policy, but withdrawable on any anniversary of the policy.

Unless the owner of this policy shall elect otherwise within three months after the mailing by the company a written notice requiring such election, the dividends shall be paid in cash.

LOANS—After three full years' premiums have been paid, the company at any time, while this policy is in force, will advance, on proper assignment of this policy and the sole security thereof, at a rate of interest not greater than

\[ \text{per centum per annum} \]

which interest if not paid annually shall be added to the principal and bear the same rate of interest, a sum equal to, or, at the option of the owner of the policy, less than the reserve at the end of the current policy year on this policy and on any dividend additions thereto, computed according to the (designate mortality table adopted by the company for computing reserves) mortality table and interest at the rate of (designate rate of interest adopted by the company for computing reserves) per centum per annum. If the owner shall not, within one month from default, surrender this policy to the company at its home office for a cash surrender value or for paid-up insurance available in any year will be

\[ \text{the amount stated in the table for that year.} \]

The company, however, will deduct from such loan value any existing indebtedness to the company on the policy and any unpaid balance of the premium for the current policy year and may collect interest in advance on the loan to the end of the current policy year. Such loan may be deferred by the company for not exceeding six months after the application therefor is made. Failure to repay any such advance or to pay interest shall not avoid this policy unless the total indebtedness hereunder shall equal or exceed (here insert one to six months) the cash value at the time of such failure and until one month after notice shall have been mailed by the company to the last known address of the insured and of the assignee, if any. No condition other than as herein provided shall be exacted as a prerequisite to any such advance.

ASSIGNMENT—No assignment of this policy shall be binding upon the company until it be filed with the company at its said home office. The company assumes no responsibility as to the validity of any assignment.

OPTION ON SURRENDER OR LAPSE—After this policy shall have been in force three full years the owner of this policy may, within one month after any date on which it shall be determined (a) to accept the value of this policy in cash, or (b) to have the insurance continued in force from date of default, without future participation and without the right to loans, for its face amount, including any outstanding dividend additions, less any indebtedness to the company hereon, or (c) to purchase non-participating paid-up insurance, payable at the same time and on the same conditions as this policy.) The cash value will be the reserve at the date of default on this policy and on any dividend additions thereto, computed according to the (designate mortality table adopted by the company for computing reserves) mortality table and interest at the rate of (designate rate of interest adopted by the company for computing reserves) per centum per annum, less (here inserted not more than two and one-half) per centum of the amount insured by this policy and of any dividend additions thereto, and less any existing indebtedness to the company on this policy. Payment of such cash value may be deferred by the company for not exceeding six months after the application therefor is made. The term for which the insurance will be continued or the amount of the paid-up policy will be such as the cash value will purchase as a net single premium at the attained age of the insured according to the (designate the mortality table adopted by the company for computing reserves) mortality table and interest at the rate of (designate rate of interest adopted by the company for computing reserves) per centum per annum. If the owner shall not, within one month from default, surrender this policy to the company at its home office for a cash surrender value or for paid-up insurance, as provided in options (a) and (c) the insurance will be continued as provided in option (b).

The figures in the following table are computed in accordance with the above provisions and upon the assumption that there is no indebtedness on the policy, and that there are no outstanding dividend additions.

(At the option of the company the following may be here inserted: "The figures apply to a policy for $1,000. As this contract is for $ the loan, cash, or paid-up insurance available in any year will be

\[ \text{the amount stated in the table for that year.} \]

<table>
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<th>At Cash or Paid-up</th>
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<tr>
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RE-INSTATEMENT—In case of continued temporary insurance under the above provisions this policy upon evidence of insurability satisfactory to the company may be reinstated within the first three years of the term for which the insurance is continued by payment of arrears of premiums with interest at (here insert not more than six) per centum per annum.

OPTIONS AT MATURITY—The insured, by written notice to the company at its home office, and with the written consent of the assignee and irrevocable beneficiary, if any, may elect to have the net sum payable under his policy paid either in cash or as follows:

1. By the payment of interest thereon at per centum per annum, payable annually, to the payee under this policy at the end of each year during the life of the payee and by the payment upon the death of the payee of the said net sum and accrued interest to the executors, administrators, or assigns of the payee, unless otherwise directed in said notice.

2. By the payment of equal annual installments for a specified number of years, the first installment being payable immediately, in accordance with the following table for each $1,000 of said net sum.

3. By the payment of equal annual installments payable at the beginning of each year for a fixed period of twenty years and for so many years longer as the payee shall survive in accordance with the following table for each $1,000 of said net sum.

Installments payable under options (2) or (3) which shall not have been paid prior to the death of the payee shall be paid, unless otherwise directed in said notice, to the executors, administrators or assigns of the payee.

If the insured shall not have directed otherwise the beneficiary may, after the death of the insured, by like written notice, and with the written consent of the assignee, if any, select either of the above options.

PAYMENT OF PREMIUMS—The company will accept payment of premiums at other times than as stated above, as follows:

AGENTS ARE NOT AUTHORIZED to modify this policy or to extend the time for paying a premium.

IN WITNESS WHEREOF, the company has caused this policy to be executed this day of

(Name of state.)

Of (Name of state)

IN CONSIDERATION OF dollars, receipt of which is hereby acknowledged, and of the payment of (here insert amounts and times of payments of premiums) until full years' premiums shall have been paid or until the prior death of the insured.

PROMISES to pay at the Home Office of the Company in

County of State of

herein called the insured, on the day of, if the insured be then living, or upon receipt at said Home Office of due proof of the prior death of the insured, to

beneficiary...with (insert "out" if so desired), right of revocation, dollars, less any indebtedness hereon to the company and any unpaid portion of the premium for the then current policy year.

CHANGE OF BENEFICIARY—When the right of revocation has been reserved, or in case of the death of any beneficiary under either a revocable or irrevocable designation, the insured, subject to any existing assignment of the policy, may designate a new beneficiary with or without reserving right of revocation by filing written notice thereof at the home office of the company, accompanied by the policy for suitable endorsement thereto. If any beneficiary shall die before the insured, and the insured shall not have designated a new beneficiary, the interest of such beneficiary shall be payable to the insured, (insert "his" or "her") executors, administrators or assigns.

PAYMENT OF PREMIUMS—The company will accept payment of premiums at other times than as stated above, as follows:

Except as herein provided, the payment of a premium or installment thereof, shall not maintain the policy in force beyond the date when the next premium or installment thereof is payable.
All premiums are payable in advance at said home office, or to an agent of the company, upon delivery of a receipt signed by one or more of the following officers of the company (insert titles of officers who may sign receipts), and countersigned by said agent.

A grace of one month, subject to an interest charge at the rate of per centum per annum shall be granted for the payment of every premium after the first, during which month the insurance shall continue in force. If the insured shall die during the month of grace the overdue premium will be deducted from any amount payable hereon in any settlement hereunder.

CONDITIONS—(The policy may here provide for restrictions of liability by reason of travel, occupation, change of residence and suicide. These restrictions, except such as refer to military and naval service in time of war must be applicable only to cases where the act of the insured provided against occurs within two years after the issuance of the policy.)

INCONTESTABILITY—This policy constitutes the entire contract between the parties, and shall be incontestable, from its date, except for non-payment of premiums and except as otherwise provided in this policy. All statements made by the insured shall in the absence of fraud be deemed representations and not warranties, and no such statement shall avoid this policy unless it is contained in a written application and a copy of such application shall be endorsed upon or attached to this policy when issued.

If the age of the insured has been understated, the amount payable hereunder shall be such as the premium paid would have purchased at the correct age.

PARTICIPATION—This policy shall participate in the surplus of the company and beginning not later than the end of the (insert first, second or third) policy year the company will annually determine and account for the portion of the divisible surplus accruing hereon.

DIVIDENDS—Dividends at the option of the owner of this policy shall on the day of each year (here may be inserted “after the first policy year” or “after second policy year”), be either—

1. Paid in cash, or
2. Applied toward the payment of any premium or premiums, or
3. Applied to the purchase of paid-up additions to the policy, or
4. Left to accumulate to the credit of the policy with interest at (here insert a rate not exceeding that used by the company in calculating its reserves) per centum per annum, and payable at the maturity of the policy, but withdrawable on any anniversary of the policy.

Unless the owner of this policy shall elect otherwise within three months after mailing by the company of a written notice requiring such election, the dividends shall be paid in cash.

LOANS—After three full years' premiums have been paid the company, at any time when this policy is in force, will advance, upon proper assignment of the policy and on the sole security thereof, at a rate of interest not greater than per centum per annum, which interest, if not paid annually, shall be added to the principal and bear the same rate of interest, a sum equal to, or, at the option of the owner of the policy, less than, the reserve at the end of the current policy year on this policy and on any dividend additions thereto, computed according to the (designate mortality table adopted by the company for computing reserves) mortality table and interest at the rate of (designate rate of interest adopted by the company for computing reserves), per centum per annum, less (here may be inserted not more than two and one-half) per centum of the amount insured by this policy and of any dividend additions thereto. The company, however, will deduct from such loan value any existing indebtedness to the company on this policy and any unpaid balance of the premium for the current policy year and may collect interest in advance on the loan to the end of the current policy year. Such loan may be deferred by the company for not exceeding six months after the application therefor is made. Failure to repay any such advance or to pay interest shall not avoid this policy unless the total indebtedness hereon to the company shall equal or exceed such loan value at time of such failure and until one month after notice shall have been mailed by the company to the last known address of the insured and of the assignee, if any.

No condition other than as herein provided shall be exchanged as a prerequisite to any such advance.

ASSIGNMENT—No assignment of this policy shall be binding upon the company until it be filed with the company at its said home office. The company assumes no responsibility as to the validity of any assignment.

OPTIONS ON SURRENDER OR LAPSE—After this policy shall have been in force three full years, the owner, within one month after any default, may elect (a) to accept the value of this policy in cash, or (b) to have the insurance continued in force from date of default, without participation in the right to loans, for its face amount, including any outstanding dividend additions, less any indebtedness to the company hereon, or (c) to purchase non-participating paid-up insurance, payable at the same time and on the same conditions as this policy. The cash value will be the reserve of the date of default on this policy and on any dividend additions thereto, computed according to the (designate mortality table adopted by the company for computing reserves) mortality table and interest at the rate of (designate rate of interest adopted by the company for computing reserves) per centum per annum less (here may be inserted not more than two and one-half) per centum of the amount insured by this policy and of any dividend additions thereto, and less any existing indebtedness to the company on this policy. The payment of such cash value may be deferred by the company for not exceeding six months after the application therefor is made.

The term for which the insurance will be continued or the amount of paid-up policy will be such as the cash value will purchase as a net single premium at the attained age of the insured, according to the (designate the mortality table adopted by the company for computing reserves) mortality table and interest at the rate of (designate rate of interest adopted by the company for computing reserves) per centum per annum. If the sum applicable to the purchase of temporary insurance shall be more than sufficient to continue the insurance to the end of the current policy year, the excess shall be used to purchase in the same manner non-participating paid-up pure endowment, payable at the end of the endowment term and on the same conditions. If the owner shall not, within one month from default, surrender this policy to the company at its home office for a cash
If the insured shall not have directed otherwise the beneficiary may, after the death of the insured, by like written notice and with the written consent of the assignee, if any, select either of the above options.

Unless otherwise specified by the insured, the payee may, on any interest date, receive the amount yet due under option (1), and may at any time receive the commuted value of payments yet to be made, computed upon the same basis as option (2), in the following table, provided that no such commutation will be made under (3), except after the death of the payee occurring within the aforesaid twenty years.

**TABLE OF INSTALLMENTS FOR EACH $1,000.**

<table>
<thead>
<tr>
<th>Option 2</th>
<th>Option 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Annual</td>
<td>Amount</td>
</tr>
<tr>
<td>3 $</td>
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<td>19 $</td>
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<tr>
<td>20 $</td>
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</tbody>
</table>

Agents are not authorized to modify this policy or to extend the time for paying a premium.

In witness whereof, the company has caused this policy to be executed this...day of _____.

(Name of state)

Standard Life Insurance policy.

(Insert "ordinary" or "limited payment") fixed survivorship annuity.

Amount $...Age...Premiums $...

...of (name of state)...(insert amounts and times of payments of premiums) until (insert "the death of the insured" in ordinary life and "full years' premiums shall have been paid or until the prior death of the insured" in limited payment life).

Promises to pay at its home office in...dollars, in twenty equal annual installments of...dollars, to...otherwise directed in said notice. (herein called the beneficiary). (insert "his" or "her")...executor, administrators or assigns, with (insert "out" if so desired), right of revocation, if (insert "he" or "she")...the insured, otherwise to the executors, administrators or assigns of the insured, the first installment being payable immediately upon receipt of due proof of the death of the insured and (any) indebtedness to the company on this policy together with the balance, if any, of the then current year's premium being deducted from the amounts first payable under this contract.

Should the beneficiary live to receive the twenty installments payable to (insert "him" or "her")...as above...
provided the company will pay (insert "him" or "her")
annually during the remainder of (insert "his" or
"her") life the sum of $.............. beginning one
year after the date when the twentieth installment
payable hereunder shall fall due.

CHANGE OF BENEFICIARY—When the right of
revocation has been reserved or, in case of the death
of any beneficiary under either a revocable or irrevoc-
able designation, the insured, subject to any existing
assignment of the policy, may designate a new bene-
ficiary with or without reserving the right of revoca-
tion by filing written notice thereof at the home office
of the company, accompanied by the policy for suit-
able endorsement thereon. If any beneficiary shall
die before the insured and the insured shall not have
designated a new beneficiary, the interest of such bene-
ficiary shall be payable to the insured (insert "his"
or "her") executors, administrators or assigns. If a new
beneficiary shall be designated only twenty annual in-
stallments will be payable under this policy, and
further (if necessary, insert "semi" or "quarterly") an-
nual premiums will be reduced to $................each.

PAYMENT OF PREMIUMS—The company will ac-
cept payment of premiums at other times than stated
above, as follows:


Upon return of this policy to the company, accom-
panied by evidence satisfactory to the company of the
death of the beneficiary, the company will reduce the
future (here insert "annual," "semi-annual" or "quart-
ery") premiums to $............... each.
Except as herein provided the payment of a pre-
mium or installment thereof shall not maintain the
policy in force beyond the date when the next pre-
mium or installment thereof is payable.
All premiums are payable in advance at said home
office, or to an agent of the company upon delivery
of a receipt signed by one or more of the following
officers of the company (insert titles of officers who
may sign receipts) and countersigned by said agent.
A grace of one month subject to an interest charge
at the rate of .............. per centum per annum shall
be granted for the payment of every premium after
the first, during which month the insurance shall con-
tinue in force. If the insured shall die during the
month of grace the overdue premium will be deducted
from any amount hereon in any settlement hereunder.
CONDITIONS—(The policy may here provide for
restrictions of liability by reason of travel, occupation,
change of residence and suicide. These restrictions,
except such as refer to military and naval service in
time of war, must be applicable only to cases where the
act of the insured provided against occurs within two
years after the issuance of the policy.)
INCONTESTABILITY—This policy constitutes the
entire contract between the parties and shall be incon-
testable from its date, except for non-payment of pre-
miums and except as otherwise provided in this policy.
All statements made by the insured shall, in the ab-
sence of fraud, be deemed representations and not war-
nants and no such statement shall avoid this policy
unless it is contained in a written application and a
copy of such application shall be endorsed upon or at-
tached to this policy when issued.
If the age of the insured has been understated, or if
the age of the beneficiary has been overstated, the
amount payable hereunder shall be such as the pre-
mium paid would have purchased at the correct age.

PARTICIPATION—This policy shall participate in
the surplus of the company and beginning not later
than the end of the (insert first, second or third) policy
year the company will annually determine and account
for the portion of divisible surplus accruing hereon.

DIVIDENDS—The dividends at the option of the owner
this policy shall on the .............. day of ..............
of each year (here may be inserted "after the first
policy year" or "after the second policy year") be either—
(1) Paid in cash, or
(2) Applied toward the payment of any premium
or premiums, or
(3) Applied to the purchase of paid-up additions
to the policy, payable in twenty annual installments
at the same times as the original amount insured un-
der this policy is payable. The payment of such
twenty installments shall discharge the company from
all liability on account of such dividend additions, or
(4) Left to accumulate to the credit of the policy
with interest at the rate of interest not exceeding six
months after the application thereof, at a rate of interest
not exceeding six months after the application thereof,
but withdrawable on any anniversary of the policy.

Unless the owner of this policy shall elect otherwise
within three months after mailing by the company of
a written notice requiring such election, the dividends
shall be paid in cash.

LOANS—After three full years' premiums have
been paid, the company at any time, while this policy
is in force, will advance, on the proper assignment
of this policy and on the sole security thereof, at a
rate of interest not greater than .............. per centum
per annum, which interest, if not paid annually, shall
be added to the principal and bear the same rate of
interest, a sum equal to, or, at the option of the owner
of the policy, less than, the reserve at the end of the
current policy year required to provide for the twenty
installments payable under this policy and for any
dividend additions thereto and no more, computed ac-
cording to the (designate mortality table adopted by
the company for computing reserves) mortality table
and interest at the rate of (designate rate of interest
adopted by the company for computing reserves) per
centum per annum, less (here may be inserted not
more than two and one-half) per centum of the amount
insured by this policy, and of any dividend additions
thereof. The company, however, will deduct from such
loan value any existing indebtedness to the company
on the policy and any unpaid balance of the premium
for the current policy year, and may collect interest
in advance on the loan to the end of the current policy
year. Such loan may be deferred by the company for
not exceeding six months after the application there-
for is made. Failure to repay any such advance or
to pay interest shall not avoid this policy unless the
total indebtedness hereon to the company shall equal
or exceed such loan value at the time of such failure,
and until one month after notice shall have been
mailed by the company to the last known address of
the insured and of the assignee, if any. No condition
other than as herein provided shall be exacted as a
prerequisite to any such advance.

ASSIGNMENT—No assignment of this policy shall
be binding upon the company until it be filed with the
company at its said home office. The company as-
sumes no responsibility as to the validity of any as-

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OPTIONS ON SURRENDER OR LAPSE.—After this policy shall have been in force three full years the owner, within one month after any default, may elect:

(a) To accept the value of this policy in cash, or
(b) To have the insurance continued in force from date of default, without future participation and without the right to loans, for its face amount, including any outstanding dividend additions, less any indebtedness to the company hereon, or

To have the non-participating paid-up insurance, payable, except as hereinafter provided, at the same time and on the same conditions as this policy. The cash value will be the reserve at the date of default required to provide for the twenty installments payable under this policy and for any dividend additions thereto, computed according to the (designate mortality table adopted by the company for computing reserves), mortality table and interest at the rate of (designate rate of interest adopted by the company for computing reserves) per centum per annum, less (here may be inserted not more than two and one-half) per centum of the amount insured by this policy and of any dividend additions thereto, and less any existing indebtedness to the company on this policy. Payment of such cash value may be deferred by the company for not exceeding six months after the application therefor is made. The term for which the insurance will be continued or the amount of the paid-up policy will be such as the cash value will purchase as a net single premium at the attained age of the insured according to the (designate the mortality table adopted by the company for computing reserves), mortality table and interest at the rate of (designate rate of interest adopted by the company for computing reserves) per centum per annum. If the owner shall not, within one month from default, surrender this policy to the company at its home office for a cash surrender value or paid-up insurance, as provided in options (a) and (c), the insurance will be continued as provided in option (b). The paid-up or continued temporary insurance will be payable in twenty equal installments and the payment of twenty installments under either option shall discharge the company from all liability under this policy.

The figures in the following table are computed in accordance with the above provisions and upon the assumptions that there is no indebtedness to the company, and that there are no outstanding dividend additions.

(The option of the company the following may be here inserted:

"The figures apply to a policy for $1,000. As this contract is for $... the loan, cash, or paid-up insurance available in any year will be $... the amount stated in the table for that year.")

<table>
<thead>
<tr>
<th>Years</th>
<th>Cash or Paid-up Life Insurance</th>
<th>Premium</th>
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<tbody>
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</tbody>
</table>

Figures for later years will be furnished upon request.

REINSTATEMENT—In case of continued temporary insurance under the above provisions this policy, upon evidence of insurability satisfactory to the company may be reinstated within the first three years of the term for which the insurance is continued by payment of arrears of premiums, with interest at (here insert not greater than six) per centum per annum.

IN WITNESS WHEREOF, the company has caused this policy to be executed this... day of...

(Name of state).

Standard Life Insurance Policy.
Endowment Fixed Survivorship Annuity.

Amount $... Premium $...

Of (Name of State).

IN CONSIDERATION OF dollars, receipt of which is hereby acknowledged, and of the payment of (here insert amounts and times of payments of premiums) until... full years' premiums shall have been paid or until the prior death of the insured.

AGENTS ARE NOT AUTHORIZED to modify this policy or to extend the time for paying a premium.

PROMISES to pay at its home office in... dollars in twenty equal annual installments of $... to the insured, the first installment to be payable on the... day of... 10.

If the insured shall die before receiving all of the twenty installments herein provided for, the remainder of such twenty installments shall be payable as they fall due to... (herein called the beneficiary), (insert "his" or "her") executors, administrators or assigns, with... (insert "out" if so desired) right of revocation, if (insert "he" or "she") survives the insured, otherwise to the executors, administrators or assigns of the insured.

Should the insured die before (insert date of maturity), this policy shall be payable to the beneficiary (insert "his" or "her") executors, administrators or assigns, if (insert "he" or "she") survives the insured, otherwise to the executors, administrators or assigns of the insured (the first installment being payable immediately upon receipt of due proof of the death of the insured.) Any indebtedness to the company on this policy, together with the balance, if any, of the then current year's premium, will be deducted from the amounts first payable under this contract.

Should the insured or beneficiary live to receive the twenty installments payable as above provided, the company, beginning one year after the date when the twentieth installment payable hereunder shall fall due, will pay the sum of... annually to the insured, or, in the event of the death of the insured, to the beneficiary, the said annual payment to be due and payable so long as either of the insured or beneficiary is living.
CHANGE OF BENEFICIARY—When the right of revocation has been reserved, or in case of the death of any beneficiary under either a revocable or irrevocable designation, the insured, subject to any existing assignment of the policy, may designate a new beneficiary, with or without reserving the right of revocation, by filing written notice thereof at the home office of the company, accompanied by the policy for suitable endorsement thereon. If any beneficiary shall die before the insured and the insured shall not have designated a new beneficiary, the interest of such beneficiary shall be payable to the insured (insert "his" or "her") executors, administrators or assigns. If a new beneficiary shall be designated, only twenty annual installments will be payable under this policy, and future (if necessary insert "semi" or "quarter") annual premiums will be reduced to $... dollars each.

PAYMENT OF PREMIUMS—The company will accept payment of premiums at other times than as stated above, as follows:

Upon return of this policy to the company, accompanied by evidence satisfactory to the company of the death of the beneficiary, the company will reduce the future (here insert "annual," "semi-annual" or "quarterly") premiums to $... each.

Except as herein provided the payment of a premium or installment thereof shall not maintain the policy in force beyond the date when the next premium or installment thereof is payable.

All premiums are payable in advance at said home office, or to an agent of the company upon delivery of a receipt signed by one or more of the following officers of the company (insert titles of officers who may sign receipts), and countersigned by said agent.

A grace of one month, subject to an interest charge at the rate of $... per centum, per annum shall be granted for the payment of every premium after the first, during which month the insurance shall continue in force. If the insured shall die during the month of grace the overdue premium will be deducted from any amount payable hereon in any settlement hereunder.

CONDITIONS—(The policy may here provide for restrictions of liability by reason of travel, occupation, change of residence and suicide. These restrictions, except such as refer to military and naval service in time of war, must be applicable only to cases where the act of the insured provided against occurs within two years after the issuance of the policy)

INCONTESTABILITY—This policy constitutes the entire contract between the parties and shall be incontestable, from its date, except for non-payment of premiums and except as otherwise provided in this policy. All statements made by the insured shall, in the absence of fraud, be deemed representations and not warranties, and no such statement shall avoid this policy. All statements made by the insured shall, in the absence of fraud, be deemed representations and not warranties, and no such statement shall avoid this policy. All statements made by the insured shall, in the absence of fraud, be deemed representations and not warranties, and no such statement shall avoid this policy. All statements made by the insured shall, in the absence of fraud, be deemed representations and not warranties, and no such statement shall avoid this policy. 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All statements made by the insured shall, in the absence of fraud, be deemed representations and not warranties, and no such statement shall avoid this policy. All statements made by the insured shall, in the absence of fraud, be deemed representations and not warranties, and no such statement shall avoid this policy.

DIVIDENDS—Dividends at the option of the owner of this policy shall be paid on the ordinary day of the first, second or third year of each year (here may be inserted "after the first policy year" or "after the second policy year") be either—

(1) Paid in cash, or
(2) Applied toward the payment of any premium or premiums, or
(3) Applied to the purchase of paid-up additions to the policy, payable in twenty annual installments at the same times as the original amount insured under this policy is payable. The payment of such twenty installments shall discharge the company from all liability on account of such dividend additions; or
(4) Left to accumulate to the credit of the policy with interest at (here insert a rate not exceeding that used by the company in calculating its reserves) per centum per annum and payable at the maturity of the policy, but withdrawable on any anniversary of the policy.

Unless the owner of this policy shall elect otherwise, within three months after the mailing by the company of a written notice requiring such election, the dividends shall be paid in cash.

LOANS—After three full years' premiums have been paid the company at any time, while this policy is in force, will advance, on proper assignment of this policy and on the security of the policy and of any dividend additions thereto, at a rate of interest not greater than $... per centum per annum, which interest, if not paid annually, shall be added to the principal and bear the same rate of interest, a sum equal to, or, at the option of the owner of the policy less than the reserves at the end of the current policy year required to provide for the twenty installments payable under this policy and for any dividend additions thereto, and no more, computed according to the (designate mortality table adopted by the company for computing reserves) mortality table, and interest at the rate of (designate rate of interest adopted by the company for computing reserves) per centum per annum less (here may be inserted not more than two and one-half) per centum on the amount of any dividend additions thereto. The company, however, will deduct from such loan value any existing indebtedness to the company on the policy, and any unpaid balance of the premium for the current policy year, and may collect interest in advance on the loan to the end of the current policy year. Such loan may be deferred by the company for not exceeding six months after the application therefor is made. Failure to repay any such advance or to pay interest shall not avoid this policy unless the total indebtedness hereon to the company shall equal or exceed such loan value at the time of such failure, and until one month after notice shall have been mailed by the company to the last known address of the insured and of the assignee or assigns, no condition other than as herein provided shall be exacted as a prerequisite to any such advance.

ASSIGNMENT—No assignment of this policy shall be binding upon the company until it be filed with the company at its said home office. The company assumes no responsibility as to the validity of any assignment.

OPTIONS ON SURRENDER OR LAPSE—After this policy shall have been in force three full years the owner, within one month after any default, may elect:
(a) To accept the value of this policy in cash, or
(b) To have the insurance continued in force from date of default, without future participation and without the right to loans, for its face amount including any outstanding dividend additions, less any indebtedness to the company hereon, or

To purchase non-participating paid-up insurance payable, except as hereinafter provided, at the same times and on the same conditions as this policy. The cash value will be the reserve at the date of default required to provide for the twenty installments payable under this policy and for any dividend additions thereto, computed according to the (designate mortality table adopted by the company for computing reserves) mortality table and interest at the rate (designate rate of interest adopted by the company for computing reserves) per centum per annum, less (here may be inserted not more than two and one-half) per centum of the amount insured by this policy and of any dividend additions thereto, and less any existing indebtedness to the company on this policy. Payment of (a) cash value may be deferred by the company for not exceeding six months after the application therefor is made. The term for which the insurance will be continued will be the amount of the paid-up policy, will be such as the cash value will purchase as a net single premium at the attained age of the insured according to the (designate the mortality table adopted by the company for computing reserves) mortality table and interest at the rate (designate rate of interest adopted by the company for computing reserves) per centum per annum. If the sum applicable to the purchase of temporary insurance shall be more than sufficient to continue the insurance to the end of the endowment term named in this policy, the excess shall be used to purchase in the same manner non-participating, paid-up pure endowment, payable at the end of the endowment term and on the same conditions. If the owner shall not within one month from default surrender this policy to the company at its home office for cash surrender value or for paid-up insurance, as provided in options (a) and (c), the insurance will be continued as provided in option (b). The paid-up or continued temporary and pure endowment insurance shall be payable in twenty equal annual installments and the payment of twenty installments under either option shall discharge the company from all liability under this policy.

The figures in the following table are computed in accordance with the above provisions and upon the assumption that there is no indebtedness on the policy, and that there are no outstanding dividend additions.

At the option of the company the following may be here inserted: "The figures apply to a policy for $1,000. As this contract is for $ , the available in any year will be the amount stated in the table for that year."

(a) The figures in the following table are computed in accordance with the above provisions and upon the assumption that there is no indebtedness on the policy, and that there are no outstanding dividend additions, less any indebtedness to the company hereon, or

To purchase non-participating paid-up insurance payable, except as hereinafter provided, at the same times and on the same conditions as this policy. The cash value will be the reserve at the date of default required to provide for the twenty installments payable under this policy and for any dividend additions thereto, computed according to the (designate mortality table adopted by the company for computing reserves) mortality table and interest at the rate (designate rate of interest adopted by the company for computing reserves) per centum per annum, less (here may be inserted not more than two and one-half) per centum of the amount insured by this policy and of any dividend additions thereto, and less any existing indebtedness to the company on this policy. Payment of (a) cash value may be deferred by the company for not exceeding six months after the application therefor is made. The term for which the insurance will be continued will be the amount of the paid-up policy, will be such as the cash value will purchase as a net single premium at the attained age of the insured according to the (designate the mortality table adopted by the company for computing reserves) mortality table and interest at the rate (designate rate of interest adopted by the company for computing reserves) per centum per annum. If the sum applicable to the purchase of temporary insurance shall be more than sufficient to continue the insurance to the end of the endowment term named in this policy, the excess shall be used to purchase in the same manner non-participating, paid-up pure endowment, payable at the end of the endowment term and on the same conditions. If the owner shall not within one month from default surrender this policy to the company at its home office for cash surrender value or for paid-up insurance, as provided in options (a) and (c), the insurance will be continued as provided in option (b). The paid-up or continued temporary and pure endowment insurance shall be payable in twenty equal annual installments and the payment of twenty installments under either option shall discharge the company from all liability under this policy.

The figures in the following table are computed in accordance with the above provisions and upon the assumption that there is no indebtedness on the policy, and that there are no outstanding dividend additions.

At the option of the company the following may be here inserted: "The figures apply to a policy for $1,000. As this contract is for $ , the available in any year will be the amount stated in the table for that year."
Except as herein provided the payment of a premium or installment thereof shall not maintain the policy in force beyond the date when the next premium or installment thereof is payable.

All premiums are payable in advance at said home office, or to an agent of the company upon delivery of a receipt signed by one or more of the following officers of the company (insert titles of officers who may sign receipts), and countersigned by such agents.

A grace of one month, subject to an interest charge at the rate of ............... per centum per annum, shall be granted for the payment of every premium after the first, during which month the insurance shall continue in force. If the insured shall die during the month of grace the overdue premium will be deducted from any amount payable hereon in any settlement hereunder.

CONDITIONS—(The policy may here provide for restrictions of liability by reason of travel, occupation, change of residence and suicide. These restrictions, except such as refer to military and naval service in time of war, must be applicable only to such cases where the act of the insured occurred against occurs within two years after the issuance of the policy.)

INCONTESTABILITY—This policy constitutes the entire contract between the parties and shall be incontestable from its date, except for non-payment of premiums and except as otherwise provided in this policy. All statements made by the insured shall, in the absence of fraud, be deemed representations and not warranties and no such statement shall void this policy unless it is contained in a written application and a copy of such application shall be endorsed upon or attached to this policy when issued.

If the age of the insured has been understated, the amount paid hereunder shall be such as the premium paid would have purchased at the correct age.

PARTICIPATION—This policy shall participate in the surplus of the company and beginning not later than the end of the (insert first, second or third) policy year the company will annually determine and account for the portion of the divisible surplus accruing hereon.

DIVIDENDS—Dividends at the option of the owner of this policy shall, on the ............... day of ............... of each year (here may be inserted “after the first policy year” or “after the second policy year”), be either:

(1) Paid in cash, or
(2) Applied toward the payment of any premium or premiums, or
(3) Left to accumulate to the credit of the policy, with interest at (here insert a rate not exceeding that used by the company in calculating its reserves) per centum per annum and payable at the maturity of the policy, or at the expiration of the term, but withdrawable on any anniversary of the policy.

Unless the owner of this policy shall elect otherwise within three months after the mailing by the company of a written notice requiring such election, the dividends shall be paid in cash.

ASSIGNMENT—No assignment of this policy shall be binding upon the company, until it be filed with the company at its home office. The company assumes no responsibility as to the validity of any assignment.

(If the term of the policy is for more than twenty years, the company shall provide for continuance of insurance on surrender or lapse in the following form:)

CONTINUANCE OF INSURANCE ON LAPSE—

In event of default in premium payments after this policy shall have been in force three full years, the reserve hereon, according to the (designate mortality table adopted by the company for computing reserves) mortality table, and interest at the rate (designate rate of interest adopted by the company for computing reserves) per centum per annum, less (here may be inserted not more than two and one-half) per centum of the amount insured by the policy, will be applied to the purchase of non-participating continued temporary insurance for the face amount of this policy at net single premium rates at the attained age of the insured, according to the same table of mortality and rate of interest.

TABLE OF CONTINUED INSURANCE

<table>
<thead>
<tr>
<th>Years</th>
<th>Continued Insurance</th>
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</table>

Figures for later years will be furnished upon request. (If the term policy is for more than twenty years, the company shall provide for reinstatement in the following form:)

REINSTATEMENT—Upon evidence of insurability satisfactory to the company, this policy may be reinstated within the first three years of the term for which the insurance is continued by payment of arrears of premiums, with interest at (here insert not greater than six) per centum per annum.

OPTIONS AT MATURITY—The insured, by written notice to the company at its home office and with written consent of the assignee and irrevocable beneficiary, if any, may elect to have the net sum payable under this policy paid either in cash or as follows:

(1) By the payment of interest thereon at ............... per centum per annum, payable annually, to the payee under this policy at the end of each year during the life of the payee, and by the payment upon the death of the payee of the said net sum and accrued interest to the executors, administrators or assigns of the payee, unless otherwise directed in said notice.

(2) By the payment of equal annual installments for a specified number of years, the first installment being payable immediately, in accordance with the following table for each $1,000 of said net sum.

(3) By the payment of equal annual installments, payable at the beginning of each year, for a fixed
period of twenty years, and for so many years longer as the payee shall survive, in accordance with the following table for each $1,000 of said net sum.

Installments payable under options (2) or (3), which shall not have been paid prior to the death of the payee shall be paid, unless otherwise directed, in said notice, to the executors, administrators or assigns of the payee.

If the insured shall not have directed otherwise, the beneficiary may, after the death of the insured, by like written notice, and with written consent of the assignee, if any, select either of the above options.

Unless otherwise specified by the insured, the payee may on any interest date receive the amount yet due under option (1), and may at any time receive the commuted value of payments yet to be made, computed upon the same basis as option (2) in the following table, provided, that no such commutation will be made under (3), except after the death of the payee occurring within the aforesaid twenty years.

TABLE OF INSTALLMENTS FOR EACH $1,000.

<table>
<thead>
<tr>
<th>Option (2)</th>
<th>Option (3)</th>
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</thead>
<tbody>
<tr>
<td><strong>Amount of Each Installment</strong></td>
<td><strong>Amount of Each Installment</strong></td>
</tr>
<tr>
<td><strong>Age of Payee when Premium Due</strong></td>
<td><strong>Amount of Each Installment</strong></td>
</tr>
<tr>
<td><strong>Premium Due</strong></td>
<td><strong>Amount of Each Installment</strong></td>
</tr>
</tbody>
</table>

Agents are not authorized to modify this policy or to extend the time for paying a premium.

In witness whereof, the company has caused this policy to be executed this..............day of..............

(Name of State)

INCONTESTABILITY—This policy constitutes the entire contract between the parties and shall be incontestable, from its date, except for non-payment of premiums and except as otherwise provided in this policy. All statements made by the insured shall in the absence of fraud be deemed representations and warranties, and no such statement shall avoid this policy, unless it is contained in a written application, and a copy of such application shall be endorsed upon or attached to this policy when issued.

If the age of the insured has been understated, the amount payable hereunder shall be such as the premium paid would have purchased at the correct age.

PARTICIPATION—This policy shall participate in the surplus of the company, and beginning not later than the end of the (insert first, second or third) policy year the company will annually determine and account for the portion of the divisible surplus accruing hereon.

DIVIDENDS—Dividends at the option of the owner of this policy shall, on the..............day of.............. of each year (here may be inserted “after the first policy year” or “after second policy year”) be either—

(1) Paid in cash, or

(2) Applied toward the payment of any premium or premiums.
(This policy, at the option of the company, may here provide for a further option as follows:)

(3) Left to accumulate to the credit of the policy with interest at (here insert a rate not exceeding that used by the company in calculating its reserves) per centum per annum and payable at the maturity of the policy, or at the expiration of the term, but withdrawable on any anniversary of the policy.

Unless the owner of this policy shall elect otherwise within three months after the mailing by the company of a written notice, requiring such election, the dividends shall be paid in cash.

PRIVILEGE OF RENEWAL—The owner of this policy, if the insured be not over the age of sixty-five years, may renew this policy for further terms of .......... years each by written notice to the company at its said home office, accompanied by this policy for suitable endorsement on or before the expiration of the insurance hereunder, and by paying the premiums to be fixed by the age on the birthday nearest to the date of such renewal in accordance with the following table for each $1,000 of insurance; if the insured shall be over the age of sixty-five years, this policy may, upon similar notice, be surrendered for an ordinary life policy, which shall require premiums during life in accordance with the following table for each $1,000 of insurance.

TABLE OF PREMIUMS FOR RENEWALS.

<table>
<thead>
<tr>
<th>Attained</th>
<th>Years Term Ordinary Life</th>
<th>Years Term Premium Payable in advance for each $1,000.</th>
<th>Attained Age Premium Payable in Advance for each $1,000.</th>
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</thead>
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<td>Age</td>
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</tbody>
</table>

Figures for later years will be furnished upon request.

(If the term of the policy is for more than twenty years, the company shall provide for reinstatement in the following form:)

REINSTATEMENT—Upon evidence of insurability satisfactory to the company this policy may be reinstated within the first three years of the term for which the insurance is continued by payment of arrears of premiums with interest at (here insert not greater than six) per centum per annum.

OPTIONS AT MATURITY—The insured, by written notice to the company at its home office and with the written consent of the assignee or irrevocable beneficiary, if any, may elect to have the net sum payable under this policy paid either in cash or as follows:

(1) By the payment of interest thereon at .......... per centum per annum, payable annually, to the payee under this policy at the end of each year during the life of the payee, and by the payment upon the death of the payee of the said net sum and accrued interest to the executors, administrators or assigns of the payee, unless otherwise directed in said notice.

(2) By the payment of equal annual installments for a specified number of years, the first installment being payable immediately, in accordance with the following table for each $1,000 of said net sum.

(3) By the payment of equal annual installments, payable at the beginning of each year for a fixed period of twenty years and for so many years longer as the payee shall survive, in accordance with the following table, for each $1,000 of said net sum.
Instalments payable under options (2) or (3) which shall not have been paid prior to the death of the payee shall be paid, unless otherwise directed in said notice, to the executors, administrators or assigns of the payee.

If the insured shall not have directed otherwise the beneficiary may after the death of the insured by like written notice and with the written consent of the assignee, if any, select either of the above options.

Unless otherwise specified by the insured the payee may, on any interest date, receive the amount yet due under option (1) and may at any time receive the commuted value of payments yet to be made, computed upon the same basis as option (2) in the following table, provided that no such commutation will be made under (5), except after the death of the payee occurring within the aforesaid twenty years.

**TABLE OF INSTALLMENTS FOR EACH $1,000.**

<table>
<thead>
<tr>
<th>Number of Annual Installments</th>
<th>Amount of Each Installment</th>
<th>Age of Payee when Policy Becomes Payable</th>
<th>Amount of Each Installment</th>
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</tbody>
</table>

**AGENTS ARE NOT AUTHORIZED to modify this policy or to extend the time for paying a premium.**

**IN WITNESS WHEREOF,** the company has caused this policy to be executed this day of

| 115-177, 131+1061. | 105-150, 204+192. |

**Incontestability Clause.**

The incontestability clause in the policy ceased to be operative at the death of the insured within the two-year period, and the fact fixed the rights of the parties as a beneficiary, in the insurance policy sued upon, was procured by undue influence practiced upon the insured on June 4, 1923, and that the plaintiff was entitled to recover the full amount of the policy.

**Release of Liability.**

It is held, as a matter of fact, that there was no consideration for the release of liability.

**Misrepresentation by insurer.**

The rule applied to a contract for life insurance, where the surrender values of the policies were not as it was represented they would be. It is immaterial that the policies issued may have been fully as desirable and inherently as valuable as those applied for. 159-451, 199-174.

**Waiver of Right to Forfeit.**

Under a Minnesota policy the insurer has the power to waive its rights to cash payment and accept the insured's notes as payment. 164-446, 201+192.

The fact that such note bears interest raises a presumption that the taking of the note was for the benefit of the party taking it.

Where the insurer prepares such agreement and procures its execution and then retains the note and cash after the insured's death, all under the circumstances stated in the opinion, it is estopped from saying that such note was not given and accepted in payment of the premium.

**Action to Cancel.**

An action in equity to cancel an insurance policy, will not lie after the death of the insured, for then the insurer has an adequate remedy at law by way of defense to an action on the policy, and because the beneficiary would be unjustly deprived of a jury trial.

**3400. Exceptions—Single premium policies may be issued in any form prescribed in section 2, omitting therefrom provisions or portions thereof applicable only to other than single premium policies. Non-participating policies may be issued in any form prescribed in section 2, if they shall contain a provision that the policy shall be non-participating, and such policies shall omit therefrom clauses for participation in the surplus of the company.**

Section 2 is § 3293, herein.

**3401. Preliminary term provisions—Policies issued pursuant to the provisions of this act may provide for not more than one year preliminary term insurance, and shall be valued accordingly by incorporating therein the following clause immediately preceding the "Change of Beneficiary Clause"; “The first year's insurance under this policy is term insurance."**

Section 2 is § 3293, herein.

**3402. Provisions which must be included in every policy—No policy of life insurance in form other than as provided in section 2 (116 of this code) shall be issued in this state or be issued by a life insurance company organized under the laws of this state unless the same shall contain the following provisions:**

1. A provision that all premiums shall be payable in advance either at the home office of the company, or to an agent of the company, upon delivery of a receipt signed by one or more of the officers who shall be named in the policy and countersigned by the agent, but any policy may contain a provision that the policy itself shall be a receipt for the first premium.

2. A provision for a grace of one month for the payment of every premium after the first, which may be subject to an interest charge, during which month the insurance shall continue in force, which provision may contain a stipulation that if the insured shall die during the month of grace a overdue premium will be deducted in any settlement under the policy.

3. A provision that the policy shall constitute the entire contract between the parties and shall be incontestable after it shall have been in force during the life-time of the insured for two years from its date,
except for non-payment of premiums and except for violations of the conditions of the policy relating to naval and military services in time of war and, at the option of the company, provisions relative to benefits in the event of total and permanent disability and provisions which grant additional insurance specifically against death by accident, may also be excepted. A special form of policy, however, may be issued on the life of a person employed in an occupation classed by the company as extra hazardous or as leading to hazardous employment, which shall provide that service in certain designated occupations may reduce the company's liability under the policy to a certain designated amount not less than the full policy reserve.

(4) A provision that all statements made by the insured shall, in the absence of fraud, be deemed representations and not warranties, and that no such statement shall avoid the policy unless it is contained in a written application and a copy of such application shall be endorsed upon or attached to the policy when issued.

(5) A provision that if the age of the insured has been understated, the amount payable under the policy shall be such as the premium would have purchased at the correct age.

(6) A provision that the policy shall participate in the surplus of the company that, having not less than two and one-half per centum of the amount insured by the policy, and of any existing dividend additions thereto, and less any existing indebtedness to the company on the policy.

Such provision shall stipulate that the policy may be surrendered to the company at its home office within one month from date of default for a specified cash value at least equal to the sum which would otherwise be available for the purchase of insurance as aforesaid and shall stipulate that the company may defer payment for not more than sixty days after the application therefor is made, and may stipulate that the company may defer payment for not more than six months after the application therefor is made.

Such provision shall not be required in term insurance of twenty years or less.

(7) A provision that after three full years' premiums have been paid, the company at any time, while the policy is in force, will advance, on proper assignment of the policy, and on the sole security thereof, at a specified rate of interest, a sum equal to the reserve on the policy at the date of such advance, and may collect interest in advance on the loan to the end of the current policy year; which provision shall further provide that such loan may be deferred for not exceeding sixty days after the application therefor is made and which provision may further provide that such loan may be deferred for not exceeding six months after the application therefor is made. It shall be further stipulated in the policy that failure to repay any such advance or to pay interest shall not avoid the policy unless the total indebtedness thereon to the company shall equal or exceed such loan value at the time of such failure, nor until one month after notice shall have been mailed by the company to the last known address of the insured and of the assignee of record at the home office of the company, if any.

No condition other than as herein provided shall be exacted as a prerequisite to any such advance. This provision shall not be required in term insurance.

(8) A provision which, in event of default in premium payments, after premiums shall have been paid for three years, shall secure to the owner of the policy a stipulated form of insurance, the net value of which shall be at least equal to the reserve at the date of default on the policy and on any dividend additions thereto, specifying the mortality table and the rate of interest adopted for computing such reserves, less a sum not more than two and one-half per centum of the amount insured by the policy, and of any existing dividend additions thereto, and less any existing indebtedness to the company on the policy.

Such provision shall stipulate that the policy may be surrendered to the company at its home office within one month from date of default for a specified cash value at least equal to the sum which would otherwise be available for the purchase of insurance as aforesaid and shall stipulate that the company may defer payment for not more than sixty days after the application therefor is made, and may stipulate that the company may defer payment for not more than six months after the application therefor is made.

Such provision shall not be required in term insurance of twenty years or less.

(9) A table showing in figures the loan values, and the options available under the policies each year upon default in premium payments, during at least the first twenty years of the policy, beginning with the year in which such values and options become available.

(10) A provision that if, in event of default in premium payments, the value of the policy shall be applied to the purchase of other insurance, and if such insurance shall be in force and the original policy shall not have been surrendered to the company and cancelled, the policy may be reinstated within three years from such default, upon evidence of insurability satisfactory to the company, and payment of arrears of premiums with interest.

(11) A provision that when a policy shall become a claim by the death of the insured, settlement shall be made upon receipt of due proof of death, or not later than two months after receipt of such proof.

(12) A table showing the amount of installments in which the policy may provide its proceeds may be payable.

(13) A title on the face and on the back of the policy correctly describing the same.

Any of the foregoing provisions or portions thereof relating to premiums not applicable to single premium policies, shall to that extent not be incorporated therein. ('07, c. 290, § 5; amended '13, c. 152; amended as to subd. 3 by '25, c. 247, § 1) [3477]

Section 2 is § 3299, herein.

Explanatory note—Subd. 3 only of this section is amended by Laws 1926, c. 247. Section 2 of Laws 1925, c. 247, repeals all inconsistent acts and parts of acts. 161-446, 291420, note under § 3399; 156-150, 156-156, 206-106.

Where the holder of a life insurance policy, issued by a company duly licensed to do such business, dies before the policy by its terms becomes incontestable, as provided by subdivision 3; there is a plain, speedy, and adequate remedy at law to the company, and an action in equity to cancel the policy on the ground of fraud will not be entertained, following Mutual Life Insurance Co. v. Stevens (Minn.) 195 N. W. 913, 195 N. W. 913. Where the holder of a life insurance policy, issued by a company duly licensed to do such business, dies before the policy by its terms becomes incontestable, as provided by subdivision 3; there is a plain, speedy, and adequate remedy at law to the company, and an action in equity to cancel the policy on the ground of fraud will not be entertained, following Mutual Life Insurance Co. v. Stevens (Minn.) 195 N. W. 913, 195 N. W. 913. Where the holder of a life insurance policy, issued by a company duly licensed to do such business, dies before the policy by its terms becomes incontestable, as provided by subdivision 3; there is a plain, speedy, and adequate remedy at law to the company, and an action in equity to cancel the policy on the ground of fraud will not be entertained, following Mutual Life Insurance Co. v. Stevens (Minn.) 195 N. W. 913, 195 N. W. 913.

3403. Additional conditions in life insurance policies

That in addition to the terms and conditions now re-
required by law to be in the standard form of life insurance policies issued or delivered in this state, there shall be, when such policy provides for the payment to the beneficiary the proceeds thereof, in either monthly, quarterly, semi-annually or annual installments to continue during the life time of the beneficiary, or for a stipulated number of years whenever requested by the insured under said policy, a condition, term and agreement as follows, to wit:

All rights of the beneficiary to commute, change time of payment or amount of installments, surrender for cash, borrow against or assign for any purpose whatever, are hereby withdrawn and those parts of this policy giving the beneficiary such rights are hereby declared inoperative and void; it being the intent hereof that the beneficiary shall have no right whatsoever under this contract except to receive the installments at such times and in such amounts as stated in this policy, and all the provisions of this policy in conflict herewith are hereby declared to be inoperative. ('13 c. 426 § 1) [3472]

3404. May be attached in form of rider—The foregoing may be attached to said policy in the form of a rider thereon and when so attached shall become a part of and form a part of said contract of insurance evidenced by such policy to all intents and purposes as if set forth at length therein. ('13 c. 426 § 2) [3473]

3405. May be attached to existing policies—Any life insurance company that has heretofore issued any insurance policy of life insurance may, at the request of the insured, attach to any such policy heretofore issued which, by its terms, is payable to a beneficiary or beneficiaries in installments, a rider containing the terms and conditions set forth in section 1 hereof, and when so attached the same shall become a part of the contract of insurance to all intents and purposes as if so attached when said policy was originally-issued. Provided, however, that it shall be unlawful for any insurance company to attach any rider, of any kind or description, to any policy except upon the approval of the commissioner of insurance, with whom it shall be discretionary whether any rider shall be attached to any policy. ('13 c. 426 § 3) [3474]

3406. Provisions which no policy may include—No policy of life insurance in form other than as prescribed in section 2 shall be issued or delivered in this state or be issued by a life insurance company organized under the laws of the state, territory, district or country under which the company is organized, prescribed shall be in such policies, and the policies of a life insurance company organized under the laws of this state may, when issued or delivered in any other state, territory, district or country, contain any provision required by the laws of the state, territory, district or country in which the same are issued, anything in this act to the contrary notwithstanding. ('07 c. 220 § 8) [3480]

3407. Preliminary term policies—Preliminary term policies not issued on the standard forms shall be subject to the provisions of section 4. ('07 c. 220 § 7) [3479]

3408. Commissioner's approval of forms of policy—No policy of life insurance shall be issued or delivered in this state, or be issued by a life insurance company organized under the laws of the state, until the form of the same has been filed with the insurance commissioner; and after the insurance commissioner shall have notified any company of his disapproval of any form, it shall be unlawful for such company to issue any policy in the form so disapproved. The commissioner's action shall be subject to review by any court of competent jurisdiction. ('07 c. 220 § 8) [3480]

3409. Reciprocal provisions in policies—The policies of a life insurance company, not organized under the laws of this state, may contain any provision which the law of the state, territory, district or country under which the company is organized, prescribes shall be in such policies, and the policies of a life insurance company organized under the laws of this state may, when issued or delivered in any other state, territory, district or country, contain any provision required by the laws of the state, territory, district or country in which the same are issued, anything in this act to the contrary notwithstanding. ('07 c. 220 § 9) [3481]

3410. Exceptions—This act shall not apply to annuities, industrial policies or to corporations or associations operating on the assessment or fraternal plan, and in every case where a contract provides for both insurance and annuities this act shall apply only to the part of the contract which provides for insurance, but every contract containing a provision for a deferred annuity on the life of the insured only (unless paid for by a single premium) shall provide that in event of the non-payment of any premium after three full years' premiums shall have been paid, the annuity shall automatically become converted into a paid-up annuity for such proportion of the original annuity as the number of completed years' premiums paid bears to the total number of premiums required under the contract. ('07 c. 220 § 10, amended '09 c. 295 § 1) [3482]

3411. Definition of "company"—Wherever, the word company is used in this act it shall be held to include corporations and associations. ('07 c. 220 § 11) [3482]

3412. Life policies to contain entire contract—Every policy of insurance issued or delivered within this state on or after the first day of January, nineteen hundred and eight, by any life insurance corporation doing business within the state shall contain the entire contract between the parties. ('07 c. 44 § 1) [3469]
3413. Coupon policies forbidden—So-called coupon policies shall not be issued or delivered by any company to any residents of this state. (13 c. 433 § 1) [3484]

3414. Additional data in annual statements—In addition to any other matter which may be required by law or pursuant to law by the commissioner of insurance to be stated therein, every annual report of every life insurance company doing business in this state shall contain an accurate, concise and complete statement of the following matters, to wit: (1) All the real property held by the company, the dates of acquisition, the names of the vendors, the actual cost, the value at which it is carried on the company's books, the market value, the amounts extended during the year for repairs and improvements, the gross and net income from each parcel, and if any portion thereof be occupied by the company the rental value thereof, a statement of any certificate issued by the commissioner or extending the time for the disposition thereof, and all the purchases and sales made since the last annual statement, with particulars as to names, dates, or vendees and vendors, and the consideration. (2) The amount of existing loans upon the security of real property, stating the amountloaned upon property in each state and foreign country. (3) The moneys loaned by the company to any person other than loans upon the security of real property above mentioned and other than loans upon policies, the actual borrowers thereof, the maturity and rate of interest of such loans, the securities held therefor, and all substitutions of securities during the current year in connection therewith, and the same particulars with reference to any loans made or discharged since the last annual statement. (4) All other property owned by the company or in which it has interest (including all securities, whether or not recognized by the law and proper investments), the dates of acquisition, from whom acquired, the actual cost, the value at which the property is carried upon the books, the market value, the interest or dividends received thereon during the year; also all purchases and sales of property other than real estate made since the last annual statement, with particulars as to dates, names of purchasers and sellers, and the consideration; and also the income received and outlays made in connection with all such property. (5) All commissions paid to any persons in connection with loans or purchases or sales of any property, and a statement of all payments for legal expenses, giving particulars as to dates, amounts and names and addresses of payees. (6) All moneys expended in connection with any matter pending before any legislative body or any officer or department of government giving particulars as to dates, amounts, names and addresses of payees, the measure or proceedings in connection with which the payment was made, and the interest of the company therein. (7) The names of the officers and directors of the company, the proceedings at the last annual election, giving the names of candidates and the number of votes cast for each, and whether in person, by proxy or by mail. (8) The salary, compensation and emoluments received by officers or directors, and where the same amounts to more than five thousand dollars, that received by any person, firm or corporation, with particulars as to dates, amounts, payees and the authority by which the payment was made; also all salaries paid to any representative either at the home office, or at any branch office, or agency, for agency supervision. (9) The largest balances carried in each bank or trust company during each month of the year. (10) All death claims resisted or compromised during the year, with particulars as to sums insured, sums paid and reasons assigned for resisting or compromising the same in each case. (11) A complete statement of the profits and losses upon the business transacted during the year and the sources of such gains and losses, and a statement showing separately the margins upon premiums for the first year of insurance and the actual expenses chargeable to the procurement of new business insured since the last annual statement. A foreign company, issuing both participating and non-participating policies, shall make a separate statement of profits and losses, margins and expenses, as aforesaid, with reference to each of said kinds of business, and also showing the manner in which any general outlays of the company have been apportioned to each of such kinds of business. (12) A statement separately showing the amount of the gains of the company for the year attributable to policies written after Dec. 31, 190... and the precise method by which the calculation has been made. (13) The rates of annual dividends declared during the year for all plans of insurance and all durations and for the ages at entry, twenty-five, thirty-five, forty-five and fifty-five, and the precise method by which such dividends have been calculated. (14) A statement showing the rates of dividends declared upon deferred dividend policies completing their dividend periods for all plans of insurance and the precise methods by which said dividends have been calculated. (15) A statement showing any and all amounts set apart or provisionally ascertained or calculated or held awaiting appointment upon policies with deferred dividend periods longer than one year for all plans of insurance and all durations and for the ages at entry as aforesaid, together with the precise statements of the methods of calculation by which the same have been provisionally or otherwise, determined. (16) A statement of any and all reserve or surplus funds held by the company and for what purpose they are claimed respectively to be held. (07 c. 248 § 1) [3296]

STOCK AND MUTUAL LIFE INSURANCE COMPANIES.

3414-1. Formation—Rights—Insurance corporations for the transaction of the kinds of business authorized and permitted by subsection 4 of General Statutes 1923, Section 3315, and subject to the provisions and limitations of such subsection may be formed having a capital stock, but which shall be controlled by the votes of both stockholders and participating policyholders. All such companies shall be known as stock and mutual companies. Corporations so formed shall have the right to make any contracts which insurance companies formed to transact the same kinds of business upon the stock plan or upon the mutual plan are authorized by law to make. ('27, c. 54, § 1)
3417. Standard provisions—Every such policy so issued shall contain certain standard provisions, which shall be in the words and in the order hereinafter set forth and be preceded in every policy by the caption, "Standard Provision." In each such standard provision wherever the word "insurer" is used, there shall be substituted therefor the company or "corporation" or "association" or "society" or such other word as will properly designate the insurer. Said standard provisions shall be:

(1) A standard provision relative to the contract which may be in either of the following two forms: Form (A) to be used in policies which do not provide for reduction of indemnity on account of change of occupation, and Form (B) to be used in policies which do so provide. If Form (B) is used and the policy provides indemnity against loss from sickness, the words "or contracts sickness," may be inserted therein immediately after the words "in the event that the Insured is injured":

(A). 1. This policy includes the endorsements and attached papers, if any, and contains the entire contract of insurance. No reduction shall be made in any indemnity herein provided by reason of change in the occupation of the insured or by reason of his doing any act or thing pertaining to any other occupation.

(B). 1. This policy includes the endorsements and attached papers, if any, and contains the entire contract of insurance except as it may be modified by the insurer's classification of risks and premium rates in the event that the insured is injured after having changed his occupation to one classified by the insurer as more hazardous than that stated in the policy, or while he is doing any act or thing pertaining to any occupation so classified, except ordinary duties about his residence or while engaged in recreation, in which event the insurer will pay only such portion of the indemnities provided in the policy as the premium paid would have purchased at the rate but within the limits to and controls such contract. 158-165, 197-194.

Where a policy of accident insurance contained no provision for continuing it in force beyond the time specified therein, but was continued in force for an additional period by subsequent agreement, created a new contract. 158-165, 197-194.

3416. Provisions—No such policy shall be so issued or delivered (1) unless the entire money and other considerations therefor are expressed in the policy; nor (2) unless the time at which the insurance thereunder takes effect and terminates is stated in a portion of the policy preceding its execution by the insurer; nor (3) if the policy purports to insure more than one person; nor (4) unless every printed portion thereof includes the entire policy and contains the entire provisions of the policy preceding its execution; nor (5) unless every endorsement or attached paper shall be plainly printed in type of which the face shall be not smaller than ten-point; nor (6) unless a brief description thereof be printed on its first page and on its filing back in type of which the face shall be not smaller than fourteen point, nor (7) unless the exceptions of the policy be printed with the same prominence as the benefits to which they apply; provided, however, that any portion of such policy which purports to reduce any indemnity promised therein to an amount less than that provided for the same loss occurring under ordinary circumstances, shall be printed in bold face type and with greater prominence than any other portion of the text of the policy. (13 c. 156 § 2) [3520] 156-116, 154-222, note under § 3415. Does not apply to life insurance. 165-166, 206-165.

3417. Standard provisions—Every such policy so issued shall contain certain standard provisions, which shall be in the words and in the order hereinafter set forth and be preceded in every policy by the caption, "Standard Provision." In each such standard provision wherever the word "insurer" is used, there shall be substituted therefor the company or "corporation" or "association" or "society" or such other word as will properly designate the insurer. Said standard provisions shall be:

(1) A standard provision relative to the contract which may be in either of the following two forms: Form (A) to be used in policies which do not provide for reduction of indemnity on account of change of occupation, and Form (B) to be used in policies which do so provide. If Form (B) is used and the policy provides indemnity against loss from sickness, the words "or contracts sickness," may be inserted therein immediately after the words "in the event that the Insured is injured":

(A). 1. This policy includes the endorsements and attached papers, if any, and contains the entire contract of insurance. No reduction shall be made in any indemnity herein provided by reason of change in the occupation of the insured or by reason of his doing any act or thing pertaining to any other occupation.

(B). 1. This policy includes the endorsements and attached papers, if any, and contains the entire contract of insurance except as it may be modified by the insurer's classification of risks and premium rates in the event that the insured is injured after having changed his occupation to one classified by the insurer as more hazardous than that stated in the policy, or while he is doing any act or thing pertaining to any occupation so classified, except ordinary duties about his residence or while engaged in recreation, in which event the insurer will pay only such portion of the indemnities provided in the policy as the premium paid would have purchased at the rate but within the limits to and controls such contract. 158-165, 197-194.

Where a policy of accident insurance contained no provision for continuing it in force beyond the time specified therein, but was continued in force for an additional period by subsequent agreement, created a new contract. 158-165, 197-194.

3416. Provisions—No such policy shall be so issued or delivered (1) unless the entire money and other considerations therefor are expressed in the policy; nor (2) unless the time at which the insurance thereunder takes effect and terminates is stated in a portion of the policy preceding its execution by the insurer; nor (3) if the policy purports to insure more than one person; nor (4) unless every printed portion thereof includes the entire policy and contains the entire provisions of the policy preceding its execution; nor (5) unless a brief description thereof be printed on its first page and on its filing back in type of which the face shall be not smaller than ten-point; nor (6) unless the exceptions of the policy be printed with the same prominence as the benefits to which they apply; provided, however, that any portion of such policy which purports to reduce any indemnity promised therein to an amount less than that provided for the same loss occurring under ordinary circumstances, shall be printed in bold face type and with greater prominence than any other portion of the text of the policy. (13 c. 156 § 2) [3520] 156-116, 154-222, note under § 3415. Does not apply to life insurance. 165-166, 206-165.
so fixed by the insurer for such more hazardous occupation.

If the law of the state in which the insured resides at the time this policy is issued requires that prior to its issue a statement of the premium rates and classification of risks pertaining to it shall be filed with the state official having supervision of insurance in such state, then the premium rates and classification of risks mentioned in this policy shall mean only such as have been last filed by the insurer in accordance with such law, but if such filing is not required by such law, then they shall mean the insurer’s premium rates and classification of risks last made effective by it in such state prior to the occurrence of the loss for which the insurer is liable.

(2) A standard provision relative to changes in the contract, which shall be in the following form:

2. No statement made by the applicant for insurance not included herein shall avoid the policy or be used in any legal proceeding hereunder. No agent has authority to change this policy or to waive any of its provisions. No change in this policy shall be valid unless approved by an executive officer of the insurer and such approval be endorsed hereon.

(3) A standard provision relative to reinstatement of policy after lapse which may be in either of the three following forms: Form (A) to be used in policies which insure only against loss from accident; Form (B) to be used in policies which insure only against loss from sickness; and Form (C) to be used in policies which insure against loss from both accident and sickness.

(A). 3. If default be made in the payment of the agreed premium for this policy, the subsequent acceptance of a premium by the insurer or by any of its duly authorized agents shall reinstate the policy, but only to cover loss resulting from accidental injury thereafter sustained.

(B). 3. If default be made in the payment of the agreed premium for this policy, the subsequent acceptance of a premium by the insurer or by any of its duly authorized agents shall reinstate the policy, but only to cover such sickness as may begin more than ten days after the date of such acceptance.

(C). 3. If default be made in the payment of the agreed premium for this policy, the subsequent acceptance of a premium by the insurer or by any of its duly authorized agents shall reinstate the policy, but only to cover accidental injury thereafter sustained and such sickness as may begin more than ten days after the date of such acceptance.

(4) A standard provision relative to time of notice of claim which may be in either of the three following forms: Form (A) to be used in policies which insure only against loss from accident; Form (B) to be used in policies which insure only against loss from sickness; and Form (C) to be used in policies which insure against loss from both accident and sickness.

(A). 4. Written notice of injury on which claim may be based must be given to the insurer within twenty days after the date of the accident causing such injury.

(B). 4. Written notice of sickness on which claim may be based must be given to the insurer within ten days after the commencement of the disability from such sickness.

(C). 4. Written notice of injury or of sickness on which claim may be based must be given to the insurer within twenty days after the date of the accident causing such injury or within ten days after the commencement of disability from such sickness.

(5) A standard provision relative to sufficiency of notice or claim which shall be in the following form: and in which the insurer shall insert in the blank space such office and its location as it may desire to designate for such purpose of notice:

6. Such notice given by or in behalf of the insured or beneficiary, as the case may be, to the insurer at or to any authorized agent of the insurer, with particulars sufficient to identify the insured, shall be deemed to have complied with the requirements of this policy as to proof of loss upon submitting within the time fixed in the policy for filing proofs of loss, written proof covering the occurrence, character and extent of the loss for which claim is made.

(7) A standard provision relative to filing proof of loss, which shall be in such one of the following forms as may be appropriate to the indemnities provided:

7. Affirmative proof of loss must be furnished to the insurer at its said office within ninety days after the date of the loss for which claim is made.

(B). 7. Affirmative proof of loss must be furnished to the insurer at its said office within ninety days after the termination of the period of disability for which the company is liable.

(C). 7. Affirmative proof of loss must be furnished to the insurer at its said office in case of claim for loss of time from disability within ninety days after the termination of the period for which the insurer is liable, and in case of claim for any other loss, within ninety days after the date of such loss.

(8) A standard provision relative to examination of the person of the insured and relative to autopsy, which shall be in the following form:

8. The insurer shall have the right and opportunity to examine the person of the insured when and as often as it may reasonably require during the pendency of claim hereunder, and also the right and opportunity to make an autopsy in case of death where it is not forbidden by law.

(9) A standard provision relative to the time within which payments other than those for loss of time on account of disability shall be made, which provision may be either of the following two forms, and which may be omitted from any policy providing only indemnity for loss of time on account of disability. The insurer shall insert in the blank space either the word “immediately” or appropriate language to designate such period of time, not more than sixty days, as it may desire; Form (A) to be used in policies which do not provide indemnity for loss of time on
account of disability, and Form (B) to be used in policies which do so provide.

(A). 9. All indemnities provided in this policy will be paid .................. after receipt of due proof.
(B). 9. All indemnities provided in this policy for loss other than that of time on account of disability will be paid .................. after receipt of due proof.

(10) A standard provision relative to periodical payments of indemnity for loss of time on account of disability, which provision shall be in the following form, and which may be omitted from any policy not providing for such indemnity. The insurer shall insert in the first blank space of the form, appropriate language to designate the proportion of accrued indemnity it may desire to pay, which proportion may be all or any part not less than one-half, and in the second blank space shall insert any period of time not exceeding sixty days:

10. Upon request of the insured and subject to due proof of loss ............... accrued indemnity for loss of time on account of disability will be paid .................. during the continuance of the period for which the insurer is liable, and any balance remaining unpaid at the termination of such period will be paid immediately upon receipt of due proof.

(11) A standard provision relative to indemnity payments which may be in either of the two following forms: Form (A) to be used in policies which designate a beneficiary, and Form (B) to be used in policies which do not designate any beneficiary other than the insured:

(A). 11. Indemnity for loss of life of the insured is payable to the beneficiary if surviving the insured, and otherwise to the estate of the insured. All other indemnities of this policy are payable to the insured.
(B). 11. Indemnity for loss of life of the insured is payable to the insured.

(12) A standard provision providing for cancellation of the policy at the instance of the insured, which shall be in the following form:

12. If the insured shall at any time change his occupation to one classified by the insurer as less hazardous than that stated in the policy, the insurer, upon written request of the insured, and surrender of the policy, will cancel the same and will return to the insured the unearned premium.

(13) A standard provision relative to the rights of the beneficiary under the policy which shall be in the following form, and which may be omitted from any policy not a beneficiary:

13. Consent of the beneficiary shall not be requisite to surrender or assignment of this policy, or to change the beneficiary, or to any other changes in the policy.

(14) A standard provision limiting the time within which suit may be brought upon the policy as follows:

14. No action at law or in equity shall be brought to recover on this policy prior to the expiration of sixty days after proof of loss has been filed in accordance with the requirements of this policy, nor shall such action be brought at all unless brought within two years from the expiration of the time within which proof of loss is required by the policy.

(15) A standard provision relative to time limitations of the policy as follows:

15. If any time limitation of this policy with respect to giving notice of claim or furnishing proof of loss is less than that permitted by the law of the state in which the insured resides at the time this policy is issued, such limitation is hereby extended to agree with the minimum period permitted by such law. (13 c. 156 § 3) [3524]

In General.

The rider or supplemental contract by which defendant assured itself as its own insurer in contract of insurance in controversy and agreed with the policy holder to perform all the obligations of the policy, was not a contract of reinsurance, but a direct contract between defendant and the policy holder. 156-375, 194+880.

The contract in question did not create a novation of parties for the original insurer was not a party to it. 156-375, 194+880.

The policy holder did not waive or lose her rights against the original insurer by making this contract, but could enforce her claim under either contract. 156-375, 194+880.

The recital of a consideration was prima facie evidence thereof. 156-375, 194+880.

The court correctly excluded parol evidence of the terms of a written contract. 156-375, 194+880.

Suit on a policy insuring the deceased against accident. The finding that he was totally disabled from the time of the accident until his death is sustained by clear and convincing evidence. 156-259, 197+257.

The court instructed the jury, in the terms of a written contract, as follows:

A. Violent storm, often of vast extent, characterized by high winds rotating about a calm center of low atmospheric pressure. Popularly, any violent and destructive windstorm. The definition was correct, and the evidence justified the jury in finding that the storm in which the insured lost his life was a cyclone. 156-63, 194+880.

Admission that, as the result of an automobile collision, the deceased sustained injuries from which he died three days later, justified the conclusion that the injuries were of the character covered by the accident insurance policy in question, and that death resulted therefrom independently of other causes. 156-259, 194+880.

A provision, exempting the insurer from liability for injuries resulting from "knowingly violating laws and rules of a corporation or firm for safety," does not include injuries sustained while violating the state law by driving an automobile at an excessive speed on the wrong side of a public highway. 163-267, 202+996.

Injury in Affray or Quarrel.

Defense that the insured assaulted another with a deadly weapon and the fatal injuries in the affray thus provoked. 167-340, 205+926.

The insured in an accident insurance policy was killed by a shot from a revolver while engaged in a quarrel. The evidence conclusively shows that his death resulted from an intentional act. There was no liability under the terms of the policy. 210+934.

Earnings.

Earnings are the price of services performed or the fruit or reward of labor. The word, as used in plaintiff's applications, does not refer to net earnings. 210+946.

Settlement by Minor.

A settlement and release made by a minor may be rescinded by him in his lifetime or by his successor in interest after his death. 156-255, 197+257.

Time for Suit.

166-313, 206+499.

Evidence.

Evidence considered held sufficient to sustain a verdict in favor of the plaintiff. 166-128, 199+899.

Questions for Jury.

The evidence made a question for the jury as to whether paralysis with which respondent was afflicted was caused solely by the gunshot wound inflicted upon her. 162-205, 202+923.

3418. Provisions forbidden—Optional features—No such policy shall be so issued or delivered which contains any provision (1) relative to cancellation at the
instance of the insurer; or (2) limiting the amount of indemnity to a sum less than the amount stated in the policy and for which the premium has been paid; or, (3) providing for the deduction of any premium from the amount paid in settlement of claim, or, (4) relative to other insurance by the same insurer; or, (5) relative to the age limits of the policy; unless such provisions which are hereby designated as optional standard provisions, shall be in the words and in the order in which they are hereinafter set forth, but the insurer may at its option omit from the policy any such optional standard provision. Such optional standard provisions if inserted in the policy shall immediately succeed the standard provisions named in section three of this act.

16. The insurer may cancel this policy at any time by written notice delivered to the insured or mailed to his last address as shown by the records of the insurer, together with cash or the insurer's check for the unearned portion of the premiums actually paid by the insured, and such cancellation shall be without prejudice to any claim originating prior thereto.

17. If the insured shall carry with another company, corporation, association or society other insurance covering the same loss without giving written notice to the insurer, then in that case the insurer shall be liable only for such portion of the indemnity promised as the said indemnity bears to the total amount of like indemnity in all policies covering such loss, and for the return of such part of the premium paid as shall exceed the pro rata for the indemnity thus determined.

18. Upon the payment of claim hereunder any premium then due and unpaid or covered by any note or written order may be deducted therefrom.

19. (A) If a like policy or policies, previously issued by the insurer to the insured be in force concurrently herewith, making the aggregate indemnity in excess of $_________ weekly (or substitute the word “monthly”), the excess insurance of either kind shall be void and all premiums paid for such excess shall be returned to the insured.

(B) If a like policy or policies, previously issued by the insurer to the insured be in force concurrently herewith, making the aggregate indemnity for loss of time on account of disability in excess of $__________, or the aggregate indemnity for loss of time on account of disability in excess of $_________ weekly (or substitute the word “monthly”), the excess insurance of either kind shall be void and all premiums paid for such excess shall be returned to the insured.

(C) If a like policy or policies, previously issued by the insurer to the insured be in force concurrently herewith, making the aggregate indemnity for loss of time on account of disability in excess of $__________, or the aggregate indemnity for loss of time on account of disability in excess of $_________ weekly (or substitute the word “monthly”), the excess insurance of either kind shall be void and all premiums paid for such excess shall be returned to the insured.
edgment by any insurer of the receipt of notice given under any policy covered by this act, or the furnishing of forms for filing proofs of loss, or the acceptance of such proofs, or the investigation of any claim thereupon, shall not operate as a waiver of any of the rights of the insurer in defense of any claim arising under such policy. ('13 c. 156 § 7) [3528]

Evidence considered, and held to show a waiver of proof of claim under an insurance policy. 162-265, 294-247.

3422. Alteration of application—No alteration of any written application for insurance by erasure, insertion or otherwise, shall be made by any person other than the applicant without his written consent, and the making of any such alteration without the consent of the applicant shall be a misdemeanor. If such alteration shall be made by any officer of the insurer, or by any employee of the insurer, with the insurer's knowledge or consent, then such act shall be deemed to have been performed by the insurer thereafter issuing the policy upon such altered application. ('13 c. 156 § 8) [3529]

3423. Policy issued in violation of act—A policy issued in violation of this act shall be held valid, but shall be construed as provided in this act, and when any provision in such a policy is in conflict with any provision of this act the rights, duties and obligations of the insurer, the policyholder and the beneficiary shall be governed by the provisions of this act. (13 c. 156 § 9) [3530]

3424. Reciprocal provisions—The policies of insurance against accidental bodily injury or sickness issued by an insurer not organized under the laws of this state, which insurer is in the business of life or casualty insurance, or both, upon the territory or in any of the terms or conditions of such policy, or in any other manner whatsoever is prohibited. ('13 c. 156 § 10) [3531]

3425. Discrimination prohibited — Discrimination between individuals of the same class in the amount of premiums or rates charged for any policy of insurance covered by this act, or in the benefits payable thereon, on any of the terms or conditions of such policy, or in any other manner whatsoever is prohibited. (13 c. 156 § 11) [3532]

3426. Not to affect workmen's compensation insurance, etc.—(1) Nothing in this act, however, shall apply to or affect any policy or liability of workmen's compensation insurance or any general or blanket policy of insurance issued to any municipal corporation or department thereof, or to any corporation, co-partnership, association or individual employer, police or fire department, underwriters' corps, salvage bureau, or like associations or organizations, where the officers, members or employees or classes or departments thereof are insured for their individual benefit against specified accidental bodily injuries or sickness while exposed to the hazards of the occupation or otherwise in consideration of a premium intended to cover the risks of all the persons insured under such policy.

(2) Nothing in this act shall apply to or in any way affect contracts supplemental to contracts of life or endowment insurance where such supplemental contracts contain no provisions except such as operate to safeguard such insurance against lapse or to provide a special surrender value therefor in the event that the insured shall be totally and permanently disabled by reason of accidental bodily injury or by sickness; provided, that no such supplemental contract shall be issued or delivered to any person in this state unless and until a copy of the form thereof has been submitted to and approved by the commissioner of insurance, under such reasonable rules and regulations as he shall make concerning the provisions in such contracts and their submission to and approval by him.

(3) Nothing in this act shall apply to or in any way affect fraternal benefit societies.

(4) The provisions of this act contained in clause (5) of section 2 and clauses 2, 3, 8 and 12 of section 3 may be omitted from railroad ticket policies sold only at railroad stations, or at railroad ticket offices by railroad employes. ('13 c. 156 § 12) [3533] Sections 2 and 3 are §§ 3426, 3427, herein.

3427. Penalty for violation—Any company, corporation, association, society or other insurer or any officer or agent thereof, which or who issues or delivers to any person in this state any policy in wilful violation of the provisions of this act shall be punished by a fine not exceeding one hundred dollars for each offense, and the commissioner of insurance may revoke the license of any company, corporation, association, society or other insurer of another state or country, or of the agent thereof which or who wilfully violates any provision of this act. ('13 c. 156 § 13) [3534]

Explanatory note—G. S. '13, § 3533 (Laws '13, c. 156, § 15), provides that this act shall take effect Oct. 1, 1913, and that any policy issued by the act, "the form of which has received the approval of the commissioner of insurance may be issued or delivered in this state on and after said date."

CO-OPERATIVE LIFE AND CASUALTY COMPANIES

3428. Definitions—Scope of the act—Every corporation, society or association which issues a certificate or policy or makes an agreement with its members by which upon the decease of a member any money is to be paid to, or benefit conferred upon, the legal representatives or designees of such member, or reaching a certain age to pay any money or benefit to him, such money or benefit to be derived from voluntary donations, admission fees, dues or assessments to be collected from its members or any class thereof, and which reserves the right to make any additional assessments, or without the consent of the certificate or policyholder to increase the premium named therein, shall be deemed to be engaged in the business of life insurance upon the co-operative or assessment plan. Every corporation which likewise agrees in case of accident, sickness or other physical disability, or reaching a certain age, to pay money or confer benefits likewise derived and issuing certificates or policies with similar conditions with reference to the payment of dues or assessments, shall be deemed to be engaged in the business of casualty insurance upon the co-operative or assessment plan, and shall, except as herein otherwise specified, be subject to the provisions of this act. ('07 c. 318 § 1) [3502]

3429. Qualifications for license—Number of members—No corporation not now authorized to transact business in this state, shall be licensed to transact the business of life or casualty insurance, or both, upon the
cooperative or assessment plan until at least two hundred and fifty (250) persons eligible to membership therein have made individual applications in writing therefor; containing warranties of age, health and other required conditions of membership, and that there has been paid into the treasury of such corporation for its use and benefit the sum of at least five thousand dollars ($5,000), which amount shall be liable only for death or indemnity claims made under its policy or membership certificate contracts, provided however, such a corporation that confines its membership exclusively to the members of volunteer fire departments shall be required to have not less than one hundred (100) individual applications in writing from persons eligible to membership and the sum of at least one thousand dollars ($1,000), paid into the treasury of such corporation for its use and benefit which amount shall be liable only for death or indemnity claims made under its policy or membership certificate contracts.

(‘07, c. 318, § 2; amended ‘27, c. 228) [3503]

3430. Reserve fund—Reciprocal provisions—Every domestic co-operative or life or casualty corporation, society or association, except fraternal beneficiary association or society or association, which issues a certificate or policy, or makes an agreement with its members, by which, upon the decease of a member, more than two hundred (200) dollars is to be paid to, or benefit conferred upon the legal representatives or designated beneficiary of such number, shall set aside ten (10) per cent of its gross premium receipts or assessments each year, as a reserve, until the same, together with any reserve already accumulated, shall amount to the sum of twenty-five thousand dollars ($25,000).

Every domestic co-operative or assessment company transacting the business of life and health and accident insurance, which does not issue health and accident policies providing indemnity for disability from accident or disease or in excess of seven hundred fifty dollars ($750) on account of any one accident or illness, nor issues policies providing indemnity for disability from accident or illness in excess of seven hundred fifty dollars ($750) on account of any one accident or illness and death indemnity of more than two hundred dollars ($200), shall set aside as a reserve ten (10) per cent of its gross premium receipts or assessments each year, as a reserve, until the same, together with any reserve already accumulated, shall amount to the sum of twenty-five thousand dollars ($25,000).

Every domestic co-operative or assessment company transacting the business of life and health and accident insurance corporation, society or association, which issues a certificate or policy, or makes an agreement with its members, by which, upon the decease of a member, a funeral benefit is to be paid or funeral services are to be furnished, not exceeding two hundred dollars ($200), shall set aside as a reserve ten (10) per cent of its gross premium receipts or assessments each year until the same, together with any reserve already accumulated, shall amount to two hundred dollars ($200), shall set aside as a reserve fifty per cent of its gross premium receipts or assessments each year until the same, together with any reserve already accumulated, shall amount to five thousand dollars ($5,000), which said reserve fund accumulated as herein provided, shall be deposited with the commissioner of insurance of the State of Minnesota for the benefit of all its policyholders.

Such deposit may consist of securities of the class in which insurance companies are authorized to invest under the laws of this state and the company depositing the same shall be entitled to the income derived from such securities. No foreign insurance company upon the co-operative or assessment plan shall hereafter be permitted to transact business in this state unless it makes the deposit hereinbefore required of domestic companies except that where by the laws of the state under which said foreign company is organized it is permitted to, and actually does, maintain for the benefit of all its policyholders a deposit with some proper officer of such state of an amount equal to the deposit required by this act; the deposit with such other state shall be a sufficient compliance with the provisions of this section. No deposit of securities other than that herein provided for shall be required of any such co-operative or assessment company.

Any company transacting the business of life insurance, upon the co-operative or assessment plan and creating and maintaining a greater reserve than herein provided for, may elect by written stipulation, filed with the commissioner of insurance, to keep on deposit with the commissioner its entire reserve and special reserve funds, other than mortality funds; and thereafter said entire reserve and special reserve funds shall be deposited with said commissioner in securities of like character and upon the same terms as provided herein for the deposit of the reserve required by this section. (‘07 c. 318 § 3, amended ‘11 c. 211 § 1; ‘15 c. 305 § 1) [3504]

3431. Payments—Liens—Assessments—Policies to be labeled—No co-operative or assessment life insurance company shall hereafter issue any policy in this state which does not provide for the payment of a fixed minimum sum, which may be increased each year, the insurance remains in force in the amounts to be provided in the policy. Any agreement or by-law providing for the placing of a lien upon such policy, except for non-payment of premium or assessment, and any agreement or by-law providing for the payment of a less sum than the minimum sum specified in the contract, because of the failure of the corporation to receive or collect the amount in said contract by assessment upon the surviving members, shall be void. Nothing in this section contained shall be so construed as to render any member liable for more than one assessment for each death occurring during his period of membership, unless otherwise specified in the policy. And no policy or certificate issued by said company shall contain a title including the word “assessment” on the face and on the back of the policy correctly describing the same.

This section shall not apply to any existing domestic company until it has been in existence for four years. (‘07 c. 318 § 4) [3505]

3432. Accumulations—Amendment to articles or by-laws—Any insurance company heretofore transacting the business of life or casualty insurance upon the co-operative or assessment plan under any law of this state may, upon providing in its articles or by-laws, elect to ascertain and apportion to its outstanding policies or certificates the respective accumulations upon each such policy or certificate, and to carry to the credit of each such policy or certificate, the future net premiums or assessments and the accretions thereto, less its equitable contribution to the death claims and other benefits, and that the holder of any such policy or certificate, upon each credit becoming exhausted, be increased as may be necessary to meet its share of death claims and other benefits, and that the holder of any such policy or certificate may be granted, extended or paid-
up insurance or the right to convert into any other form of policy or insurance then being issued by such company and to have the credit on such former policy or certificate applied to such new policy or insurance. When making such aertainment and appointment account shall be taken of the premiums or assessments theretofore paid and of the death claims and other benefits which should be borne by such policy or certificate, of the interest earnings and other accretions to the accumulated funds, and of other matters which should equitably be taken into consideration for the purposes of such appointment. Subject to such adjustment as shall be equitable, the experience of the company or any table of mortality recognized for the purpose of insurance in any law of this state, may be used as a basis for the ascertainment and appointment herein authorized; provided, that any company availing itself of the provisions of this section shall, in its articles or by-laws, specify the table of mortality and rate of interest which is to be the basis for the charges thereafter to be made to the policies or certificates aforesaid; and, provided further, that when any table of mortality is specified in any policy the said table shall be followed. ( '19 c. 371 § 1)

3433. Limitation on expenses—Life insurance—Every such corporation now or hereafter organized or admitted to transact the business of life insurance in this state shall set aside and appropriate exclusively to its mortuary or benefit funds, not less than sixty-five per cent (65%) of all premium receipts and all interest earnings thereon of such life insurance policies that shall have been in force one year or more, and the entire amount of receipts upon post-mortem assessment certificates except the expense dues and charges therein provided. And no such funds heretofore or hereafter so appropriated to such mortuary or benefit fund, including reserve or special benefit funds, shall ever be used for the expense of conducting such business.

Provided, that every such corporation which issues a certificate or policy or makes an agreement with its members, by which, upon the decease of a member, a funeral benefit is to be paid to the beneficiary or certificates aforesaid, and, provided further, that when any table of mortality is specified in any policy the said table shall be followed. ( '19 c. 371 § 1)

3434. Limitation on expenses—Companies with reserve deposits—Gross misdemeanor—No such company transacting the business of casualty or health insurance in this state shall incur, lay out or expend, in any one calendar year, as and for the expenses of conducting such business more than its application or membership fees and forty (40) per cent of its total premiums or assessments.

Provided, however, that when any such company shall have on deposit with the Insurance Commissioner of this state a reserve of twenty-five thousand dollars ($25,000.00) as provided by law, then and thereafter the said company may expend in addition to the forty (40) per cent, the interest earnings on the said reserve fund and the interest on any additional surplus funds it may accumulate.

Any officer of any corporation violating or consenting to the violation of this, or the preceding section, shall be guilty of a gross misdemeanor. ( '07, c. 318, § 6; amended '27, c. 336) [3507]

3435. Net rates—Reserve fund—Limitation on expenses—Mortuary or benefit funds—Expense fund—Default in premium payments—Valuation of policies—Reserve liability—Infantile insurance—No corporation hereafter organized to transact the business of life insurance upon the co-operative or assessment plan, and no such corporation not already admitted to transact business in this state shall hereafter be licensed to transact such life insurance business in this state unless it shall by its charter, by-law and policy or certificate contracts, provide for and actually charge and collect from its members, for and on account of the insurance furnished to them, net rates which are at least equal to the rates known as the National Fraternal Congress rates, with 4 per cent interest.

Provided that when any such corporation has adopted the use of a net rate not less than the National Fraternal Congress table of mortality and interest at the rate of 4 per cent, on the full preliminary term plan, and shall set aside the said net premium to its mortuary or benefit funds, including reserve or special benefits, for the use and benefit of its members, such corporation shall on all premiums or assessments collected from and after January 1st, 1927, be exempt from the provisions of Section 5, Chapter 318 General Laws of 1907, as amended by Chapter 377, General Laws of 1913, and Section 1, Chapter 211, General Laws of 1911, as amended by Section 1, Chapter 365, General Laws of 1915; but it shall deposit, for the use and benefit of all its policyholders, ten per cent of its mortuary premiums each year, with the Commissioner of Insurance (of the Insurance) of the State of Minnesota, as a reserve until the same, together with any reserve already accumulated, shall amount to the sum of $25,000.00.

Provided further that the accretions to the various funds derived from interest, rents, or other sources, less expenses incidental to investment supervision, shall also be set aside and appropriated to the fund producing the said accretions. Gain from lapses, surrenders and changes shall revert to the expense fund.

Provided further that policies issued by such corporation may contain a provision that in event of default in premium payments, after premiums shall have been paid for three years, shall secure to the owner of the policy a stipulated form of insurance, the net value of which shall be at least equal to the reserve at the date of default on the policy and on any dividend addition there-to, specifying the mortality table and the rate of interest adopted for computing such reserve, less a sum not more than two and one-half per cent of the amount insured by the policy, and of any existing dividend additions there-to, and less any existing indebtedness to the company on the policy; and that the policy may be surrendered to the company at its home office within one month from date of default for a
specified cash value at least equal to the sum which would otherwise be available for the purchase of insurance as aforesaid and shall stipulate that the company may defer payment for not more than six months after the application therefor is made. This provision shall not be required in term insurance of 20 years or less.

Provided further that such corporation shall value its policies at the end of each calendar year and show in its annual statement as a reserve liability the amount of such valuation. If Infantile Insurance is written it may be valued on the table known as Craig's extension below age ten. (07 c. 318, § 7; amended '27, c. 41) [3508]

Explanatory note—For the laws referred to in this section, see §§ 3430, 3431, herein.

3436—Re-insurance or consolidation—Any such corporation, association or society organized or authorized to transact business under the provisions of this act, may by contract of re-insurance assume the risks of any other similar corporation, association or society engaged in the business of life or casualty insurance, or both, only on the following condition:

First—That the corporations, associations or societies which propose to enter into such re-insurance contract, shall be, upon the date of re-insurance, duly authorized under the provisions of this act, to transact business in this state.

Second—That the contract of re-insurance shall have previously been submitted to the insurance commissioner and the attorney general of this state and shall have received the approval of the insurance commissioner duly endorsed thereon.

Third—That such corporation, association or society, which proposes to re-insure and retire, shall have been thoroughly examined by the insurance commissioner of this state within six months of the date of such proposed consolidation or re-insurance. And further provided, that in the judgment of the insurance commissioner of this state such consolidation or re-insurance can in no way impair the solvency of the corporation, association or society which proposes to re-insure and assume the business and affairs of the corporation, association or society contemplating re-insurance and retirement.

Fourth—That the contract of re-insurance shall have been approved by a majority vote of all the members of the corporation, association or society, which proposes to re-insure and retire, present in person or by proxy, at any regular meeting thereof, or at any special meeting thereof called to consider the same. And further provided, that a written or printed notice of the purpose of such corporation, association or society to re-insure and retire shall have been mailed to each of its members at least thirty days prior to the date fixed for such meeting.

When the members of any such corporation, association or society shall have so voted to re-insure and retire, its officers and the officers of the corporation, association or society which proposes to assume the risks and other obligations are hereby authorized to enter into and consummate the contract of re-insurance as submitted and approved, and to do and perform all other acts necessary to the final and complete consolidation or re-insurance. Such retiring corporation, association or society shall turn over all its property, securities, moneys and other assets to the corporation, association or society re-insuring and assuming its obligations, to become the sole and absolute property thereof. The actual and reasonable expenses and costs incident to proceedings under the provisions of this section may be paid by the company or companies so consolidating or re-insuring, and an itemized and verified statement of such expenses, together with proper vouchers for each of the same, shall be filed with the insurance commissioner. Any officer of any such company or companies, nor any employee of the state shall receive any compensation, gratuity, employment, or other promise or thing of value, directly or indirectly, for in any manner aiding, promoting or assisting in such consolidation or re-insurance. Any officer or director of any company which is a party to the agreement of re-insurance herein provided for who shall receive any compensation or gratuity for aiding or promoting or consenting to such contract shall be guilty of larceny, and any other person guilty of wilfully violating or consenting to the wilful violation of the provisions of this act, shall be guilty of a gross misdemeanor. (07 c. 318 § 8) [3569]

3437. May change to legal reserve or level premium companies—Effect—Any such corporation, association or society may, with the written consent of the insurance commissioner of this state, upon a majority vote of its governing body, amend its articles of incorporation and by-laws in such manner as to transform itself into a legal reserve or level premium insurance company, and upon so doing and upon procuring from the insurance commissioner a certificate of authority, as provided by law, to transact business in this state, as a legal reserve or level premium company, shall incur the obligations and enjoy the benefits thereof, the same as though originally thus incorporated, and such corporation, under its charter as amended, shall be a continuation of such original corporation, and the officers thereof shall serve through their respective terms, as provided in the original charter, but their successors shall be elected and serve as in such amended articles provided; but such amendment or re-incorporation shall not affect existing suits, rights or contracts. Any corporation, association or society so re-incorporated to transact the business of life insurance, shall, unless a higher method of valuation be provided for in its policy, or certificate of membership previously written, value its assessment and membership with the standard of valuation of life insurance prescribed by the laws of this state. (07 c. 318 § 9) [3510]

3438. Exemption from taxation—Section 1625 of Revised Laws 1905 shall not apply to any corporation, association or society engaged in the business of life insurance upon the co-operative or assessment plan, or to any such corporation, society or association engaged in the business of casualty insurance upon the co-operative or assessment plan as in this act defined. (07 c. 318 § 10) [3511]

3439. Repeals—Sections 1695, 1698, 1699, 1700, 1701, 1702 of Revised Laws 1905, are hereby repealed. Chapter 303 of Laws of Minnesota for 1905 and all other laws and parts of laws, in so far as they may be inconsistent with this act, shall not apply to corporations transacting the insurance of life or casualty. No insurance solely upon the co-operative or assessment plan as defined in this act. (07 c. 318 § 11) [3512]

3440. Fraternal beneficiary association not affected—The provisions of this act shall not apply to fraternal beneficiary associations, nor shall anything herein be.
construed as governing or in anywise regulating such associations. ('07 c. 318 § 12) [3513]

3441. Insolvency—In case any such company is adjudged insolvent, the balance of its reserve fund, if any, after payment of claims and other indebtedness, shall be paid to the commissioner, and by him paid into the state treasury. (1704) [3515]

(102-15. 112a:1050.)

3442. Reserve required—No casualty company or association organized under the co-operative or assessment laws of this state not having a reserve of at least $25,000.00 on deposit with the commissioner of insurance of this state shall issue policies or contracts providing for the payment of endowments of any kind. ('15 c. 318 § 1)

3443. Commercial traveler insurance companies—Any domestic assessment, health or accident association now licensed to do business in this state, which confines its membership to commercial travelers, professional men, and others whose occupation is of such character as to be ordinarily classified as no more hazardous than commercial travelers, and which does not pay commissions or other compensation for securing new members, may issue certificates of membership, which, with the application of the member and the by-laws of the association shall constitute the contract between the association and the member. A printed copy of the by-laws and a copy of the application shall be attached to the membership certificate when issued, and a copy of any amendment to the by-laws shall be mailed to the members following their execution, approval, filing, recording and publishing of a like original certificate of incorporation or articles of association. ('27, c. 202, § 3)

3444. Employers who make deductions from wages of employees' funds must secure license—From and after the first day of July, 1919, no employer shall, by agreement with his employees or otherwise, make deductions from their wages for the purpose of furnishing them with medical or hospital care, accident, sickness or old age insurance or benefits, either directly or through a mutual association, unless he has first received from the commissioner of insurance of this state a license for the benefit plan he operates or proposes to operate. Such license shall be granted by the commissioner of insurance only when he is satisfied that the benefits given are commensurate with the charges made, and that the said charges are sufficient to keep the fund solvent. All such licenses shall be for the period of one year, and it shall be proper for the commissioner to require a statement of the operation of the fund, on a form to be prescribed by him before granting a renewal. The fee for any license granted under this act shall be one dollar ($1.00) and the fee for filing the annual statement one dollar ($1.00). Provided, that in any case before granting a license the commissioner of insurance shall submit the proposed plan to the commissioner of labor and industries in order that he may determine whether the benefits are in conjunction with benefits under the workmen's compensation act and take such action as is required by section 8227, General Statutes of 1918, as amended by section 15, chapter 209, General Laws of 1915. ('19 c. 388 § 1)

Explanatory note—G. S. 1913, § 8227, as amended by Laws 1916, c. 200, § 15, was repealed by Laws 1921, c. 52.

3445. Violation a misdemeanor—Any person, firm, corporation or association that makes deductions from the wages of his, their or its employes in violation of section 1 of this act shall be deemed guilty of a misdemeanor. Provided, that this act shall not apply to
railroad companies engaged in interstate commerce. 

(19 c. 388 § 2)

FRATERNAL BENEFICIARY ASSOCIATIONS

3446. Accident and sickness benefits—Funeral expenses

— Death benefits — Designation of beneficiaries — Reserve fund.—Tax exemptions—Any beneficiary or fraternal association, as defined in this chapter, may make provisions for the payment of funeral expenses of a member not exceeding $250; in any case all of said benefits to be paid subject to compliance by its members with its constitution and by-laws, out of funds derived from assessments and dues collected from its members. Payments of death benefits shall be made only to the families, heirs, blood relatives, adopted children, and those persons of the member, or persons dependent upon him, whom the certificate or other evidence of membership, may provide, the executor or administrator of the estate of the member in trust for such person or persons above mentioned as may be designated in such certificate. Any member who by reason of old age or other disability is dependent for his support in whole or in part upon another, whether such other person or persons has been designated in such certificate or not, may with the consent of and under such regulations as the association may prescribe, designate such person upon whom he is so dependent as a beneficiary under his said certificate, and in such case the death benefits shall be paid according to such designation. Every such association may create and maintain a reserve fund for such purpose and shall be held to be an institution of public charity, and shall be exempt from payment of any taxes for state, county or municipal purposes, except that the real estate of such association shall be taxed as other real estate in the State of Minnesota. (R. L. '05, § 1703; amended '07, c. 382; '25, c. 349) [3014]

157-158, 201-459.

Where the applicant knowingly makes such false statements, it destroys the contract of insurance, whether or not the applicant knew of the falsity or was in collusion with the insured. 159-14, 198-128.

Where the applicant knowingly makes such false statements, or agrees that untrue answers to any question shall render the certificate issued thereon invalid, it destroys the policy as a matter of law. 159-14, 198-128.

Where the insured knowingly makes false statements in his application, and the certificate is issued thereon, the certificate is void in respect to the insurable interests of the insured. 159-14, 198-128.

If an agent has unlimited authority he may make a contract regardless of false statements. 158-14, 198-128.

By-laws of such fraternal insurance company require that all contracts of insurance must be in writing and signed by certain officers, and district deputies are not authorized to sign certificates, and any authority which will permit them to depart from by-laws. 159-14, 198-128.

Where the insured knowingly makes false statements in his application, and the certificate is issued thereon, the certificate is void in respect to the insurable interests of the insured. 159-14, 198-128.

A district deputy cannot waive the provisions in the by-laws, nor can he waive the falsehood in the application. 159-14, 198-128.

When such provisions relate to arbitration which is put under control of defendant, and the time to be consumed in such arbitration, the limited period in which action may be brought does not begin to run until the arbitration is had, or until the arbitration shall fail to settle the matter. 159-14, 198-128.

The knowledge of such agent to the effect that an insured made a false statement in application for membership is unknown, the limited period in which action may be brought under such provision, and the time to be consumed in such arbitration. 159-14, 198-128.

The certificate also provided that the parties legally entitled to the benefit arising thereon, falling to make application in writing within a specific length of time, and the failure of the proof of the facts therein specified. 161-70, 200-809.

The failure of the attending physician to send reports every 30 days to defendant, such reports not being requested, did not forfeit the benefits that had accrued under the accident insurance issued by defendant. 161-384, 201-625.

The proof did not justify a finding that the insured used malt or spirits in excess when he applied for insurance, hence it was not error to refused to charge the jury that the defendant should be for defendant. If the insured then used them in excess or not, 161-384, 201-625.

Recovery of attorney's fee. 161-457, 201-459.

Even though the insured in a fraternal insurance order has agreed that amendments to the constitution made subsequent to the issuance of the insurance certificate shall apply to it, an amendment, adopted after the issuance of the insured upon due notice of the fact and cause of the death of the insured during the continuance of the insurance certificate, held, that such provision made it a condition precedent to the right of action that the beneficiary present the proof specified. 161-70, 201-626.

Carrying of delinquent members. 210-853.

The insured agreed that the certificate was to be deemed an Illinois contract and subject to its "laws." The language is considered to refer to the statute law of the state and not to decisions of the court rendered after the death of the insured, refusing to apply the common-law rule of corporation law of the state. If the certificate is void in respect to the insurable interests of the insured, where the constitution of the order was amended as stated. 161-384, 201-626.

What state laws govern. 162-127, 204-937.

Carrying of delinquent members. 210-853.

(197-228, 129-327; 197-35, 211-235, 197-18, 115-1060; 197-12, 115-425, 125-254, 42-316.)

3447. Fraternal beneficiary association defined— Laws governing—Any corporation, society, order or voluntary association without capital stock organized and carried on solely for the mutual benefit of its members and their beneficiaries, and not for profit, and having a lodge system with ritualistic form of work and representative form of government and which shall make provision for the payment of death, disability benefits, or for the payment of endowments, is hereby declared to be a fraternal beneficiary association; provided, that any such society or association, whose membership is confined to the members of any one religious denomination shall only be required to have a lodge system and a representative form of government. Such beneficiary society or association shall be governed by the provisions of chapter 345 of the General Laws of 1907 and be exempt from all provisions
of the insurance laws of this state to the same extent as fraternal beneficiary association. (‘07, c. 345, § 1; amended ‘15, c. 96, § 1; ‘27, c. 264) [3537]

Explanatory note For Laws 1907, c. 345, see § 3447. et seq. herein.

3448. "Lodge system" defined—Any association having a supreme governing or legislative body and subordinate lodges or branches by whatever name known into which members shall be elected, initiated and admitted in accordance with its constitution, laws, rules, regulations and prescribed ritualistic ceremonies, which subordinate lodges or branches shall be required by such association to hold regular or stated meetings at least once in each month, shall be deemed to be operating under the lodge system; provided, that any beneficiary society or association, whose membership is confined to the members of any one religious denomination, shall not be required to have ritualistic form of work or ceremonies. (‘07 c. 345 § 2, amended ‘15, c. 96, § 1; ‘27, c. 264) [3537]

3449. "Representative form of government" defined—Any association shall be deemed to have a representative form of government, when it shall provide in its constitution and laws for a supreme legislative or governing body, composed of representatives elected either by the members or by delegates elected by the members through a delegate convention system, together with such other members as may be prescribed by its constitution and laws, provided, that the elective representatives shall constitute a majority in number and have not less than a majority of the votes, nor less than the votes required to amend its constitution and laws, and provided further, that the meetings of the supreme or governing body and the election of officers, representatives or delegates shall be held as often as once in four years. The members, officers, representatives or delegates shall be held as often as once in four years. The members, officers, representatives or delegates of a fraternal beneficiary society shall not vote by proxy. (‘07 c. 345 § 3) [3539]

3450. Scope of act—Except as herein provided, such association shall be governed by this act and shall be exempt from all provisions of the insurance laws of this state, not only in governmental relations with the state, but for every other purpose, and no law hereafter passed shall apply to them unless they be expressly designated therein. (‘07 c. 345 § 4) [3540]

3451. Benefits—Reserves—Every association transacting business under this act shall provide for the payment of disability or death benefits, or both, and may provide for the payment of benefits in case of temporary or permanent physical disability, either as the result of disease, accident or old age, provided, the period of life at which the payment of benefits for disability on account of old age shall not be less than sixty years. Any such association may grant to its members extended and paid-up protection or such withdrawal equities as its constitution and laws may provide; provided, that such grants shall in no case exceed in value the portion of the reserves to the credit of such members to whom they are made, and that such association shall show by an annual valuation made by a competent actuary approved by the commissioner of insurance that it is accumulating and maintaining for the benefit of such members the reserves required by the American Experience Table of Mortality with interest at the rate of four (4) per cent per annum, or by the National Fraternal Congress Table of Mortality with interest at the rate of four (4) per cent per annum, and the association shall carry as a liability the reserves so determined, and that assets representing such reserves shall be held in trust for such members separate and distinct from assets belonging to members holding certificates on which such reserves are not maintained, and that the assets so held in trust shall not be used to pay any claims or benefits upon any certificates to members other than to the members for whom said assets are so held in trust.

Nor shall anything contained herein or contained in the laws of this state regulating fraternal benefit societies, orders or associations be held to restrict the right of any fraternal benefit society in the use of any surplus over and above the accumulation required by the table by which the rates are computed and the accretions thereon, as prescribed by the laws of the society, provided, the same are used for the common benefit of all the members. (‘07 c. 345 § 5, amended ‘19 c. 35 § 1; ‘23 c. 224 § 1) [3541]

3452. Who may be beneficiaries—The payment of death benefits shall be confined to the wife, husband, family, relatives by blood or marriage, including illegitimate children, parent or child by adoption, affiliated husband or wife, a person dependent on the member or on whom the member is dependent, the member's estate, a benevolent, educational, religious or charitable corporation, or to an incorporated institution for the support of the member; provided, that the member may at any time by written instrument authorize the society to provide and pay for the support, care, medical and surgical treatment and funeral of such member and deduct the amount so paid with legal interest from the net reserve to the credit of the member's certificate or from the amount otherwise payable under the certificate to the beneficiary, or the member may at any time designate the society as beneficiary, and in such case the society shall use such reserve or amount, to the extent thereof for the purposes aforesaid. Any society may limit the beneficiaries within the above classes. Members shall have the right to change their beneficiaries within the above limits by complying with the requirements in that behalf prescribed by the society. (‘07 c. 345 § 6, amended ‘21 c. 287 § 1) [3542]

The insured may change the beneficiary at his pleasure, except as restricted by the rules of the association, and such rules may be waived without the consent of the former beneficiary. (207 c. 345 § 7) [3543]

3453. Persons disqualified for beneficial membership—No association shall admit to beneficial membership any person less than sixteen (16) years of age, nor any person who has not been examined by a legally qualified practicing physician and whose examination has not been approved by the supervising medical authority of the association as provided by the laws of the association; provided, that such examination shall not be required of associations paying only accidental or sick benefits, or funeral benefits not exceeding $300. (‘07 c. 345 § 7) [3544]

3454. Death or annuity benefits on lives of children—Any fraternal beneficiary association authorized to do business in this state and operating on the lodge plan may provide in its constitution and by-laws, in addition to other benefits provided for therein, for the payment of death or annuity benefits upon the lives of children below the age of sixteen years at next birthday. Any person responsible for the support of a child may make application for such benefits; but neither such person nor the parent of such child need be a member of such association. Provided that such
society has a class of adult membership carrying life insurance certificates at a rate of contribution at least equal to those known as National Fraternal Congress rates, or upon a table based upon the society's own experience of at least twenty years, covering not less than one hundred thousand lives, with an interest assumption of not more than four per centum per annum, or any higher standard at the option of the society, to which juvenile certificate holders shall be transferred without medical re-examination upon attaining the age of sixteen years. Any such association may, at its option, organize and operate branches for such children and membership in local lodges and initiation therein shall not be required of such children, nor shall they have any voice in the management of the association. The total benefits payable by such society as above provided shall in no case exceed the following amounts at ages at next birthday at the time of death, respectively, as follows: One, twenty dollars; two, fifty dollars; three, seventy-five dollars; four, one hundred dollars; five, one hundred thirty dollars; six, one hundred sixty dollars; seven, two hundred dollars; eight, two hundred fifty dollars; nine, three hundred dollars; ten, three hundred forty dollars; eleven, five hundred dollars; twelve, six hundred dollars; thirteen, seven hundred dollars; fourteen, eight hundred dollars; fifteen, nine hundred dollars; sixteen years where not otherwise authorized by law, one thousand dollars, and shall be payable to the estate of the child or to the person or persons responsible for the support of the child and named as beneficiary in the certificate. ('19, c. 20, § 1; amended '21, c. Ill; '25, c. 322, § 1; '27, c. 277, § 1)

3455. Medical examination and certificate—No benefit certificate as to any child shall take effect until after medical examination or inspected by a licensed medical practitioner, in accordance with the laws of the association, nor shall any such benefit certificate be issued unless the association shall simultaneously put in force at least five hundred such certificates, on each of which at least one assessment has been paid, nor where the number of lives represented by such certificate falls below five hundred. The death benefit contributions to be made upon such certificate shall be based upon the "Standard Industrial Mortality Table" or the "English Life Table Number Six," and a rate of interest being greater than five per centum per annum, or upon a higher standard; provided, that contributions may be waived or returns may be made from any surplus in excess of reserve and other liabilities, as provided in the by-laws, and, provided further, that extra contributions shall be made if the reserves hereafter provided for become impaired. ('19 c. 20 § 2)

3456. Reserve required—Any association entering into such insurance agreements shall maintain on such contracts the reserve required by the standard of mortality and interest adopted by the association for computing contributions as provided in section 2, and the funds representing the benefit contributions and all accretions thereon shall be kept as separate and distinct funds, independent of the other funds of the association, and shall not be liable for nor used for the payment of the debts and obligations of the association other than the benefits herein authorized; provided that an association may provide that when a child reaches the minimum age for initiation into membership in such association, any benefit certificate issued hereunder may be surrendered for cancellation and exchanged for any other form of certificate issued by the association, and upon the issuance of such new certificate any reserve upon the original certificate herein provided for shall be transferred to the credit of the new certificate. Neither the person who originally made application for benefits on account of such child, nor the beneficiary named in such original certificate nor the person who paid the contributions, shall have any vested right in such new certificate, the free nomination of a beneficiary under the new certificate being left to the child so admitted to benefit membership. ('19 c. 20 § 3)

3457. Annual report—An entirely separate financial statement of the business transactions and of assets and liabilities arising therefrom shall be made in its annual report to the insurance commissioner by any association availing itself of the provisions hereof. The separation of assets, funds and liabilities required hereby shall not be terminated, rescinded or modified, nor shall the funds be diverted for any use other than as specified in section 3, as long as any certificate issued hereunder remains in force, and this requirement shall be recognized and enforced in any liquidation re-insurance, merger or other change in the condition of the status of the association. ('19 c. 20 § 4)

Section 3 is § 3455, herein.

3458. Specified expense—Any association shall have the right to provide in its laws and the certificates issued hereunder for specified payments on account of the expense or general fund, which payments shall or shall not be mingled with the general fund of the association as its constitution and by-laws may provide. ('19 c. 20 § 5)

3459. Membership terminations—[Repealed.]

The section (Laws 1913, c. 20, § 5) is repealed by Laws 1919, c. 20, § 6. (Amended 1919, c. 20, § 5)

3460. Valuations by insurance commissioner—The commissioner of insurance may make a valuation of such benefit certificate or he may accept the valuation thereof made by the insurance commissioner of the state under whose authority such association is organized, whenever such valuation has been made on sound and recognized principles when furnished with a certificate of such commissioner setting forth said value on the last day of the preceding year. Every such association which fails to promptly furnish such certificate required shall on demand furnish the insurance commissioner detailed lists of all its certificates and securities and shall be liable for all losses and other charges and expenses resulting therefrom. ('19 c. 20 § 7)

3461. Certificates—Evidence—Amendments to charter, etc., effect—Every certificate issued by any association shall specify the maximum amount of benefit provided by the contract and shall provide that the certificate, the constitution and laws of the association and the application for membership and medical examination, signed by the applicant, shall constitute the contract between the association and the member and copies of the same certified by the secretary of the association, or corresponding officer, shall be received in evidence of the terms and conditions of the contract; and any changes, additions or amendments to said charter or articles of association, constitution or laws duly made or enacted subsequent to the issuance of the benefit certificate shall bind the member and his beneficiaries and shall govern and control the contract in all respects the same as though such changes, additions or amendments had been made prior to and were in force at the time of the application for membership. Provided, that any association hereafter organized or admitted to do business in this state shall in its certi-
3462. Reserve fund. Benefits and expenses—how paid—Extra assessments—any association may create, maintain, invest, disburse and apply a reserve, emergency, surplus or other fund in accordance with its constitution and laws for the purpose specified, in section 5 of this act. Any such association so creating, maintaining, investing, disbursing, or applying any such reserve, emergency, or surplus fund, shall not be held to be organized or carried on for profit within the intent of the provisions of section 1 of this act. Such funds shall be held, invested and disbursed for the use and benefits of the association, and no member or beneficiary shall have or acquire any individual rights therein, or be entitled to an apportionment or the surrender of any part thereof except as provided in section 5. The funds from which benefits shall be paid and the funds from which the expenses of the association shall be defrayed, shall be derived from medical or other payments by the members of the association, and accretions of said funds; and every such association, shall provide in its constitution or laws that if such regular payments are insufficient to pay all matured death and disability claims in full and to provide for the creation and maintenance of the funds required by its constitution and laws, extra assessments, or other payments, may be levied upon the members to meet such deficiency. ('07 c. 345 § 8, amended '19 c. 35 § 2) [3545]

3463. Real estate holdings—investments—loans to officers and directors—Any association may invest its funds in and hold real estate for lodge and office purposes, and real estate acquired by foreclosure or received in satisfaction of loans, and may sell and convey the same. Any such association may also invest its funds in government, state, provincial, or county or municipal bonds, or bonds of any township, park or school district having taxing powers, provided that such bonds shall be a direct obligation on all the taxable property within such municipality or district and the net indebtedness of such municipality or district shall not exceed five (5) per centum of the value of all taxable property therein, according to the last valuation for taxation preceding the issuance of said bonds; or purchase or first mortgage bonds upon real estate or proved real estate for not exceeding fifty (50) per centum of the actual cash value thereof at the time of making the loan; provided, however, that every foreign association shall be empowered to invest its funds in such securities as may be permitted by the laws of the state, province or country in which it is organized. Provided, however, that no such association shall loan any of its funds to any of its officers or directors. ('07 c. 345 § 10, amended '13 c. 359 § 1) [3546]

3464. Expenses—Every association shall make provision in its constitution and laws for payment by members of such an association, which provision shall state the purpose of the same and a proportion thereof which may be used for expenses, and no part of the money collected for mortuary or disability purposes and no part of the reserve, emergency, surplus, or any of the net accretions of either or any of said funds shall be used for expenses; provided, however, that from the accretions to the principal of the emergency fund may be paid the expenses of medical examination and inspection of risks. ('07 c. 345 § 11, amended '13 c. 324 § 1; '21 c. 340 § 1) [3547]

3465. Benefits exempted from process—tax exemption—The money or other benefits, charity, relief, or aid to be paid, provided, or rendered by any association authorized to do business under this act shall, neither before nor after being paid be liable to attachment, garnishment, or other process, and shall not be seized, taken, appropriated or applied by any legal or equitable process or operation of laws to pay any debt or liability of a certificate holder or of any beneficiary named in a certificate, or of any person who may have any right thereunder; such associations are hereby declared to be charitable institutions, and the property held and used for lodge purposes, and the funds of such associations shall be exempt from taxation under the general tax or revenue laws of this state. Except that the real estate of such association shall be taxable. ('07 c. 345 § 12) [3548]

3466. Methods of forming association—powers and duties of commissioner—Certificate of association—Discontinuance of business—Seven or more persons, citizens of the United States, and a majority of whom are citizens of this state, who desire to form a fraternal beneficiary association, as defined by this act, may make and sign—giving their addresses—and acknowledge before some officer competent to take acknowledgment of deeds, articles of association in which shall be stated:

First—The proposed corporate name of the association, which shall not so closely resemble the name of any association or insurance company already transacting business in this state as to mislead the public or lead to confusion.

Second—The purpose for which it is formed—which shall not include more liberal powers than are granted by this act, provided, that any lawful social, intellectual, educational, moral or religious advantages may be set forth among the purposes of the association—and the mode in which its corporate powers are to be exercised.

Third—The names, residences and official titles of all the officers, trustees, directors, or other persons who are to have and exercise the general control and management of the affairs and funds of the association and all the officers, trustees, directors, or other persons who are to have and exercise the general control and management of the affairs and funds of the association and the names, residences and official titles of all the officers, trustees, directors, or other persons who are to have and exercise the general control and management of the affairs and funds of the association and the names, residences and official titles of all the officers, trustees, directors, or other persons who are to have and exercise the general control and management of the affairs and funds of the association and the names, residences and official titles of all the officers, trustees, directors, or other persons who are to have and exercise the general control and management of the affairs and funds of the association and the names, residences and official titles of all the officers, trustees, directors, or other persons who are to have and exercise the general control and management of the affairs and funds of the association.

Such articles of association and duly certified copies of the constitution and laws, rules and regulations, and copies of all proposed forms of benefit certificates, applications therefor and literature to be issued by such association, and a bond in the sum of five thousand dollars with sureties approved by the insurance commissioner conditioned upon the return of the advanced payments, as provided in this section, to applicants, if the organization is not completed within one year, or after such further period, not exceeding one year, as may be authorized by the insurance commissioner, shall be filed with the insurance commissioner, who may require such further information as he deems necessary, and if the purposes of the association conform to the requirements of this act and all provisions of law have been complied with, the insurance commissioner shall so certify and retain and record the articles of association in a book kept for the purpose and furnish the incorporators a preliminary cer-
tificate authorizing said association to solicit members as hereinafter provided.

Upon receipt of said certificate from the insurance commissioner said association may solicit members for the purpose of completing its organization and shall collect from each applicant the amount of not less than one death benefit assessment by the payment, in addition, of the premium, in such cases, assessed by the association upon said applicant with its tables of rates, as provided by its constitution and laws, and shall issue to each such applicant a receipt for the amount so collected. But no such association shall incur any other liability than for such advanced payments, nor issue any benefit certificate, nor pay or allow, or offer a promise to pay or allow to any person any death or disability benefit until actual bona fide applications for death benefit certificates have been secured upon at least five hundred lives for at least $1,000 each and all such applicants for death benefits shall have been regularly examined by legally qualified practicing physicians and certificates of such examinations have been duly filed and approved by the chief medical examiner of such association nor until there shall be established ten subordinate lodges or branches into which said five hundred applicants have been initiated nor until there has been submitted to the insurance commissioner under oath of the president and secretary or corresponding officers of such association a list of such applicants giving their names, addresses, date examined, date approved, date initiated, name and number of the subordinate body of which each applicant is a member, amount of benefits to be granted, rate of regular payments or assessments, which shall not be lower for death benefits than those required by the National Fraternal Congress table of mortality with interest at 4 per cent per annum; nor until it shall be shown to the insurance commissioner by the sworn statement of the treasurer or corresponding officer of such associations that at least five hundred applicants have each paid in cash at least one regular monthly payment or assessment as herein provided per $1,000 of indemnity to be effected, which payments in the aggregate shall amount to at least $2,500, all of which shall be credited to the mortuary or disability fund on account of such applicants and no part of which may be claimed as assessment, premium or other assessment during the period of organization be held in trust for and, if the organization is not completed within one year as hereinafter provided, returned to said applicants.

The insurance commissioner may make such examination and require such further information as he deems advisable, and upon presentation of satisfactory evidence that the association has complied with all the provisions of the law he shall issue to said association a certificate to that effect. Such certificate shall be prima facie evidence of the existence of such association at the date of such certificate. The insurance commissioner shall cause a record of such certificate to be made and a certified copy of such record may be given in evidence with like effect as the original certificate.

No preliminary certificate granted under the provisions of this section shall be valid after one year from its date, or after such further period not exceeding one year as may be authorized by the insurance commissioner upon cause shown, unless the 500 applicants herein required have been secured and the organization has been completed as herein provided and the articles of association and all proceedings thereunder shall become null and void in one year from the date of said preliminary certificate or at the expiration of said extended period, unless such association shall have completed its organization and commenced business as herein provided. When any domestic association shall have discontinued business for the period of one year, its charter shall become null and void. (07 c. 345 § 13) [3550]

3467. Existing associations may have come under this act—Any domestic association now engaged in transacting business in this state, may exercise, after passage of this act, all of the rights conferred thereby, and in addition thereto, may exercise all of the rights, powers and privileges now exercised or possessed by it under its charter or articles of association not inconsistent with this act, or it may be reincorporated hereunder. But no such association shall be required to reincorporate hereunder, nor shall it be required to adopt the rates prescribed herein for new associations, in order to avail itself of the privileges of this act, and any such association may amend its articles of association from time to time in the manner provided therein, or in its constitution or laws, and all such amendments shall be filed with the insurance commissioner and shall become operative upon such filing unless a later time be provided in such amendments, or in its articles of association, constitution or laws.

Any such society may continue to do business in this state until the first day of March, A.D. 1909. The commissioner of insurance shall then, if he finds that such society is complying with the provisions of this act, issue to it a license authorizing it to continue the transaction of business in this state until the first day of the succeeding March, and such license may be renewed annually but in all cases to terminate on the first day of the succeeding March. For such each license or renewal the association shall pay the commissioner of insurance annually, a sum of $250, in accordance with the provisions of the act. A duly certified copy of such license shall be prima facie evidence in any court or proceeding in this state that the licensee is a fraternal beneficiary association within the meaning of this act. (07 c. 345 § 14, amended '09 c. 329 § 1) [3550]

3468. Merging of fraternal benefit societies—No fraternal benefit society, organized under the laws of this state to do the business of life, business of health, or business of fire, life, health, or fire insurance, shall consolidate or merge with any other benefit society, or reinsure its insurance risks, or any part thereof, with any other fraternal benefit society, or assume or reinsure the whole or any portion of the risks of any other fraternal benefit society, except as herein provided. No fraternal benefit society or subordinate body thereof shall merge, consolidate with or be reinsured by any company or association not licensed to transact business as a fraternal benefit society. (19 c. 42 § 1)

3469. Merging to be approved by commissioner of insurance—When any such fraternal benefit society shall propose to consolidate or merge its business, or to enter into any contract or reinsurance, or to assume or reinsure the whole or any portion of the risks of any other fraternal benefit society, the proposed contract in writing setting forth the terms and conditions of such proposed consolidation, merger or reinsurance shall be submitted to the legislative or governing bodies of each of said parties to said contract after due notice, and if approved, such contract as so approved, shall be submitted to the commissioner of insurance of this state for his approval, and the parties to said contract shall at the same time submit a sworn statement showing the financial condition of
each of such fraternal benefit societies as of the 31st day of December preceding the date of such contract; provided that such insurance commissioner may within his discretion require such financial statement to be submitted as of the last day of the month preceding the date of such contract. The commissioner of insurance shall thereupon consider such contract of consolidation, merger or reinsurance, and if satisfied that such contract is just and equitable to the members of each of such societies and that no reasonable objection exists thereto, shall approve said contract as submitted. In case the parties corporate to such contract shall have been incorporated in separate states, or territories, such contract shall be submitted as herein provided to the commissioner of insurance of each of such incorporating states, or territories, to be considered and approved separately by each of such commissioners of insurance. When said contract of consolidation, merger or reinsurance, shall have been approved as hereinabove provided, such commissioner or commissioners of insurance shall issue a certificate to that effect, and thereupon the said contract of consolidation, merger or reinsurance shall be in full force and effect. In case such contract is not approved the fact of its submission and its contents shall not be disclosed by the commissioner of insurance. (19 c. 42 § 2)

3470. Payment of expenses—All necessary and actual expenses and compensation incident to the proceedings provided hereby shall be paid as provided by such contract of consolidation, merger or reinsurance, provided, however, that no brokerage or commission shall be included in such expenses and compensation or shall be paid to any person by either of the parties to any such contract in connection with the negotiation thereof or execution thereof, nor shall any compensation be paid to any officer or employee of either of the parties to such contract for directly or indirectly aiding in effecting such contract of consolidation, merger or reinsurance. An itemized statement of all such expenses shall be filed with the insurance commissioner, or commissioners, as the case may be, subject to approval, and when approved the same shall be binding on the parties thereto. Except as fully expressed in the contract of consolidation, merger or reinsurance, an itemized statement of expenses, as approved by the commissioner, or commissioners of insurance, as the case may be, no compensation shall be paid to any person or persons, and no officer or employee of the state shall receive any compensation, directly or indirectly, for in any manner aiding, promoting or assisting any such consolidation, merger or reinsurance. (19 c. 42 § 3)

3471. Violation a felony—Any person violating the provisions of this act shall be guilty of felony, and upon conviction shall be liable to a fine not more than five thousand dollars, or to imprisonment for not more than five years, or to both fine and imprisonment. (19 c. 42 § 4)

3472. Foreign associations—Licenses—Foreign associations which are now authorized to transact business in this state may continue such business until the first day of March next, succeeding the passage of this act, and the authority of such associations may thereafter be renewed annually, but in all cases to terminate on the first day of succeeding March. For each such license or renewal, the association shall pay the insurance commissioner $10.00. A duly certified copy of such license shall be prima facie evidence that the licensee is a fraternal beneficiary association within the meaning of this act. (07 c. 345 § 16) [3552]

3473. Foreign association—Admission to business—No foreign association which is not now authorized to transact business in this state shall transact any business herein without a license from the insurance commissioner. Before receiving such license, it shall file with the insurance commissioner a duly certified copy of its charter or articles of association; a copy of its constitution and laws, certified by its secretary or corresponding officer; a power of attorney to the insurance commissioner as hereinafter provided; a statement under oath of its president and secretary or corresponding officers in the form required by the insurance commissioner duly verified by an examination made by the supervising insurance official of its home state of the business for the preceding year; a copy of its contract, which must show that benefits are provided for by assessments upon, or other payments by persons holding similar contracts, and shall furnish the insurance commissioner with such other information as he may deem necessary to a proper exhibit of its business and plan of working, and if he finds that it is transacting business in accordance with the provisions of this act; that its books are kept in accordance with the laws of the state where it is organized; and unless it has under its jurisdiction, a grand lodge having a beneficiary department which grand lodge is now authorized by the insurance commissioner to transact business in this state, that it has the membership and qualifications required of domestic associations organized under this act, he may license such association to do business in this state until the first day of the succeeding March, and such license may be renewed annually, but in all cases to terminate on the first day of the succeeding March; provided, that any beneficiary society or association, having a branch system and representative form of government, whose membership is confined to the members of any one religious denomination, and who, prior to the passage of chapter 345 of the General Laws of 1907 was, and has been ever since continuously licensed to do business in this state, may, upon being authorized to transact the business provided for in the laws governing fraternal beneficiary associations in the state of its organization and making such changes, if any, in its charter and plan of business as may be necessary to meet the requirements of said chapter 345 of the General Laws of nineteen hundred and seven (1907), be licensed to do business in this state under said chapter without being required to adopt the rates required by the national fraternal congress table of mortality. (07 c. 345 § 17, amended '11 c. 226 § 1: '15 c. 96 § 3) [3553]

3474. Licenses, refusal or revocation—Existing contracts—When the insurance commissioner refuses to license any association, or revokes its authority to do business in this state, he shall reduce his ruling, order or decision to writing and file the same in his office, and shall furnish a copy thereof, together with a statement of his reasons, to the officers of the association, upon request. Any society affected by any such ruling, order or decision shall have the right to appeal to the district court of Ramsey county, in this state, by filing with said commissioner its notice of such appeal in writing, and in such case, said commissioner shall forthwith, and within ten days thereafter, deliver to
such association a full and certified transcript of all
proceedings had before him in said matter, including all
applications, together with all orders, rulings and de-
cisions thereon and on such transcript being filed
in said court, such court shall be fully possessed of
said action, and a full trial on the merits de novo
shall be had thereon and upon such hearing, the find-
ings of fact on which such order is based shall be
prima facie evidence of the matters therein stated;
provided, further, that said appeal shall be filed in
such court within forty days after the rendition of
the ruling, order or decisions appealed from; and provided,
further, that nothing herein or in this act contained
shall be taken or construed as preventing any such
association from continuing in good faith all contracts
made in this state during the time such association was
legally authorized to transact business therein. ('07
C. 345 § 18) [3554]

3475. Commissioner attorney to accept service—
Every foreign association now transacting business in
this state shall within thirty days after the passage
of this act, and every such association hereafter applying
for admission shall, before being licensed, appoint in
writing the insurance commissioner and his succes-
sors in office to be its true and lawful attorney, upon
whom all legal process in any action or proceeding
against it shall be served, and in such writing shall
agree that any lawful process against it, which is
served upon such attorney, shall be of the same legal
force and validity as if served upon the association,
and that the authority shall continue in force so long
as any disability remains outstanding in his state.

Copies of such appointment, certified by said insur-
ance commissioner, shall be deemed sufficient evidence
thereof and shall be admitted in evidence with the
same force and effect as the original thereof might be
admitted. Service may only be made upon such at-
torney, must be made in duplicate and shall be deemed
sufficient service upon such association, provided, how-
ever, that no such service shall be valid or binding
against any such association when it is required there-
der to file its answer, pleading or defense in less
than thirty days after the date of such service. When
legal process against any such association is served
upon said insurance commissioner, he shall forthwith
forward by registered mail one of the duplicate copies,
presented to him, directed to its secretary or corre-
sponding officer. The plaintiff in such process so served
shall pay to the insurance commissioner for the use of
the association and shall forthwith, under the direction
of the insurance commissioner, shall be deemed sufficient evidence
of the legal adoption thereof. ('07 C. 345 § 22) [3558]

3476. For this section, see infra, § 7937.

3477. Meetings, where held—Principal office—Any
domestic association may provide that the meetings of
its legislative or governing body may be held in any
state, district, province or territory wherein such as-
sociation has subordinate branches, and all business
transacted at such meetings shall be as valid in all
respects as if such meetings were held in this state.
But its principal office shall be located in this state.
('07 C. 345 § 20) [3556]

3478. Constitution and laws—The constitution and
laws of the association may provide that no subordin-
ate body, nor any of the officers or members of such
subordinate body, shall have the power or authority
to waive any of the provisions of the laws and consti-
tution of the association, and the same shall be binding
on the association and each and every member thereof.
('07 C. 345 § 21) [3557]

3479. Amendments to constitution—Every associ-
ation transacting business under this act shall file
with the insurance commissioner a duly certified copy of all
amendments of, or additions to, its constitution and
laws within ninety days after the enactment of the
same. Printed copies of the constitution and laws and
of additions or amendments thereto, certified by the
secretary or corresponding officer of the association
shall be prima facie evidence of the legal adoption
thereof. ('07 C. 345 § 23) [3559]

3480. Annual statement—Every association trans-
acting business in this state shall annually on or be-
fore the eleventh day of February file with the insur-
ance commissioner in such form as he may require,
a statement under oath of its president and secretary,
or corresponding officers of its condition and standing
on the thirty-first day of December next preceding, and
of its transactions for the year ending on that date,
and shall also furnish such other information as the
insurance commissioner may deem necessary to a
proper exhibit of its business and plan of working;
The insurance commissioner may at other times require
any further statement he may deem necessary to be
made relating to such associations. ('07 C. 345 § 24) [3559]

3481. Domestic associations—Dissolution—The in-
surance commissioner, or any person he may appoint,
shall have the power of visitation and examination into
the affairs of any domestic association. He may em-
ploy assistants for the purposes of such examination,
and he or any person he may appoint, shall have free
access to any books, papers and documents that relate
to the business of the association and may summon
and qualify as witnesses, under oath, and examine its
officers, agents and employees, or other persons, in re-
lation to the affairs, transactions and condition of the
association.

Wherever, after examination the insurance commis-
sioner is satisfied that any domestic association has
failed to comply with any provisions of this law, or is
exceeding its powers, or is not carrying out its con-
tracts in good faith, or is transacting business fraud-
ulently, or is in such condition as to render further
proceedings hazardous to the public or its certificate
holders, or whenever any domestic association, after
being in existence one year or more and one year from
the passage of this act, shall have a membership of
less than 300, or votes to discontinue business, the insur-
ance commissioner may present the facts relating
thereto to the attorney general, who shall, if he deem
the circumstances warrant, commence an action quo
warranto in a court of competent jurisdiction and such
action shall thereupon have the same force and validity
as if served upon the association, and the same shall be
binding on the association and each and every member
ter thereof. ('07 C. 345 § 25) [3559]

3482. Association chargeable with notice of actions of lodge.
3484. Permitting delay in payment of assessments.

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of the court, proceed to close the affairs of the associa-
tion and to distribute its funds to those entitled there-
to. No such proceedings shall be commenced by the
attorney general against any such association until
after notice has been duly served on the chief execu-
tive officers of the association and a reasonable oppor-
tunity given to it on a date to be named in said notice
to show cause why such proceedings should not be
commenced. ('07 c. 345 § 24) [3560]
162-274, 2921498, note under § 3482.

3482. Proceedings to be instituted by attorney gen-
eral only—No action or proceedings to discontinue or
enjoin, in whole or in part, the business or methods of
any such domestic association, or to appoint a re-
ceiver therefor, or to dissolve the same, or in any
manner affecting its corporate rights, except for fail-
ure to pay final judgment, or to oust any foreign as-
sociation or enjoin it from transacting business in this
state, shall be entertained by any court, except on the
suit of the attorney general of this state. ('07 c. 346
§ 25) [3561]
A member in a domestic fraternal insurance associa-
tion has no right to resort to the courts to correct irregulari-
ties or illegal acts of the supreme or subordinate govern-
ing bodies of such association relative to the selection of
its officers or any matter in the methods of
conducting its business. A suit of that nature can be
rendered only by the Attorney General of the state.
162-274, 2905498.

3483. Foreign associations—Examinations—Revoca-
tion of license—The insurance commissioner, or any
person whom he may appoint, may examine any for-

gn association transacting or applying for admission
to transact business in this state. The insurance com-
missoner may employ assistants for the purpose of
such examination and be, or any person he may ap-
point, shall have free access to all the books, papers
and documents that relate to the business of the associa-
tion and may summon and qualify as witnesses
under oath and examine its officers, agents, employes
and other persons in relation to the affairs, transac-
tions and condition of the association. He may in his
discretion accept in lieu of such examination the ex-
amination of the insurance department of the state,
territory, district, province or country, where such associa-
tion is organized.

If any such association or its officers refuse to sub-
titute such examination or to comply with the provi-
sions of this section relating thereto, or if upon such
examination the insurance commissioner on investiga-
tion is satisfied that any foreign association transacting
business under this act has exceeded its powers, or has
failed to comply with the provisions of the law, or is
conducting business fraudulently, or is not carrying out
its contracts in good faith, or is in such condition as to
render further proceedings hazardous to the public or
its certificate holders, he may by a written order or
decision, filed in his office, revoke the license of such
association to do business in this state, subject to an
appeal by such association as provided by and in ac-
cordance with the provisions of section 18 of this act,
and upon any such appeal all the provisions of said
section 18 shall apply thereto. No such license shall
be revoked by the insurance commissioner unless after
notice has been duly served on the chief executive of-

ers of the association and a reasonable opportunity
given to it on a date to be named in said notice
to show cause why such license should not be revoked.
('07 c. 345 § 26) [3562]

Section 18 is § 3474, herein.

3484. Expenses of examinations—The necessary ex-

penses of any examination made by the insurance com-
missoner, pursuant to the provisions of this act, of
any association herein authorized, shall be paid by
such association; but no per diem shall be paid to or
on account of any regular salaried member of the
insurance department, nor a per diem of more than
$10 to any other person. ('07 c. 345 § 27) [5569]

3485. Certain organizations exempted—Nothing
contained in this act shall be construed to affect or
enjoin, in whole or in part, the business or methods of
any such domestic association, or to apply the pro-
visions of this act to any such domestic association
which is exempt by the provisions of this section
or to domestic lodges, orders or associations which
have no right to resort to the courts to correct irregulari-
ties or illegal acts of the supreme or subordinate govern-
ing bodies of such association relative to the selection of
its officers or any matter in the methods of
conducting its business. A suit of that nature can be
rendered only by the Attorney General of the state.
162-274, 2905498.

A member in a domestic fraternal insurance associa-
tion has no right to resort to the courts to correct irregulari-
ties or illegal acts of the supreme or subordinate govern-
ing bodies of such association relative to the selection of
its officers or any matter in the methods of
conducting its business. A suit of that nature can be
rendered only by the Attorney General of the state.
162-274, 2905498.

If any such association or its officers refuse to sub-
titute such examination or to comply with the provi-
sions of this section relating thereto, or if upon such
examination the insurance commissioner on investiga-
tion is satisfied that any foreign association transacting
business under this act has exceeded its powers, or has
failed to comply with the provisions of the law, or is
conducting business fraudulently, or is not carrying out
its contracts in good faith, or is in such condition as to
render further proceedings hazardous to the public or
its certificate holders, he may by a written order or
decision, filed in his office, revoke the license of such
association to do business in this state, subject to an
appeal by such association as provided by and in ac-
cordance with the provisions of section 18 of this act,
and upon any such appeal all the provisions of said
section 18 shall apply thereto. No such license shall
be revoked by the insurance commissioner unless after
notice has been duly served on the chief executive of-

ers of the association and a reasonable opportunity
given to it on a date to be named in said notice
to show cause why such license should not be revoked.
('07 c. 345 § 26) [3562]

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or to domestic lodges, orders or associations which
have no right to resort to the courts to correct irregulari-
ties or illegal acts of the supreme or subordinate govern-
ing bodies of such association relative to the selection of
its officers or any matter in the methods of
conducting its business. A suit of that nature can be
rendered only by the Attorney General of the state.
162-274, 2905498.
3486. Violations of act—Penalties—Any person, officer, member or examining physician, who shall knowingly or willfully make any false or fraudulent statement or representation in or with reference to any application for membership or for the purpose of obtaining money from or benefit in any association transacting business under this act, shall be guilty of a misdemeanor and upon conviction thereof, shall be punished by a fine of not more than one hundred dollars, or imprisonment in the county jail for not more than ninety days, in the discretion of the court, and any person who shall wilfully make a false statement of any material fact or thing in a sworn statement as to the death or disability of certificate holder in any such association, for the purpose of procuring payment of a benefit named in the certificate of such holder, and any person who shall wilfully make any false statement in any verified report or declaration under oath required or authorized by this act, shall be guilty of perjury, and shall be proceeded against and punished as provided by the statutes of this state in relation to the crime of perjury.

Any person who shall solicit membership for, or in any manner assist in procuring membership in, any association not licensed to do business in this state, or which membership is not required or authorized by this act, the license of which is required or authorized by this act, shall be punished by a fine of not more than one hundred dollars.

Any association, or any officer, agent or employee thereof, neglecting or refusing to comply with, or violating any of the provisions of this act, or in any manner assist in procuring membership in, any such association not authorized as herein provided, to do business as herein defined in this state, shall be guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine of not more than one hundred dollars.

Any association, or any officer, agent or employee thereof, neglecting or refusing to comply with, or violating any of the provisions of this act, the penalty for which neglect, refusal or violation is not specified in this section, shall be fined not exceeding one hundred dollars upon conviction thereof. (’07 c. 345 § 29) [3565]

3487. Definitions—Deputy insurance commissioner to act, when—The word “association” as used in this act shall be taken and construed as meaning an association organized or incorporated under the laws of the state. The words “domestic association” shall be taken and construed as meaning an association organized or incorporated under the laws of this state. The words “foreign association” shall be taken and construed as meaning an association organized or incorporated under the laws of another state, district, territory, or province of the United States.

In the event of a vacancy in the office of the insurance commissioner, or in the absence or disability of that officer, the deputy insurance commissioner shall perform all the duties required of the insurance commissioner by this act. (’07 c. 345 § 30) [3566]

3488. Valuations of benefit certificates—Nothing contained in this act shall be construed to require any society to make or cause to be made any valuation of its benefit certificates for any purpose whatsoever, nor shall the insurance department have the right to require or demand that such valuation be made or embraced in the report of any fraternal beneficiary society to the insurance department; nor shall any valuation of the certificates of any association, if made by the insurance department, be published unless upon request of such associations. (’07 c. 345 § 31) [3567]

3489. Readjustment of assessment rates—If the now existing laws of the state in which any foreign fraternal beneficiary society licensed to do business in this state is incorporated, contain provisions under which the officers of such society may submit to the members for their approval or repeal by-laws providing for the readjustment of assessment rates or rates of periodical contribution to the benefit fund, such officers shall submit to a referendum of the membership such question of new rates within the time within which the same may be done under the laws of such foreign state, and pending and during the time when such question is before the members of the order for their approval or repeal, the columns of the official organ shall be open to the membership of this state for expression of views for and against such new rates. (’12 c. 8 § 1) [3568]

3490. Society to file roster of officers—Any such fraternal beneficiary society doing business in this state shall file in the office of the insurance commissioner for use of parties interested, a roster giving the names and addresses of the officers corresponding to presiding officer and secretary of all subordinate lodges in the entire jurisdiction of such society within thirty days after demand made on the chief executive officers corresponding to secretary, by a subordinate lodge in this state. (’12 c. 8 § 2) [3569]

3491. Cancellation of license penalty for failure of compliance—Provided that if the officers of any such fraternal beneficiary society shall fail and neglect to comply with the provisions of this act, the license of said society to do new business in this state shall be cancelled by the insurance commissioner on proof of such failure or neglect. (’12 c. 8 § 3) [3570]

Lodges or Camps of Foreign Associations May Organize.

3492. When state lodges may sever connection with national association—When one-third of all the subordinate lodges or camps organized at the time of the passage of this act in any fraternal beneficiary association now licensed to do business in the state of Minnesota, within two years after the passage of this act, at regular or special meetings called therefor, adopt resolutions by a majority vote of each lodge or camp, provided at least thirty-five per cent (35%) of all members of such lodge or camp voted for said resolution declaring that they hereby sever their connection with such foreign fraternal beneficiary association, they may, in conjunction with each other, continue as a fraternal beneficiary association, and may become incorporated as a fraternal beneficiary association under this act, provided that at least seventy-five hundred (7,500) members of such lodges or camps so severing their connection with such foreign fraternal beneficiary associations, have signed in writing their intention to transfer their insurance to the association incorporated under this act and to become members of such association. (’13 c. 450 § 1) [3571]

3493. Incorporation of state associations—When a subordinate lodge or camp of any foreign fraternal beneficiary association, now licensed to do business in this state, shall become suspended under the terms and provisions of the by-laws of such association for failure to make, within the time provided by its by-laws, remittance to the proper officer of such foreign fraternal beneficiary association of benefit assessments, per capita or other dues, such subordinate lodge or...
camp may retain its organization, and in conjunction with other subordinate lodges or camps or members of such association in this state, continue as a fraternal beneficiary association, and may join with each other and become a part of the fraternal beneficiary association incorporated under this act. (13 c. 450 § 2) [3572]

3494. To have 15,000 members—When fifteen thousand or more members in this state in good standing in any foreign fraternal beneficiary association shall file with the insurance commissioner of this state applications in writing signifying their intentions to sever their connection with such foreign fraternal beneficiary association and to transfer their insurance and become members of an association to be incorporated hereunder such members may form an association and become incorporated under this act, and such association and the members thereof so incorporated shall have all the rights and the same privileges under this act and be subject to the same conditions and requirements as associations incorporated pursuant to the provisions of section 1 hereof. (13 c. 450 § 3) [3573]

3495. When individual members may join—When subordinate lodges or camps take advantage of the provisions of this act any individual members of any other subordinate lodge or camp of the same association may become associated with such subordinate lodges or camps under this act. (13 c. 450 § 4) [3574]

3496. Individual member may retain membership, or join new association—Nothing in this act contained shall be construed to prevent an individual member of any such foreign fraternal beneficiary association from retaining his membership therein where the subordinate lodge or camp of which he is a member shall have severed his connection with such association, and all assessments or per capita tax which shall have been paid by such member shall be remitted to the proper chief executive officer of such association unless said member shall designate in writing that he does not want a remittance made to the foreign fraternal beneficiary association. (13 c. 450 § 5) [3575]

3497. Provisions as to property—Whenever fifty per cent of the entire membership of any subordinate lodge or camp shall vote to sever its connection from the foreign fraternal beneficiary association and associate with the association incorporated under this act, such subordinate lodges or camps shall retain their local identity as such, and shall retain the title to all property, real and personal of such subordinate lodge or camp, but shall be accountable to individual members who preserve their membership in such foreign fraternal beneficiary association for their share in the property of the subordinate lodge or camp ascertained on a per capita basis. (13 c. 450 § 6) [3576]

3498. Not to affect the liability—Nothing in this act shall be construed to affect or limit the liability of any such foreign fraternal beneficiary association under any certificate issued by such association to any member during the time for which it shall have received his assessments in accordance with the constitution and by-laws of such foreign fraternal beneficiary association. (13 c. 450 § 7) [3577]

3499. Foreign association to return excess assessments—If such foreign beneficiary association shall have collected from the members of such association that sever their connection therefrom any funds in excess of such as shall have been properly collected under its articles of incorporation and laws, then the association organized under the provisions of this act shall have the right as such an association to recover such amount from such foreign beneficiary association for the benefit of the members of the association formed hereunder. (13 c. 450 § 8) [3578]

3500. Clerk to give written notice of withdrawal—Whenever any subordinate lodge or camp shall decide to sever its connections with the foreign fraternal beneficiary association, the clerk of said camp shall give written notice of the action taken to every member of said lodge or camp at his last known post-office address and shall request that each member file his written preference as to whether or not he desires his assessments or per capita tax to be paid to the foreign fraternal beneficiary association or transmitted to the new organization. All members falling within thirty days to respond to the request of the clerk in the matter of filing preference shall be considered as desiring to remain with the foreign fraternal beneficiary association and shall be considered members of that organization. (13 c. 450 § 9) [3579]

3501. Medical examination not required—Members of or subordinate lodge or camp and individual members taking advantage of this act shall not be required to pass a medical examination, but new certificates shall be issued to them for the same amount of insurance provided for in the certificate held by such member at the time of the change, or for a less amount of insurance at the option of the insured, or the benefit certificate issued to such member by such foreign fraternal beneficiary association may be assumed by the corporation organized under this act. (13 c. 450 § 10) [3580]

3502. Contributions may be remitted to temporary organizations—When subordinate lodges or camps take advantage of this act, contributions to the benefit fund in the hands of the officers of such subordinate lodges or camps may be remitted to such temporary organizations or lodges or camps as may be created, or when an association of such subordinate lodges or camps or members is duly incorporated under this act, such funds may be paid into the treasury of the association so incorporated, and all such remittances and payments shall be subject to the payment of death claims that occur after the liability of such foreign fraternal beneficiary association upon certificates issued to such members has ceased. (13 c. 450 § 11) [3581]

3503. Insurer to commissioner to be notified—When one or more of such subordinate lodges or camps desiring to sever its or their connections with such foreign fraternal beneficiary association and become members of the associations organized or to be organized under this act shall notify the commissioner of insurance of its or their purpose to do so, it shall be the duty of the commissioner of insurance at once to demand of the chief executive officer in charge of the records of such foreign fraternal beneficiary association to immediately file in the office of the commissioner of insurance a mailing list of all the members of subordinate lodges or camps of such foreign fraternal beneficiary association within this state, and when such foreign fraternal beneficiary association shall have filed such mailing lists, arranged by lodges or camps, it shall be the duty of subordinate lodges or camps desiring to take advantage of this act to mail written notices to all members of any subordinate lodge or camp so desiring to sever its connection from said foreign fraternal beneficiary association at least ten days prior to the submission of such question in such local subordinate lodge or camp, and such notice shall specifically state that the question of surrendering the

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charter and joining with the state organization is to be taken up, and the date of meeting, and may contain such other information as is deemed relevant; provided that where all the members of a subordinate lodge or camp signify in writing their desire and intention to surrender the charter of such camp and join such new organization then and in such case the notice herein provided for shall not be required. (18 c. 450 § 12) [3582]

3504. Articles to be filed with secretary of state—Whenever one-third (1/3) of the subordinate lodges or camps organized at the time of the passage of this act signify their intention to withdraw, and in numbers as provided in section 1 [3492] of this act signify their intention of transferring their insurance, or whenever fifteen thousand (15,000) members without reference to the number of lodges or camps of which they shall be members in any fraternal beneficiary association now licensed to do business in the state of Minnesota, have severed their connections with such foreign fraternal beneficiary association, in the manner herein provided for, they may become incorporated as a fraternal beneficiary association by causing not less than fifteen thousand (15,000) members, to be designated by such camps or lodges, or fifteen thousand (15,000) members, so severing their connections with such foreign fraternal beneficiary association to execute and file articles of association with the secretary of state, and a copy thereof with the commissioner of insurance of the state of Minnesota, which articles shall contain the following:

1. The name of the association.
2. The location of the head office or place of business of said association.
3. The purpose for which it is formed, the official titles of all the officers, trustees, directors or other persons who are to have and exercise the general control and management of the affairs and funds of the association.
4. The length of time such corporation shall continue.
5. The names and places of residence of the officers of such association who hold such office at the time such certificate is filed, and until such time as their successors are elected and qualified under this act. Upon the filing of such articles, as herein provided, the commissioner of insurance shall issue to such association a license authorizing it to transact business in this state. (13 c. 450 § 13) [3583]

3505. Delegates to state convention—Within ninety days after the incorporation of such association the lodges or camps or 15,000 members of such foreign fraternal beneficiary association so severing their connections shall call a special election and elect delegates to a state convention for the purpose of adopting by-laws, rules and regulations for the proper organization of such association, and to adopt a ritual and form a grand lodge of the state of Minnesota, and for the purpose of electing officers to fill the positions of this new association, which said officers so elected shall act until their successors are duly elected and qualified. Said convention so called shall consist of one delegate at large from each subordinate lodge or camp, and one delegate for each three hundred (300) members or major fraction thereof; provided, that no camp or lodge shall have more than five delegates. The rules and regulations, by-laws and ritual of such association shall comply with the laws of this state in all respects except as herein otherwise provided. (13 c. 450 § 14) [3584]

3506. Rates of assessments—Any such association so formed under this act shall during no year levy a less number of assessments than was levied in 1912 by the society or association from which such new association has succeeded or from which it has severed its connection, and shall adopt a rate of assessment by increasing its rates of mortuary assessments by fifty per cent in addition to rates actually paid by the members at the time they sever their connection with the foreign fraternal organization, said rate to be so fixed within ninety days after such association has secured its license from the commissioner of insurance, provided, however, that if said fraternal association fails to carry out the provisions of this section, then in that event the commissioner of insurance shall have the right to cancel its license to do business in this state. (13 c. 450 § 16) [3585]

3507. Names may be retained—Subordinate lodge or camps of such foreign fraternal beneficiary association incorporated under the laws of the state of Minnesota by virtue of this act, may retain the name of such foreign fraternal beneficiary association, provided it be modified by some territorial or other designation to clearly distinguish it from such foreign fraternal beneficiary association. (13 c. 450 § 16) [3586]

3508. Copy of mailing list to be furnished—When any member of a subordinate lodge or camp of such foreign fraternal beneficiary association demands of the officers in charge of the mailing list and membership roll the privilege to take a copy thereof, such member shall be promptly given the privilege of copying such membership list and roll from the records of the subordinate lodge, and any officer refusing to permit a member in good standing of a subordinate lodge or camp to take a list of the members from such records shall be guilty of a misdemeanor. (13 c. 450 § 17) [3587]

3509. Mandamus proceedings—Mandamus proceedings shall lie in the courts of this state against any officer or member of any subordinate lodge or camp to require compliance with the provisions of this act and necessary proceedings incident to the incorporation of subordinate lodges or camps under this act; and no action or proceeding to restrain subordinate lodges or camps or members from proceeding under this act, or to discontinue or enjoin any association organized under this act shall be commenced except on the suit of the attorney general of this state. (13 c. 450 § 18) [3588]

3510. To apply to auxiliary lodges—This act shall apply to auxiliary lodges, and when the subordinate lodges or camps or members of a foreign fraternal beneficiary association shall incorporate under this act, auxiliary subordinate lodges or camps or members may join with such organization so incorporated under this act, (13 c. 450 § 19) [3589]

To be subject to laws relating to fraternal associations—Except as herein otherwise provided, every fraternal beneficiary association organized under the provisions of this act shall be subject to all of the laws of this state relating to fraternal beneficiary associations. (13 c. 450 § 20) [3590]

FIRE INSURANCE COMPANIES

3512. Standard fire policy—No fire company shall issue on property in this state any policy other than standard fire policy; except as herein otherwise provided. (13 c. 450 § 20) [3584]
which may be filled in print or in writing, and no condition, stipulation or term, other than those therein provided for, whether as to jurisdiction, limitation, magistrate, certificate or otherwise, shall be valid if inserted in any such policy, except as follows:

1. It may print on or in its policy its name, location and date of incorporation, the amount of its paid-up capital, the names of its officers and agents, the number and date of the policy, and, if it is issued through an agent, the words, “This policy shall not be valid until countersigned by the duly authorized agent of the company at ______________________.”

2. It may print or use in its policy printed forms of description and specification of the property insured, including the amount of hazard, the location of the premises for ordinary work and materials incidental to the business. Any permit for the use or storage of a hazardous product may contain a caution giving instructions as to the proper method of use or storage.

It may print or use in its policy printed forms for insurance against loss of rents and rental values, leaseholds, values, use and occupancy, and indirect or consequential loss or damage caused by change of temperature resulting from the destruction of refrigerating, heating or cooling apparatus, or any of its connections. It may also use a form specifically excluding the last mentioned hazard.

All contracts of insurance against loss of rents and rental values, leasehold values, use and occupancy, shall contain the following provision:

The period of indemnity under this contract shall be limited to such length of time (commencing with the date of the fire and not limited by the date of expiration of the policy) as would be required with the exercise of due diligence and dispatch to rebuild, repair or replace such part of the property described in said policy as may be destroyed or damaged.

When the policy covers a lumber risk upon the premises for ordinary work and materials, and for the use of sprinkling or other improvements, and for the use of the premises for ordinary work and materials incident to the business. Any permit for the use or storage of a hazardous product may contain a caution giving instructions as to the proper method of use or storage.

The rate of premium upon the within policy has been reduced from the sum of $_________ to $_________, and in consideration of such reduction the assured agrees that a continuous space of ________ feet shall hereafter at all times be maintained between the property hereby insured and any wood-working or manufacturing establishment; said space shall, in all cases, exclude and be measured from the exterior boundary of any permanent structure or addition connected with or attached to (here insert description of nearest woodworker); said space not to be occupied by any independent or disconnected building or structure (here first exceptions if any) or by accumulation of combustible material of any kind and except the loading or unloading only within or transportation of lumber or timber products across such clear space. It shall not be used for handling, piling or sorting lumber for temporary purposes or otherwise. This clause shall not be construed to prohibit the maintenance of operation within said clear space of tramways used exclusively for the transportation of lumber; provided, that lumber is neither piled or stored thereon. Sorting platforms shall not be held tramways within the meaning of this clause, and failure upon the part of the assured to comply with the terms of this clause shall not avoid this policy, nor in any manner lessen the liability of the company hereunder, but in case of such failure, the assured shall be liable to the company for the difference in the premium hereinbefore set forth.

It may also print or use in its policy in case the assured desires a permit containing what is known as the “watchman clause,” said clause to be in the following words, to-wit:

The insured agrees that during the continuance of this policy he will uniformly and constantly maintain a watch service in connection with said premises, and in consideration of such uniform and constant watch service the rate of premium charged upon the policy has been reduced from $_________ to $_________, and it is hereby expressly agreed and understood that the failure of the assured to maintain such uniform and constant watch service or comply with this clause or agreement, shall in no manner nor to any extent avoid this policy, or in case of loss lessen the liability of the company under this policy; but in the event of the failure of the assured to maintain such watch service or perform his part of this agreement, he shall then be liable, and hereby agrees to pay said full premium for the unexpired term of said policy. It may also print or use in its policy a printed form providing that in case of a risk equipped with automatic sprinklers, the assured shall use due diligence in seeing that the equipment is properly maintained; also a permit that the premises may remain vacant or unoccupied for a stipulated number of days beyond the thirty (30) days provided in the policy, for which permit an additional premium may be charged; also a form whereby the assured agrees that, for a reduction in the rate of premium, barrels and buckets of water shall be kept at hand at all times; that failing so to do, the assured shall be liable for the highest rate written in the policy; also a form may be attached excluding liability for loss or damage to dynamos and other electrical apparatus caused by electric current, either natural or artificial.

It may also print or use in its policy printed forms providing that in case of loss, such loss shall be payable to the mortgagee, as his, her, its or their interest may appear, a printed form in the following words, to-wit:

Subject to the stipulations, provisions and conditions contained in this policy, the loss, if any, is payable to ______________________, mortgagee, as his, her, its or their interest may appear.

It may also print or use in its policy in case the assured desires liability to attach to several buildings, divisions or locations under one item, a printed form whereby the assured agrees that, for a reduction in the rate of premium charged upon the policy has been reduced from $_________ to $_________, mortgagee, as his, her, its or their interest may appear.

It may also print or use in its policy in case the assured desires liability to attach to several buildings, divisions or locations under one item, a printed form whereby the assured agrees that, for a reduction in the rate of premium charged upon the policy has been reduced from $_________ to $_________, mortgagee, as his, her, its or their interest may appear.

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may print in the clause enumerating the perils insured against the additional words, "also any damage by lightning, whether fire ensues or not," and in the clause providing for apportionment of loss in case of other insurance, the words, "whether by fire, lightning, or both."

4. If incorporated or formed in the state, it may print in its policy any provision which it is authorized or required by law to insert therein; if not incorporated in this state, it may, with the approval of the commissioner, so print any provision required by its charter or deed of settlement, or by the laws of its own state or country, not contrary to the laws of this state.

5. It may print upon a policy issued in compliance herewith the words "Minnesota Standard Policy."

6. No provision shall be attached to or included in such policy limiting the amount to be paid in case of total loss on buildings to less than the amount of insurance on the same.

7. When two or more authorized companies unite in the issue of a joint policy, the heading thereof may show the severalty of the contract, and also the proportion of premium to be paid to each, and the proportion of liability which each assumes.

In the printed conditions of such standard policy the necessary changes may be made from the singular to the plural number when reference is had to the companies issuing such policy. It shall be plainly printed, no portion thereof in smaller than long primer type, and shall be as follows, to wit:

No. ....................

(Corporate name of the company or association, its principal place or places of business.)

In consideration of .................... dollars, to be paid by the insured hereinafter named, the receipt whereof is hereby acknowledged, does insure .................... and ...................., legal representatives, against loss or damage by fire, to the amount of .................... dollars.

(Description of property insured.)

Bills of exchange, notes, accounts, evidences and securities of every kind, books, wearing apparel, plate, money, jewels, metals, patterns, scientific cabinets and collections, paintings, sculpture and curiosities are not included in said insured property unless specially mentioned.

Said property is insured for the term beginning on the ............... day of ............... in the year nineteen hundred and ............... at noon, and continuing until the ............... day of ............... in the year nineteen hundred and ............... at noon, against all loss or damage by fire originating from any cause except invasion, foreign enemies, civil commotion, riots, or any military or usurped power whatever; the amount of said loss or damage to be estimated according to the actual value of the insured property at the time when such loss or damage happens, except in case of total loss on buildings; but not to include loss or damage caused by explosion of any kind, unless fire ensues, and then to include that caused by fire only.

The policy shall be void if any material fact or circumstance stated in writing has not been fairly represented by the insured, or if the assured now has or shall hereafter make any other insurance on the said property without the assent of the company, or if without such assent the property shall be removed, except that, if such removal be necessary for the preservation of the property from fire, this policy shall be valid without such assent for five days thereafter, or if without such assent the situation or circumstances affecting the risk shall, by or with the knowledge, advice, agency or consent of insured, be so altered as to cause an increase of such risks, or if, without such assent, the property shall be sold or this policy assigned, or if the premises hereby insured shall become vacant by the removal of the owner or occupant, and so remain vacant for more than thirty days without such assent, or if it be a manufacturing establishment running in whole or in part extra time, except such establishment may run in whole or in part extra hours, not later than 9:00 o'clock P. M., or if on such establishment any case operations for more than thirty days without permission in writing indorsed hereon, or if the assured shall make any attempt to defraud the company, either before or after the loss, or if gunpowder or other articles subject to legal restrictions shall be kept in quantities or manner different from those allowed or prescribed by law, or if camphene, benzine, naphtha or other chemical oils or burning fluids shall be kept or used by the insured on the premises insured, except that what is known as refined petroleum, kerosene, or coal oil may be used for lighting, and in dwelling houses kerosene oil stoves may be used for domestic purposes, to be filled when cold, by daylight, and with oil of lawful fire test only.

If the insured property shall be exposed to loss or damage by fire, the insured shall make all reasonable precautions to save and prevent any damage, and shall, at once, give the company notice thereof.

In case of any loss or damage under this policy, a statement in writing, signed and sworn to by the insured, shall be forthwith rendered to the company, setting forth the value of the property insured, except in case of total loss on buildings the value of said buildings need not be stated, the interest of the insured therein, all other insurance thereon, in detail, the purposes for which and the persons by whom the building insured, or containing the property insured, was used, and the time at which and manner in which the fire originated, so far as known to the insured.

The company may also examine the books of account and vouchers of the insured, and make extracts from the same.

In case of any loss or damage, the company, within sixty days after the insured shall have submitted a statement as provided in the preceding clause, shall either pay the amount for which it shall be liable, which amount, if not agreed upon, shall be ascertained by award of referees, as hereinafter provided, or replace the property with other of the same kind and goodmess, or it may, within fifteen days after such statement is received, notify the insured of its intention to rebuild or repair the premises or any portion thereof separately insured by this policy, and shall thereupon enter upon said premises and proceed to rebuild or repair the same with reasonable expedition.

It is moreover understood that there can be no abandonment of the property insured to the company, and that the company shall not in any case be liable for more than the sum insured, with interest thereon from the time when the loss shall become payable, as above provided.

If there be any other insurance on the property insured, whether prior or subsequent, the insured shall recover on this policy no greater proportion of loss except in case of total loss on buildings, sustained than the sum hereby insured bears to the whole amount insured thereon.

And whenever the company shall pay any loss, the insured shall assign to it, to the extent of the amount
so paid, all rights to recover satisfaction for the loss or damage from any person, town or other corporation, excepting other insurers, or the insured, if requested, shall prosecute therefor at the charge and for the account of the company.

If this policy shall be made payable to a mortgagee of the insured real estate, no act or default of any person other than such mortgagee, or his agents, or those claiming under him, shall affect such mortgagee's right to recover in case of loss on such real estate.

Provided, that the mortgagee shall, on demand, pay according to the established scale of rates for any increase of risks not paid for by the insured; and whenever this company shall be liable to a mortgagee for any sum for loss under this policy, for which no liability exists as to the mortgagor or owner, and this company shall elect by itself, or with others, to pay the mortgagee the full amount secured by such mortgage, then the mortgagee shall assign and transfer to the company interested, upon such payment, the said mortgage, together with the note and debts thereby secured.

This policy may be cancelled at any time at the request of the insured, who shall thereupon be entitled to a return of the portion of the above premium remaining, after deducting the customary monthly short rates for the time this policy shall have been in force.

The company also reserves the right, after giving written notice to the insured, and to any mortgagee to whom this policy is made payable, and tendering to the insured a ratable proportion of the premium, to cancel this policy as to all risks subsequent to the expiration of ten days from such notice, and no mortgagee shall then have the right to recover as to such risks.

In case of loss, except in case of total loss on buildings, under this policy and a failure of the parties to agree as to the amount of the loss, it is mutually agreed that the amount of such loss shall, as above provided, be ascertained by two competent, disinterested and impartial appraisers who shall be residents of this state, the insured and this company each selecting one within fifteen days after a statement of such loss has been made; and in case either party fail to select an appraiser within such time, the other appraiser shall appoint the umpire selected, as herein provided may act as a competent, disinterested and impartial umpire; and whatever award they shall find shall be as binding as though the two appraisers had been chosen; and the two so chosen shall first select a competent, disinterested and impartial umpire; provided, that if after five days the two appraisers cannot agree as to the amount of the loss, it is mutually agreed that the amount of such loss shall, as above provided, be ascertained by two competent, disinterested and impartial umpires who shall be residents of the district court of the county 'wherein the loss occurs may appoint such an umpire upon application of either party in writing by giving five days' notice thereof in writing to the other party. Unless within fifteen days after a statement of such loss has been made to the company, either party, the assured or the company, shall have notified the other in writing that such party demands an appraisal, such right to an appraisal shall be waived; the appraisers together shall then estimate and appraise the loss, stating separately sound value and damage, and, failing to agree, shall submit their differences to the umpire; and the award in writing of any two shall determine the amount of the loss; the parties thereto shall pay the appraisers respectively selected by them and shall bear equally the expenses for the appraisal and umpire. The fees of any appraiser or umpire shall in no case exceed ten dollars ($10.00) per day.

The statute permits the blanks in a standard fire policy to be filled in by print or writing for insurance against loss of a household interest.

Subject to the statutory law of this state, a policy of insurance on personal property is the application of the general principles of the law of contracts. The insurer is not entitled to a defense of proving consent by the insured to a modification of the terms of the policy. A modification and assuming a rider to the policy is proof of consent to the modification of the contract shown by the rider, but the circumstances might have been such as would tend to finding that in fact such consent was lacking. $12-40, $15-871.

A contract for the sale of land, part of the purchase price being paid and possession taken, vests in the vendee an equitable title in fee. The legal title in fee is retained by the vendor as security, and upon payment he holds it in trust for the vendee. A policy of insurance issued to the vendee with a condition of forfeiture if in the event that the property is sold without the assent of the insurer is not forfeited by his subsequently making such a contract. 159-312, 159-400.

The operation by the vendee of a still for the illicit manufacture of intoxicating liquor, and the use of an oil engine to heat the house in which the still is kept, in the house insured, do not defeat a recovery by the vendee of the amount of a loss caused by a fire in the same. Unless it is shown that the vendee had knowledge of the acts of the vendee. 162-277, 202-730.

The vendor may recover all of the proceeds of a policy payable in the manner mentioned, and apply the money on the indebtedness of the vendee, when the amount of the loss is less than the unpaid portion of the purchase price of the property. 162-277, 202-730.

The term "the insured," as used in a policy of fire insurance in the standard form, refers to the owner of the property insured, to whom the policy is issued and by whom the premium is paid. 162-277, 202-730.

A vendee in possession of real estate under an executory contract has an insurable interest even though the contract is subject to rescission for his fraud. 162-450, 162-452, 204-828.

Whether certain insurance policies were assined by the estate of A. B., deceased. 162-450, 162-452, 204-828.

A fire insurance policy was issued protecting the interest of the record owner, he conveyed to one of the defendants, and the grantor and the grantee notified the insurer of the interest, and the insurer had insisted upon the condition of the policy, and the insured against the policy, and requested him to make the entries necessary to the policy to protect both the grantee and the other plaintiff, and the plaintiff, who, to the agent's knowledge, held a contract of insurance in the standard form, refers to the owner of the property, and the agent of the insurance company, who had issued the policy, and requested him to make the entries needed to fill in by print or writing for insurance against loss of a leasehold interest. 159-151, 159-400.

The statute permits the blanks in a standard fire policy to be filled in by print or writing for insurance against loss of a leasehold interest. 159-312, 159-400.

The insurer has the burden of proving consent by the insured to a modification of the terms of the policy. The statute permits the blanks in a standard fire policy to be filled in by print or writing for insurance against loss of a leasehold interest. 159-312, 159-400.

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2. Notice and proof of loss—"Forthwith" means within a reasonable time (79-351, 85-467; 78-46, 80-839). Where the insurer (86-327, 86-409; 86-164, 86-469) claim as to amount of loss need not be specific. Subsequent proofs with policy loss (83-326, 83-425). Failure to furnish proof of loss within prescribed times does not forfeit the rights of insured but merely postpones decision (92-336, 92-154; 81-119, 81-155). Misrepresentation in proof of loss (88-325, 71-386). hvor of account as to value of personal property (83-326, 83-386). Where company objects to sufficiency of proof of loss on specified grounds other objections are waived (86-133, 86-558). Amount of loss may be inferred from words or conduct of the insurer's authorized officers or agents. 165-442, 206-655.

3. Increased risk—78-246, 85-527; 88-231, 92-926; 96-81, 104-587.


5. Requisite exceptions to save property—§4-419, 87-922.

6. Other insurance—Prohibition against (86-371, 86-766; 88-488, 91-158; 96-360, 100-838; 98-231, 102-345; 104-367, 106-509). Where a person suffering a partial loss, as insured by several companies it was held that he might join them all in a single action to determine their liability (94-485, 101-495). 10.


8. Union mortgage clause in an insurance policy constitutes independent contract between the insured and the mortgagee; and that contract is not avoided, though a partial loss was insured by several companies it was held that he might join them all in a single action to determine their liability (94-485, 101-495). 10.


10. Proximate cause of loss—100-528, 111+400. 12. Proximate cause of loss—100-528, 111+400. 3513. Automobile fire insurance policies—Insurance on automobiles, motorcycles and other motor vehicles, against loss or damage by fire, when combined in one policy with insurance against one or more of the other hazards mentioned in subdivision 12 of section 1 of chapter 108, Laws 1916, § 1360 need not be in accordance with section 3512. (21 c. 542 § 1)

11. Lightning clause—100-528, 111+400. 12. Proximate cause of loss—100-528, 111+400. 3514. Cancellation of fire policy—Any fire insurance company which has not collected the premium on its policy at the time of the delivery thereof may print or inordinate or attack by rider on its policy the following clause: "If the insured hereunder shall not have actually paid the premium hereon, or any part thereof, within sixty (60) days from the date of the issue of this policy, then this policy may be cancelled by the insurer by giving five days' written notice to the insured and to the mortgagee or other person to whom the policy is made payable, if any, without tendering any part or portion of such premium, anything to the contrary in the policy contract notwithstanding." (25 c. 590 § 1)

13. Injury sustained by fire further insured by fire insurance under the Minnesota standard policy, and one attacking it for fraud must show that the policy was not bound by the same strict rules (79-336, 82-336, 85-697). Where insurable under the company's policy at the time of the delivery thereof may print or inordinate or attack by rider on its policy the following clause: "If the insured hereunder shall not have actually paid the premium hereon, or any part thereof, within sixty (60) days from the date of the issue of this policy, then this policy may be cancelled by the insurer by giving five days' written notice to the insured and to the mortgagee or other person to whom the policy is made payable, if any, without tendering any part or portion of such premium, anything to the contrary in the policy contract notwithstanding." (25 c. 590 § 1)

14. Violation of preceding section—Every company and every agent who shall wilfully make, issue or deliver a policy in violation of section 3512 shall be guilty of a gross misdemeanor; but every stipulation of such policy in favor of the insured shall nevertheless be binding upon the company issuing the same. (1641) [3319]

3515. Whole amount collectible—Co-insurance, etc.—Every company insuring any building or other structure against loss or damage by fire, lightning or other hazard, by the issue of a policy or renewal of one therefore issued, or otherwise, shall cause such structure to be previously examined, a full description thereof to be made, and its insurable value to be fixed, and the amount of such insurance to be stated in the policy. In the absence of any change increasing the risk, without the consent of the insurer, of which the burden of proof shall be upon it, and in the absence of intentional fraud on the part of the insured, the whole amount mentioned in the policy or renewal upon which the insurer receives a premium, shall be paid in case of total loss, and in case...
of partial loss, the full amount thereof. If there are two or more policies upon the property, each shall contribute to the payment of the whole or partial loss in proportion to the amount specified. Any policy where the entire risk covered by the same amount to five thousand dollars ($5,000.00) or more may contain a co-insurance clause, if the insured requests the same in writing, of which fact such writing shall be the only evidence, and if in consideration thereof, a reduction in the rate of premium is made by the company. When so demanded and attached to the policy, said agreement shall be binding upon both the insured and the company, and, in case of a loss, the actual cash value of the property so insured at the time of the loss, including the buildings, shall be the basis for determining the proper amount of such co-insurance, and the amount of loss, notwithstanding any previous valuation of such building. Every person who solicits insurance and procures an application therefor shall be deemed to be an agent of the party afterwards issuing insurance thereon or a renewal thereof. (R. L. '05 § 1642, amended '07 c. 446; '13 c. 99 § 1) [3329]

Nature of duty to examine premises defined. Insurer not released from liability with notice of vacancy by failure to examine. "Occupied as a dwelling" in a policy are words of warranty. (152-377, 190+48.) Provision in standard policy as to vacancy not affected by second sentence of this section (17-474, 83+50.) Effect of evaluation fixed under this section on arbitration (94-566, 92+426, 82+213.) Cities as to who is an "agent" (94-86, 102+210;) "broker" (104-76, 115+227;) condition as to use and occupation of building held not available against certain mortgages (109-374, 114+260.) Notice of other insurance (96-477, 106+478.) Basis of recovery (116+417, 126+477.) 160-263, 197+749. 169-265, 199+968, note under § 3517.

Applies to and is, under the "union mortgage clause," a part of the contract between mortgagee and an insuring insurance company. 158-263, 197+749. Mortgagor's contract of insurance cannot be destroyed by the mortgagor. 158-263, 197+749. In such case the original insurer cannot be required to contribute toward the payment of a loss in excess of the insurable value as fixed in the policy. 158-263, 197+749.

1527. Insurance in excess of value—No company shall knowingly issue any policy upon property in this state for an amount which, together with any existing insurance thereon, exceeds the fair value of the property, nor a longer term than five years. Any company willfully insuring property for more than its insurable value as fixed in its policy. 158-263, 197+749.

1518. Payment to mortgagee—Whenever the whole, or any part of the loss, is payable, in terms or otherwise, to or for one or more mortgagees, upon proof before payment of the rights of the parties, the company shall pay the same in the order of priority to the extent of its liability, and every such payment to such extent shall be payment and satisfaction of its liability under the policy. (1643) [3328]

Where a policy makes the loss, if any, payable to the mortgagee the mortgagee is not bound by an adjustment between the insurance company and the mortgagor. 158-263, 197+749.

1519. Adjustment—Reference—Any person who shall not, within five days after written request, appear before a referee as required by the policy, shall be deemed to have waived the right to reference, and, if it be the insurer, shall be liable to suit. If any two such referees fail for ten days to agree upon a third, either party may within the next ten days make written application to a judge of the district court of the county wherein the fire occurred, setting forth the facts; whereupon said judge shall make the appointment. No person shall be a qualified referee who is not a resident of the state, disinterested and willing to act. (1646) [3326]

The court shall make such order as it may deem necessary. 108-17, 124+45; 56-146, 104+490; 125-317, 147+651.) (19 Cyc. 906; Minn. Dig. 4732.)

155-1, 154+6; 211+446, notes under § 3512.

Action to recover upon a fire insurance policy. Held that the evidence justified the verdict that the policy had not been canceled by mutual consent. 160+6, 199+886.

3520. Liability of company—Notwithstanding any penalty prescribed for the making, issuing or delivery of any policy in violation of any provision of law, every such policy shall be binding upon the company issuing the same. (1646) [3326]

3521. Salvage corps and fire patrols—Every authorized board of fire underwriters in any municipality containing fifty thousand or more inhabitants may provide a salvage corps, a fire patrol with competent superintendents for the purpose of discovering and preventing fires, suitable rooms for their accommodations and necessary apparatus to save and preserve property and life at and after a fire. Such superintendents and patrol subject to the control of the fire chief of the fire department of the municipality may enter any building on fire or in danger of taking fire and endeavor to protect, save or remove the contents, or any part thereof, during or after the fire; provided, however, that the employees of said fire patrol salvage corps shall be divided into two platoons or shifts to be known as the day and right shift. The working hours to be as follows: The time of the night shift shall be fourteen hours, and that of the day shift shall be ten hours each day, except days for changing from the day shift to the night shift as hereinafter provided: the shift which shall be assigned to day duty shall for the first day thereof remain on duty for the full twenty-four hours of said day. A change of shift from day duty to night duty shall be made every week on Sunday.

Each employee shall be entitled to a vacation of not less than fifteen (15) days each year with pay. No employees shall be subject to call or perform any duties in said department out of his regular hours as defined in this section; provided further, that their superintendent may establish such rules as may be necessary to insure attendance of employees in case of a great conflagration, and in such case said superintendent may require each and every employee to protect the protection of life or property notwithstanding said employee has been relieved from duty under the provisions of this act. (R. L. '05 § 1650; G. S. '13 § 3359, amended '19 c. 515 § 1)

3522. Guaranty surplus and special reserve fund—Any insurance company organized under the laws of this state, authorized to transact a fire insurance business, may create the funds herein provided for, to be known and designated as the guaranty surplus fund and the special reserve fund, and may avail itself of the provisions of this section and the following sections of this chapter, upon complying with the requirements thereof. (90 c. 497 § 1) [3332]

3523. Action of stockholders to be filed with insurance commissioner—Any such insurance company, desiring to create such funds may do so if such action is authorized by its stockholders, upon the adoption of a resolution to that effect by its board of directors at a regular meeting of such board, or at any special meeting held for that purpose, and filing with the insurance commissioner of the state a copy thereof, declaring the intention of such company to create such
3524. Dividends may be declared out of surplus profits—After the date of filing any such resolution with the insurance commissioner, such company shall not make or declare or pay in any form any dividend upon its capital stock, exceeding eight per cent per annum thereupon and six per cent per annum upon the surplus funds to be formed hereunder, until after its guaranty surplus fund and its special reserve fund shall have together accumulated to an amount equal to its capital stock or to the sum of $2,000,000.00; and any part of the surplus profits of such company above such annual dividend, may be equally divided between and set apart to constitute the said guaranty surplus fund and the said special reserve fund, which funds shall be held and used as hereinafter provided, and not otherwise. And any company doing business under this chapter, whose guaranty surplus fund and special reserve fund shall have together accumulated to an amount equal to its capital stock or to the sum of $2,000,000.00, may, from time to time, declare dividends out of its surplus profits in such amounts as its board of directors may prescribe, subject only to the limitation that the payment of such dividends shall not deplete its capital, nor reduce the aggregate amount of the guaranty surplus and special reserve funds to an amount less than the amount of its capital stock, or if its capital stock exceeds $2,000,000.00, to an amount less than $2,000,000.00; and subject to the further limitation that no dividends exceeding 10 per cent upon the capital stock shall be declared in any year if the payment thereof would reduce the aggregate amount of all surplus funds, including guaranty surplus and special reserve funds, below an amount equal to 30 per cent of its unearned premiums. And any company doing business under this chapter, which shall declare or pay any dividend contrary to the provisions herein contained, shall forfeit its charter and be liable to be proceeded against by the attorney general for its dissolution. (‘09 c. 437 § 3, amended ‘23 c. 130 § 1) [3334]

3525. Commissioner to make examination—Whenever such company shall notify the insurance commissioner that it has fulfilled the requirements already expressed in this act, and that its guaranty surplus fund and its special reserve fund, taken together, equals its capital stock or amount to the sum of $2,000,000.00, the commissioner shall make an examination of such company and make a certificate of the result thereof, and file the same in his office, and if the commissioner shall find that said combined funds shall equal the capital stock of such company or amount to the sum of $2,000,000.00, thereafter such company may continue, out of any subsequent profits of its business, to add to such funds; provided, that whenever any addition is made to the special reserve fund an equal sum shall be carried to the guaranty surplus fund. (‘09 c. 437 § 4, amended ‘23 c. 130 § 2) [3335]

3526. Items to be considered in estimating profit—In estimating the profit of any such company for the purpose of making a division thereof between said guaranty surplus fund and such special reserve fund, until such funds shall together amount to a sum equal to the capital stock of such company or amount to the sum of $2,000,000.00, there shall be deducted from the gross assets of the company, including for this purpose the amount of the special reserve fund, the sum of the following items:

First—The amount of all outstanding claims.

Second—An amount sufficient to meet the liability of such company for the unearned premiums upon its unexpired policies, which amount shall at least equal one-half the premiums received on policies having one year or less to run from the date of policy, and a pro rata proportion of the premiums received on the policies having more than one year to run from the date of policy, and shall be known as the re-insurance liability.

Third—The amount of its guaranty surplus fund and of its special reserve fund.

Fourth—The amount of the capital of the company; and

Fifth—Interest at the rate of eight per cent per annum upon the amount of the capital, and six per cent per annum upon the amount of the said funds for whatever time shall have elapsed subject to an equal division between the said funds as herein since the last preceding each dividend. And the balance shall constitute the net surplus of the company, any portion of which is provided. (‘09 c. 437 § 7, amended ‘23 c. 130 § 3) [3338]

3527. Investment of guaranty surplus—Said guaranty surplus shall be held and be invested by such company in the same manner as its capital stock and surplus accumulation may be held and be invested, and shall be liable and applicable in the same manner as the capital stock to the payment generally of the losses of such company. (‘09 c. 437 § 5) [3336]

3528. Investment of special reserve fund—Said special reserve fund shall be invested according to existing laws relating to investments of capital by fire insurance companies, and shall be deposited from time to time as the same shall accumulate and be invested, with the insurance commissioner of the state, who, shall permit the company depositing the same to change and convert such deposits into any other securities as the same may accrue; and said fund shall not be regarded as any part of the assets in possession of said company, so as to be or render the same liable for any claim for loss by fire or otherwise, except as herein provided. (‘09 c. 437 § 6) [3337]

3529. When claims exceed guaranty surplus and capital stock—Whenever the claims upon such company shall exceed the amount of its capital stock and of guaranty surplus fund provided for by this chapter, and of its surplus funds, other than the special reserve fund, the said company shall notify the insurance commissioner of the fact, who shall then make or cause to be made an examination of said company, and shall issue his certificate of the result, showing the amounts of capital, of guaranty surplus fund, of special reserve fund, of re-insurance liability and of other assets, and upon his issuing such certificate in duplicate, one copy to be given to the company and one to be recorded in the insurance department, the said special reserve fund shall be immediately held to protect all
policyholders of said company other than such as are claimants upon it at the date of said certificate, and said special reserve fund, together with other assets, certified by the insurance commissioner as equal in value to the amount of the unearned premiums of such company, to be ascertained as hereinbefore provided, shall constitute the capital and assets of such company for the protection of policyholders other than such claimants and for the further conduct of its business, and any official certificate of the insurance commissioner herein provided for shall be binding and conclusive upon all parties interested in such company, whether as stockholders, creditors or policyholders, and upon the payment to claimants who are such at the date of said certificate, of the full sum of the capital of such company and of its guaranty surplus fund and of its assets at said date, excepting only such special reserve fund and an amount of its assets equal to the liability of the commissioner, such company shall be forever discharged from any and all further liability to such claimants, and to each of them, and the said insurance commissioner shall, after issuing his said certificate, upon the demand of such company, transfer to it all such securities as shall have been deposited with him by such company as special reserve fund, and the amount thereof in excess of one-half of such capital stock if the capital be $2,000,000.00 or less, or in excess of $5,000,000.00 if the capital be over $2,000,000.00, and he shall transfer the balance thereof to such company as herein provided, and the amount so transferred to such company shall from the time of such transfer, provided the amount thereof shall not be less than one hundred thousand dollars, constitute the capital stock of such company for the further conduct of its business as hereinbefore provided, and the securities so retained shall be regarded as the special reserve fund of such company, to which additions may be made as herein provided and shall be held in the same manner, and for the same purpose, and under the same conditions as the original special reserve fund of such company was held. The provisions of this section, providing for discharge of the company from further liability to existing claimants upon application to the payment of such claims of its capital, surplus and assets, excepting the special reserve fund, and an amount equal to the liability for unearned premiums, shall not be construed to relieve the stockholders of said corporation from any liability imposed by the constitution of this state. ('09 c. 437 § 8, amended '29 c. 139 § 4) [3339]

3530. Directors to call upon stockholders to make up impairment—If at any time after said special reserve fund shall have been accumulated by any company, the directors of such company shall present evidence satisfactory to the insurance commissioner that the capital of such company has become impaired, he shall order the directors to call upon the stockholders to make up such impairment, and the board of directors may thereupon require the necessary payment by the stockholders to make good the whole of such impairment, or they may apply for that purpose the whole or any part of the special reserve fund and require of the stockholders payment of such amount as may be necessary to make up the balance of such impairment not made up out of the special reserve fund. The stock of every stockholder shall be pledged and liable for the amount assessed upon him to make up such impairment, either in whole or in part, and in case any stockholder refuses to pay such assessment, the stock standing in his name may be sold at public auction, after thirty days' notice, in such manner as the directors may provide. If the board of directors elect to make good such impairment or any part thereof out of the special reserve fund, the insurance commissioner shall, upon request of said board, transfer to said company so much of said special reserve fund as is necessary for the purpose. No company doing business under this chapter shall issue any larger amount upon any single risk than is permitted by law to a company possessing the same amount of capital irrespective of the fund herein provided for. ('09 c. 409 § 9) [3408]

3531. Statement to be printed on policy—From and after the date when this act goes into effect, every policy not then in the hands of agents issued by a company which has constituted and set apart a guaranty surplus and special reserve fund, under this or any prior law of this state, shall have printed thereon by such company a statement that the same is issued under and in pursuance of the laws of the state of Minnesota relating to guaranty surplus and special reserve funds, and every such policy shall be deemed to have been issued and received subject to the provisions hereof. ('09 c. 437 § 10) [3341]

3532. Railroad company liable for property injured
or destroyed by fire from engines—Each railroad corporation owning or operating a railroad in this state shall be responsible in damages to every person and his property or destroyed by fire from engines—Each railroad corporation owning or operating a railroad in this state shall be responsible in damages to every person and his property, or destroyed by fire communicated directly or indirectly by the locomotive engines in use upon the railroad owned or operated by such railroad corporation, and each such railroad corporation shall have an insurable interest in the property upon the route of the railroad owned or operated by it and may procure insurance thereon in its own behalf for its protection against such damages. (R. L. § 2041, amended '09 c. 378 § 1)

No presumption, as arbitrary class legislation (186 Fed. 139. 29 C. C. A. 612.)

HAIL INSURANCE.

3532-1. Policies—Provision for adjustment of loss—Every policy of insurance against damage by hail issued by any company, however organized, shall provide for adjustment of loss upon claim made and presented to the company within the United States, formed upon the plan known as Lloyd's, whereby each associate underwriter becomes liable for a proportionate part of the whole amount insured by a policy, may be authorized to transact insurance other than life in this state in such manner and on such terms as the insurance commissioner may direct, providing that if such organization shall be possessed of cash on hand and securities of the underwriters satisfactory to the insurance commissioner after deducting all liabilities except insurance reserve, to the amount of not less than $250,000, and in addition thereto shall be possessed of guaranteed subscriptions or other securities of the underwriters satisfactory to the insurance commissioner to an amount of not less than $250,000,000, making a total of $500,000,000 so possessed, and if the net cash on hand shall be equal to the re-insurance reserve calculated on a basis of 50 per cent of the premiums in force on policies running one year or less from date of policy, and a pro rata amount on policies running more than one year from date of policy, except upon inland and marine risks, which shall be computed by charging 50 per cent of the premium written in its policies upon yearly risks and upon risks covering more than one passage not terminated, and the full amount of premiums written in policies upon all other inland and marine risks not terminated, and such other risks which may be required by law and the insurance commissioner, and if evidence shall be furnished to the insurance commissioner that the underwriters are men of good financial standing, responsible for their obligations, and that the organization does not issue policies of insurance on any one risk in greater sums than one-fifth of the aggregate of the cash paid in, the parts of the premiums due to the underwriters, or the amount to which they may become liable, unless the excess shall be provided for by re-insurance, the commissioner shall license them under similar requirements as are made and prescribed in this act for the admission of foreign mutual fire insurance companies so far as the same may reasonably apply. Said association of individuals known as Lloyds heretofore organized to transact insurance known as sprinkler leakage insurance. (95 c. 175 § 85, amended '05 c. 130; '13 c. 534 § 1) [3327]

3534. Renewal of license—No Lloyd's not now licensed to do business in this state shall hereafter be licensed except upon complying with the provisions of this act, but Lloyd's herebefore licensed and now doing business under the provisions of said section 86 of chapter 175 of Laws of 1895 as amended by chapter 150 of the Laws of 1905, may have their license renewed without increasing their cash and securities and subscription on hand to the amount herein required, provided they shall set aside the reserves required by this act. (13 c. 634 § 2) [3328]

Explanatory note—For laws 1895, c. 175. § 85, as amended by Laws 1905, c. 325, see § 534, herein.

3535. Mutual companies—When permitted—No policy shall be issued by a mutual fire company, other than a town or farmers' company, until not less than seven hundred and fifty thousand dollars of insurance in not less than three hundred separate risks upon property in this state, has been subscribed for and entered upon its books, except in the following cases:

1. Those organized to insure creamery and cheese factory buildings, their contents and equipments, exclusively, which may issue policies when not less than fifty thousand dollars, in not less than twenty-five separate risks, upon such buildings and contents in this state.
Insurance § 3535

The name of every such company shall include the words "Mutual Creamery Fire Insurance Company," and it shall issue no policy except upon the class of risks aforesaid.

2. Those organized to insure the stock in trade, tools and fixtures of retail hardware dealers, or the buildings containing the same, when owned by the owner of the stock, tools and fixtures, or both, which may issue policies when not less than fifty thousand dollars ($50,000) of insurance, in not less than two hundred separate risks upon such property located within this state, has been subscribed for and entered upon its books. The name of every such company shall include the words "Mutual Retail Hardware Fire Insurance Company," and it shall issue no policy except as above specified.

3. Those organized to insure dwelling houses, their contents, barns, livestock and vehicles, which may issue policies when not less than two hundred and fifty thousand dollars of insurance, in not less than two hundred separate risks, upon such property located within the state, has been subscribed for and entered upon their books. The name of every such company shall include the words "Mutual Dwelling House Fire Insurance Company," and it shall issue no policy except upon the class of risks aforesaid.

4. Those organized to insure printing material, machinery and stock in trade of newspaper publishers and printers, or the building containing same, or the dwelling house and contents when owned by the owner of the printing material, machinery and stock in trade, or both, which may issue policies when not less than two thousand dollars of insurance, in not less than two hundred separate risks upon such property located within this state, has been subscribed for and entered upon their books. The name of every such company shall include the words "Mutual Printing Material and Stock in Trade Fire Insurance Company," and shall issue no policy except upon the class of risks aforesaid.

5. Those organized to insure grain elevators, warehouses and cribs, may issue policies when not less than two thousand dollars ($2,000) in cash. The name of every such company shall include the words "Mutual Grain Dealers' Fire Insurance Company," and it shall issue no policy except upon the class of risks aforesaid.

4. Those organized to insure printing material, machinery and stock in trade of newspaper publishers and printers, the buildings containing the same, and the dwelling house and its contents, when owned by the owner of such printing material, machinery and stock in trade, may issue policies when not less than two hundred thousand dollars ($200,000) of insurance, in not less than two hundred (200) separate risks upon such property located within this state, has been subscribed for and entered upon such company's books and the premiums thereon for one year paid in cash, which premiums shall aggregate not less than two thousand five hundred dollars ($2,500) in cash. The name of every such company shall include the words "Mutual Dwelling House Fire Insurance Company," and it shall issue no policy except upon the class of risks aforesaid.

5. Those organized to insure grain elevators, warehouses and cribs, may issue policies when not less than five thousand dollars ($5,000) of insurance, in not less than twenty-five (25) separate risks, upon such buildings and contents in this state, has been subscribed for and the premium thereon for one year paid in cash, which premium shall aggregate not less than five hundred dollars ($500) in cash. The name of every such company shall include the words "Mutual Grain Dealers' Fire Insurance Company," and shall issue no policy except upon the class of risks aforesaid.

6. Those organized to insure creamery and cheese factory buildings, their contents and equipment, and the dwelling house and contents, and barn, livestock and vehicles of the owner of such creamery or factory, may issue policies when not less than fifty thousand dollars ($50,000), in not less than twenty-five (25) separate risks, upon such buildings and contents in this state, has been subscribed for and the premium thereon for one year paid in cash, which premium shall aggregate not less than one thousand dollars ($1,000) in cash. The name of every such company shall include the words "Mutual Creamery Fire Insurance Company," and it shall issue no policy except upon the class of risks aforesaid.

7. Those organized to insure grain elevators, warehouses and cribs, may issue policies when not less than two hundred and fifty thousand dollars ($250,000) of insurance, in not less than two hundred (200) separate risks upon such property located within this state, has been subscribed for and entered upon such company's books and the premiums thereon for one year paid in cash, which premiums shall aggregate not less than two thousand five hundred dollars ($2,500) in cash. The name of every such company shall include the words "Mutual Grain Dealers' Fire Insurance Company," and it shall issue no policy except upon the class of risks aforesaid.
6. Those organized to insure exclusively the property of any one church or any one religious denomination, and the church property or properties and equipment, and furnishings thereof of any one church or of any one religious denomination, may issue policies when not less than one hundred thousand dollars ($100,000), in not less than fifty (50) separate risks, upon said properties that have been subscribed for and so entered, and the premium thereon for one year paid in cash, which premiums shall aggregate not less than one hundred dollars ($1,000) in cash. The name of every such company shall include the words “Mutual Denominational Fire Insurance Company,” and it shall issue no policy except upon the class of risks foreseen, provided that this section shall not be construed as a repeal of Section 3259, General Statutes of Minnesota 1913. (R. L. '05, § 1648; amended '07, c. 117, § 1; '25, c. 172) [3304]

Explanatory note—For G. S. '13, § 3259 see § 3353, herein.

MISCELLANEOUS PROVISIONS REGARDING VARIOUS KINDS OF MUTUAL COMPANIES

3537. Membership—Meetings—Notice—Every policyholder in a mutual fire, hail, tornado, cyclone and hurricane insurance company shall be a member thereof while his policy is in force, and entitled to one vote for each policy he holds, and shall be notified of the time and place of holding its meetings, either personally or by imprint upon the back of every policy, receipt and certificate of renewal, substantially as follows, viz.: “The beneficiary hereunder is hereby notified that he is a member of the ..................... Insurance Company, and that its annual meetings are held at its home office in the .................... (town or city) of ..................... on the ..................... day of .............. in each year, at .................... o'clock, ............. m.” (1626) [3303]

3538. Premiums—Contingent liability—Every mutual fire company shall charge and collect on each policy a premium, in cash, or in notes absolutely payable, or it may accept a deposit of cash equal to one year's premium on the policy issued, and while such deposit remains intact collect all future premiums on such policy by assessments thereon, and shall also provide in its by-laws, and specify in its policies the maximum contingent mutual liability of its members for the payment of losses and expenses not provided for by its cash fund. Such contingent liability of a member shall not be less than a sum equal to five times the amount of such annual premium, nor more than a sum equal to five times the amount of earned premium or assessment, or both, but in no case shall apply proportionally to all policies in force. Provided, that mutual fire insurance companies maintaining a full fifty (50) per cent re-insurance reserve and having a fully paid-in and unimpaired guaranty fund of not less than $100,000, may issue policies without a contingent liability; but the fact that there is no such contingent liability must be plainly and legibly stated in such policies. (R. L. § 1627, amended '07 c. 321) [3304]

3539. Requirements when note given—Except as provided in § 3538, whenever a note or other written evidence of indebtedness is given for any premium due, or to become due upon any insurance of property, other than marine, the same shall be full payment therefor and operate to continue the same in full force during the term thereof, except that when any such note or written evidence of indebtedness is not paid at maturity, the policy for which the same was premium in whole or in part may be cancelled upon notice and in the same manner as though said premium was paid in cash and the surrender of said note or other written evidence of indebtedness shall constitute a return or payment of the unearned portion of premium, and in such event the parties liable on such note or evidence of indebtedness shall be liable for and shall pay the premium earned prior to such cancellation, and no more. Provided further, that in case of any cancellation of a policy any note or notes or written evidence of indebtedness, given for whole or part of the premium thereon, may be by insurer returned to the insured in lieu of cash to the extent of the unpaid amount thereof plus accrued interest. No note given for premiums or deposit for assessment, or both, or for any part of either, shall be negotiable, and every assignment thereof shall be subject to all existing defenses. Nor shall any such notes be valid for any purpose unless the words “not negotiable” are plainly and legibly written or printed across the face thereof. (R. L. '05 § 1628, amended '07 c. 521) [3305] 156-125, 134.1

3540. Policies of insurance without contingent liability—Any mutual company authorized to transact business in this state which establishes and maintains, over and above its liabilities and the reserves required by law of like stock insurance companies, a guaranty fund available for the payment of losses and expenses at least equal to the capital stock required of a like stock insurance company, may issue policies of insurance without contingent liability. (19 c. 393 § 1)

3541. To insure against loss or damage to automobiles, etc.—Any such company authorized to write workmen's compensation or liability insurance under chapter 129, Laws 1913, when its articles of incorporation so provide, shall also be permitted to insure against loss or damage to automobiles or other vehicles and their contents by collision, fire, burglary, or other perils and other perils of operation, and against liability for damage to persons or property of others by collision with such vehicles, and to insure against any loss or hazard incident to the ownership, operation or use of motor or other vehicles as specified in subdivision 12 of section 1 of chapter 138, Laws 1915. (19 c. 393 § 2) [3305]

Explanatory note—For Laws 1913, c. 122, see §§ 3356 to 3359, herein. For Laws 1915, c. 135, § 1, see § 3315, herein.

3542. Provisions as to policies lapsing—Any mutual company insuring property may provide by its certificate or by-laws that upon failure by any member for sixty days after notification thereof to pay any premium or assessment made upon his policy such policy shall lapse and become void without notice or further act by or on behalf of the company. Such condition shall be plainly and legibly specified in each policy. Whereupon such company may recover the amount of earned premium or assessment, or both, but no more. Nothing herein contained shall prevent the reinstatement of such lapsed policy by voluntary acceptance of any delinquent assessment before suit. (1629) [3306]
Mutual fire insurance companies may waive by-law made pursuant to this section (112-418, 128-462). (164 § 114, 124-334, 161-268.)

Under the terms of the policy, also the by-laws, which form part of the contract, the failure to pay the premiums required upon policies because of death, or disability, but not to cancel or annul the insurance rights thereby granted, 130-126, 134-121.

The latter rights could be canceled only by written notice as provided by the policy.—Id.

3543. Assessments—When and how made—Whenever the net assets of any mutual insurance company are insufficient for the payment of incurred losses and expenses above its reinsurance reserve, as provided by law, it shall make an assessment for the amount required rated upon its members liable thereto. The order for assessment shall be duly entered upon its records, with a statement of its condition at the date thereof, including all cash assets, deposit notes, and contingent amount liable to such assessment, the amount of the assessment, and the particular losses or other liabilities for which it is made. Such record shall be signed by each director voting for the order before any part of the assessment is collected, and any person liable thereto may inspect and take a copy thereof.

Provided, that the commissioner of insurance may by written order relieve such company from an assessment or other proceedings to restore such assets during the time fixed in such order, when such deficiency does not exceed ten (10) per cent of its admitted assets. (R. L. § 1630, amended '07 c. 321 § 1; '15 c. 354) [3307]

Whether a notice of assessment was mailed by the defendant insurance company to the plaintiff insured was for the jury. 167-580, 291-353.

3544. Guaranty fund—Whenever, by reason of depreciation, loss, or otherwise, the net assets after providing for other debts are less than the required premiums reserved upon policies the deficiency shall be restored by assessment as above provided, notice of which shall be filed with the commissioner. Whenever the board of directors, or the commissioner, shall be of the opinion that the insolvency of any company is probable, such board, or upon their failure so to do, the commissioner, may order two assessments made, the first to determine what each policyholder should pay to reinsure the company and cancellation of his policy; the second, equally pay or receive in case of withdrawal from the company, or multiples thereof, and such guaranty fund shall be invested in the same manner as is provided for the investment of capital stock of insurance companies. The certificate holders of such guaranty fund shall be entitled to an annual dividend of not more than ten (10) per cent on their respective certificates, if the net profits or unused premiums left after all losses, expenses or liabilities, then incurred, with reserve or reinsurance provided for shall be sufficient to pay the same; and if the dividends in any one year are less than ten (10) per cent the difference may be made up in any subsequent year or years from the net profits.

The guaranty fund shall be applied to the payment of losses and expenses when necessary, and if the guaranty fund is impaired, the directors may make good the whole or any part of such impairment from future profits of the company, but no dividend shall be paid on guaranty fund certificates while the guaranty is impaired.

The holder of the guaranty fund certificates shall not be liable for any more than the amount of his certificate which has not been paid in and such amount shall be plainly and legally stated on the face of the certificate.

Each certificate holder of record shall be entitled to one vote in person or by proxy in any meeting of the members of the company for each ten dollars investment by him in guaranty fund certificates. The guaranty fund may be reduced or retired by vote of the policyholders of the company and the assent of the insurance commissioner, if the net assets of the company above its reinsurance reserve and all other claims and obligations, and the amount of its guaranty fund certificates and interest thereon for two years last preceding and including the date of its last annual statement, shall not be less than fifty (50) per cent of the premiums in force.

A notice of such proposed action on the part of the company shall be mailed to each policyholder of the company not less than thirty days before the meeting when such action may be taken.

In mutual fire insurance companies with a guaranty fund, the certificate holders shall be entitled to choose and elect from among their own number or from among the policyholders at least one-half of the total number of directors.

If any mutual fire insurance company with a guaranty fund ceases to do business, it shall not divide among its certificate holders any part of its assets or guaranty fund, until all its debts and obligations have been paid or cancelled.

Foreign mutual fire insurance companies having a guaranty fund shall not be required to make their certificates of guaranty fund conform to the provisions of this section, but when such certificates do not conform therewith, the amount thereof shall be charged as a liability. (R. L. § 1631, amended '07 c. 321) [3308]

3545. Non-assessable policies may be written—Creation of guaranty fund—Kinds of business permitted—Any mutual insurance company which establishes and maintains over and above its liabilities and the reserves required by law of a like stock insurance company, a guaranty fund available for the payment of losses and expenses at least equal to the capital stock and surplus, if any, required of a like stock insurance company, may issue policies of insurance without contingent liability, and when the articles of incorporation of any mutual insurance company having such
guaranty fund so provide, such company may transact any and all of the kinds of business as set forth in subdivisions 1 to 14 inclusive, of chapter 138, Laws of 1915, as amended by chapters 29 and 276, Laws of 1917, and by chapter 413, Laws of 1919, subject to the restrictions and limitations imposed by law on a like stock insurance company, and any domestic mutual company issuing a guaranty fund certificate of the amount of capital stock and surplus required of a like stock insurance company, may insure the same kinds of property and conduct and carry on its business, subject only to the restrictions and limitations applicable to like domestic stock insurance companies; provided, however, that section 3308, General Statutes 1915 shall not apply to such guaranty fund, save and except only to the extent of such fund as may be invested in the same manner as is provided by law for the investment of its other funds. Every such company shall in its annual statement, show as separate items, the amount of the guaranty fund and the remaining divisible surplus, and the aggregate of such items shall be shown as surplus to policy holders.

A guaranty fund may be created in whole or in part in either or both of the following ways.

(a) Where an existing mutual company has a surplus, the members of the company may at any regular or special meeting, set aside from and out of its surplus such sum, as shall be fixed by resolution, to be transferred to and thereafter constitute in whole or in part the guaranty fund of the company.

(b) By the issuance of "guaranty fund certificates" as specified in section 4 of this act, the same to be issued upon the conditions and subject to the rights and obligations specified in said section 4.

Any such company establishing a guaranty fund as hereinbefore provided may, subject to the restrictions and limitations imposed by law as to a like stock insurance company, amend its articles so as to authorize the doing by it of one or more of the kinds of insurance business specified in subdivisions 1 to 14 inclusive, of chapter 138, Laws of 1915, as amended by chapters 29 and 276 of Laws of 1917, and chapter 413, Laws of 1919.

The policy liability of any such mutual company issuing policies without a contingent liability shall, so far as applicable to such policies, be computed upon the same basis as is applicable to like policies issued by stock insurance companies; provided, however, that where any such company shall issue five year term policies, wherein the premiums shall be payable in annual or biannual installments, and no premium note is taken by the company as payment of the full term premium, such company then shall be required to maintain a reserve fund on only the portion of premiums actually collected from time to time under such term policies, and no such company so creating a guaranty fund shall issue policies without a contingent liability after the guaranty fund shall be impaired or reduced below the capital and surplus required of a like stock insurance company doing the same kind or kinds of insurance. Any company having a guaranty fund may insure, without a contingent liability, any kind or class of property which a like stock company may insure. ('21 c. 200 § 1, amended '23 c. 159 § 1)

Explanatory note.—For Laws 1915, c. 128, as amended by Laws 1917, cc. 29, 276, and Laws 1919, c. 413, see § 3545, herein.

Section 4 is § 3548, herein.

3547. Prerequisites of mutual companies transacting business other than fire, life insurance—Any mutual insurance company shall transact the kinds of business specified in subdivisions 3, 6, 8, 9, 10, 12, 13 and 14 of chapter 138, Laws of 1915, as amended, except upon compliance with the following conditions.

(a) It shall have not less than three hundred separate risks subscribed for and entered upon its books and one year's premiums thereon paid in cash, and above have admitted assets of not less than $10,000, which admitted assets shall be not less than five times the maximum net single risk, as hereinbefore defined.

(b) It shall not expose itself to any loss on any one risk or hazard, except as hereinbefore provided, in an amount exceeding 10 per cent of its net assets, actual and contingent; such contingent assets being the aggregate amount of the contingent liability of its members for the payment of losses and expenses not provided for by its cash funds. No portion of any such risk or hazard which shall have been reinsured, as authorized by the laws of this state, shall be included in determining the limitation of risk prescribed by this section. For the purpose of transacting employers' liability and workmen's compensation insurance, each employee shall be considered a separate risk for determining the maximum single risk.

(c) It shall maintain unearned premiums and other reserves, separately for each kind of business upon the same basis as that required of domestic stock insurance companies transacting the same kind of business.

(d) Except as herein expressly provided, it shall comply with all the provisions of the laws of this state relating to the organization and internal management of mutual fire insurance companies, insofar as the same may be applicable and not inconsistent herewith.

(e) All policies issued by such companies shall provide for a premium or premium deposit payable in cash, and except as herein provided, for a contingent liability of the members at least equal to the premium or premium deposit as adjusted by audit if any. If at any time the admitted assets are less than the reserves and other liabilities, the company shall immediately collect upon policies with a contingent liability a proportion of any mutual insurance company, not having a guaranty fund of the amount required by section 1 of this act, so provide, it may transact any and all kinds of business as set forth in subdivisions 1 to 14 inclusive, of chapter 138, Laws of 1915, as amended by chapters 29 and 276, Laws of 1917, and chapter 413, Laws of 1919, subject to the conditions and restrictions as to the kinds of insurance which may be combined by a like stock insurance company, and subject to all restrictions contained in the laws of this state with reference to mutual insurance companies transacting the same kinds of business; provided that nothing in this section contained shall be construed as prohibiting a company issuing policies with a contingent liability from creating a guaranty fund as authorized by section 4 of this act. Any mutual company, however, organized, may amend its articles so as to provide for the doing of two or more of the kinds of business specified in said subdivisions 1 to 14 inclusive, of chapter 138, Laws of 1915, as amended by chapters 29 and 276, Laws of 1917, and chapter 413, Laws of 1919. ('21 c. 200 § 2, amended '23 c. 159 § 2)

Explanatory note.—For Laws 1915, c. 128, as amended by Laws 1917, cc. 29, 276, and Laws 1919, c. 413, see § 3545, herein.
§ 3548. Directors or officers may advance money—Votes by person or proxy—Liquidation of assets in wind-up—Any director, officer, or member of any mutual insurance company, or any other person, may advance to such company, any sum or sums of money necessary for the purposes of its business, or to enable it to comply with any of the requirements of the law, including the creation in whole or in part of a guaranty fund to enable it to do one or more of the kinds of business specified in section 1 of this act, and also for the creation by a company issuing policies with a contingent liability of a guaranty fund, in such amount as the board of directors shall determine, for the protection of policy holders of such company, and such moneys, together with such interest thereon as may have been agreed upon not exceeding 10 per cent per annum shall be repaid only out of the surplus remaining after providing for all reserves, if any, and other liability and which shall not otherwise be a liability or claim against the company or any of its assets. No commission or promotion expenses shall be paid in connection with the advance of any such money to the company, and the amount of such advance remaining unpaid shall be reported in each annual statement.

The company shall issue to each person so advancing money for the creation of a guaranty fund a certificate or certificates specifying the amount so advanced. Such certificates may be assigned by the holder thereof and a transfer thereof recorded upon the books of the company. The holders of such guaranty fund certificates shall be entitled to annual interest thereon at the rate agreed upon, if the net profits of the company, after all losses, expenses, liabilities and legal reserves, if any, have been paid or provided for, are sufficient to pay the same. If the net profits of the company in any year are insufficient to pay the full amount of interest agreed upon, the difference may be paid in any subsequent year or years from the net profits of such subsequent years.

Such guaranty fund shall be applied to the payment of losses and expenses when necessary and if the guaranty fund be impaired the directors may make good the whole or any part of such impairment from future net profits of the company, or by the issue and sale of additional guaranty fund certificates, but no interest shall be paid on the guaranty fund certificates while the guaranty fund is impaired. No certificate shall be issued except for money actually paid to the company, which amount shall be plainly and legibly stated thereon. The company shall issue certificates only in sums of $10.00 or multiples thereof; it shall keep a record of the name and address of the person to whom issued and of all assignments thereof. Upon the surrender of a certificate, duly assigned in writing, the company shall cancel the same and issue a new certificate to the assignee.

Each certificate holder of record shall be entitled to one vote in person or by proxy at any meeting of the members of the company for each $10.00 investment by him in the guaranty fund certificates.

Such guaranty fund may be reduced or retired by vote of the board of directors of the company, if the net proceeds of the certificate shall exceed its legal reserves, if any, and all other claims and obligations are sufficient therefor. The certificate holders shall be entitled to choose and elect from among their own members or from among the policy holders at least one-half of the total number of directors.

In case the members of any company, by resolution adopted at any regular meeting, or special meeting called for that purpose, shall determine to wind up and liquidate the business of any such company, the assets thereof shall be applied, first, to the payment of the expense of such liquidation; second, to the payment of any accrued liability, including losses, if any; third, to the payment of any unearned premiums on policies in force at the time of such liquidation; fourth, to the payment of any guaranty fund certificates then outstanding together with accrued interest thereon, if any; fifth, the residue shall be distributed to the policy holders who were such at the time of the adoption of such resolution, in the proportion which the face amount of the insurance carried by each policy holder bears to the total amount of insurance in force. (21 c. 200 § 2546, amended '23 c. 159 § 3)

§ 3549. Dividends, determination of—The board of directors of any mutual insurance company may from time to time fix and determine the amounts to be paid during the year as dividends or a refund of savings and gains to policyholders, provided that no such dividend or refund shall discriminate between members of the same class and that no dividend or refund shall be declared or distributed except out of the net divisible surplus of the company, and no such company shall pay or credit a policyholder any sum in anticipation of a future dividend or refund. (21 c. 200 § 5, amended '23 c. 159 § 4)

§ 3550. Revocation of license—In case of the failure of any insurance company to comply with any of the provisions of this act, its right to transact insurance business in this state shall cease, and it shall be the duty of the commissioner of insurance to immediately declare its license revoked; and in case of such revocation such company shall not be again licensed to transact business in this state for a period of one year from the date of such revocation. (21 c. 200 § 6)

§ 3551. Kinds of business authorized—Nothing herein shall be deemed to authorize or permit mutual insurance companies to engage in any kind of insurance not included in said subdivision 1 to 14 of chapter 138, Laws of 1915, inclusive, as amended, nor shall this act be deemed to apply to life insurance or life insurance companies, nor to town mutual insurance companies, nor to township mutual insurance companies, township mutual livestock insurance companies, or farmers and township mutual reinsurance or guaranty associations. (21 c. 200 § 7, amended '23 c. 159 § 4)

§ 3552. Foreign mutuals—The admission of a foreign mutual insurance company to do business under this act shall be governed by the provisions of section 3591, general statutes, 1913, and its laws, insofar as the same are applicable. (21 c. 200 § 8)

§ 3553. Fire, hail and tornado associations maintain—

[Section continues with additional text]
ed by members of one religious denomination, exempt from insurance laws—that the members of any one church or of any one religious denomination, may maintain for the exclusive benefit of the members thereof an unincorporated association for the mutual insurance of the property of said members against loss or damage by fire, lightning, hail or tornado, or all of them. Such association shall furnish no insurance except upon the property of an actual member of such church or denomination. It may conduct said business upon the plan and method adopted by it and shall not be required to be licensed by or report to the insurance commissioner. ('07 c. 165 § 1) (3259)

This section is not repealed by Laws 1925, c. 172. See § 3423, hereof.

MUTUAL AUTOMOBILE INSURANCE COMPANIES

3554. Mutual automobile insurance companies may be formed—Any number of persons not less than five may associate themselves together and form an incorporated company to insure against loss or damage to automobiles or other vehicles and their contents, by collision, fire, burglary or theft, and by windstorm or tornado, and against liability for damage to property of others by collision with such vehicles. ('19 c. 492 § 1, amended '21 c. 288 § 1)

3555. When policies may be issued—(a) No policies shall be issued by any company or association now or hereafter organized under the provisions of this act until not less than $200,000 of insurance upon not less than 200 separate automobiles located in this state has been subscribed for and entered upon the books of the company or association and the premiums thereon for one year have been paid in cash, which premiums shall aggregate not less than $2,500.00.

(b) Every such company shall provide in its by-laws and specify in its policies the maximum contingent liability of its members for the payment of losses and expenses not provided for by its cash fund. Such contingent liability of a member shall not be less than a sum equal to and in addition to one annual premium nor more than a sum equal to five times the amount of such annual premium, but in case of a policy written for less than one year the contingent liability shall not exceed the amount of the premium written in the policy.

The total amount of the liability of the policyholder shall be plainly and legibly stated upon each policy as follows:

"The maximum contingent liability of a policyholder under this policy is $............." ('19 c. 492 § 2, amended '21 c. 288 § 2)

3556. Liability—The maximum net single risk, after deducting reinsurance, for which a company organized under this act shall be solely liable, shall not be more than:

(a) $1,000.00 while the membership is less than five hundred.

(b) $2,000.00 while the membership is more than five hundred and not more than one thousand.

(c) $3,000.00 so long as the membership is one thousand or more.

No such company shall insure any person against damage to his own car on account of collision while the membership in such corporation is less than one thousand. ('19 c. 492 § 3, amended '21 c. 288 § 3)

3557. Limit of expense—No such company shall expend in any calendar year for the expense of conducting its business more than its membership fees and 40 per cent of its total premiums and assessments actually collected. The membership fee collected by such company shall not exceed five dollars upon each policy written. ('19 c. 492 § 4, amended '21 c. 288 § 4)

3558. Reinsurance reserve—The reinsurance or unearned premium reserve of every such company shall be determined in the same manner as that of a domestic mutual fire insurance company, as provided in section 3258, General Statutes 1913. ('21 c. 288 § 4 A)

3559. Additional coverage—Any such company which shall set aside and maintain over and above its liabilities and the reserves required by law of like stock insurance companies a guaranty fund available for the payment of losses and expenses of at least one hundred thousand dollars, shall, when its certificate of incorporation so provides, be permitted to insure against damage to persons of others by collision with automobiles or other vehicles and against any loss or hazard incident to the ownership, operation or the use of motor or other vehicles. Where a membership fee is charged the amount thereof shall be specified in the consideration clause of the policy. ('21 c. 288 § 4 B)

3560. Guaranty reserve fund—Any such company may, if a majority of its members so elect at any annual meeting or special meeting called for that purpose, amend its articles of incorporation so as to provide for a guaranty reserve fund in an amount not exceeding one hundred thousand dollars, said guaranty reserve fund to be used only in the payment of losses and expenses in the event the total liabilities of the company, including its statutory reserves and such guaranty reserve fund are in excess of its total admitted assets and that the total contingent liability of the policyholders has been exhausted. The guaranty reserve fund may be created from the profits or surplus of the company, also by the laying of assessments, but no policy holder shall be liable for an assessment for any purpose whatsoever for an amount greater than as specified in his policy contract. ('19 c. 492 § 5, amended '21 c. 288 § 5)

MUTUAL THRESHERMEN’S INSURANCE COMPANY.

3561. Formation—Not less than twenty (20) persons may form an incorporated company for the purpose of co-operative insurance of property of its members against loss or damage by fire, lightning, windstorm and tornado, which property to be insured shall employ mechanical traction, portable, steam and gas thresher, grain separators, corn hullers, hay balers, ensilage cutters and attachments belonging thereto, and including agricultural machinery used in connection therewith, which property to be insured shall be specifically set forth in the policy of the insured. Such company may insure its members against employers’ liability and workmen’s compensation upon complying with the requirements of section 4, chapter 122, Laws 1913, which class of business shall constitute a separate department of such company for the purpose of assessment and contingent liability of members. ('21 c. 208 § 1)

3562. Articles to be approved and filed—The articles of incorporation for forming such a company shall be signed and acknowledged by the persons who at first form such company and shall be filed with and approved by the commissioner of insurance and filed with the secretary of state, which articles shall state in substance such facts as are required to be stated in articles of incorporation by the general corporation laws of this state. ('21 c. 208 § 2)
3563. Voting—Each policyholder shall be a member of the company and shall be entitled to one vote at all regular or special meetings of the corporation. ('21 c. 208 § 3)

3564. Number of policies to be subscribed for before commencing business—(a) No policies shall be issued by any company organized under the provisions of this act until not less than two hundred thousand dollars ($200,000.00) of insurance, upon not less than one hundred (100) separate risks, averaging not less than two thousand dollars ($2,000.00) each, has been subscribed for and entered upon the books of the company, and the premiums thereon for one year have been paid in cash, which premiums shall aggregate not less than five thousand dollars ($5,000.00), and no policies insuring against employers' liability and workmen's compensation shall be issued until the subscribers for such class of policy aggregate at least 250 and the number of employees covered thereby aggregate 1,000, and in case the number of subscribers and employees fall below such respective numbers, no more of such policies shall be issued until additional subscribers and members have been procured to bring such members up to the respectively stated requirements.

(b) Every such company shall provide in its by-laws and specify in its policies the maximum contingent liability of its members for the payment of losses and expenses not provided for by its cash fund. Such contingent liability of a member shall not be less than the sum equal to the amount of such annual premium, but in case of a policy written for less than one year the contingent liability shall not exceed the amount of premium written in the policy. The total amount of liability of the policyholder shall be plainly and legibly stated on each policy as follows: “The maximum contingent liability of a policyholder under this policy is $…………….”

(c) Every policy issued by a company organized under this act shall contain the following clause imprinted upon the face thereof: “The insured hereby is hereby notified that he is a member of the…………… insurance company, and that its annual meetings are held at its home office in the (town or city) of…………… on the…………… day of…………… of each year at…………… o'clock…………… M.”

(d) All policies issued by such company against loss or damage by fire or lightning shall be issued upon the standard form prescribed by law. ('21 c. 208 § 4)

3565. Expense limitation—No such company shall incur, lay out, or expend in any one year for the expense of conducting the business more than forty per cent (40%) of its total premiums and assessments actually collected, and a membership fee of not more than $5.00 upon each policy written. Where a membership fee is charged the amount thereof shall be specified in the consideration clause of the policy. ('21 c. 208 § 5)

MUTUAL EMPLOYERS' LIABILITY ASSOCIATIONS.

3566. Mutual employers' liability association may be formed—Twenty or more persons may form an incorporated mutual employers' liability insurance association for the purpose of insuring themselves and such other persons, firms or corporations as may become subscribers to the association against liability for compensation payable under the terms of the workmen's compensation law and for the purpose of insuring against loss or damage by the sickness, bodily injury or death by accident of any person employed by or for whose injury or death the insured is responsible. ('13 c. 122 § 1) [3440]

3567. Form of certificate—They shall subscribe and acknowledge a certificate specifying:

1. The name, general nature of its business, and the principal place of transacting the same. Such name shall distinguish it from all other corporations, domestic or foreign, authorized to do business in this state, and shall end with "company," "corporation," "association," or the word "incorporated."

2. The period of its duration.

3. The names and places of residence of the incorporators.

4. In what board its management shall be vested, and the names and addresses of those composing the board until the first election, a majority of whom shall always be residents of the state.

5. The highest amount of indebtedness or liability to which the corporation shall at any time be subject.

6. The territory within which the association may do business.

It may also contain any other lawful provisions defining and regulating the powers or business of the corporation, its officers, directors, trustees and members. ('13 c. 122 § 2) [3441]

3568. To be approved by insurance commissioner and filed with secretary of state—The certificate of incorporation of every such corporation shall be submitted to the commissioner of insurance for his approval and, if he approves the same, one copy thereof shall be filed with the secretary of state of this state and one copy with said commissioner of insurance. After such record such certificate shall be filed for record with the register of deeds of the county of the principal place of business as specified in said certificate. ('13 c. 122 § 3) [3411]

3569. Number of policies to be subscribed for before commencing business—Such associations shall not begin to issue policies until a list of the subscribers, with the number of employees of each which, in the aggregate, must number in the aggregate, not less than five thousand, together with such other information as the commissioner of insurance may require, shall have been filed at the insurance department, nor until the president and secretary of the association shall have certified under oath that every subscription in the list so filed is genuine and made with an agreement of all the subscribers that they will take the policies subscribed for within thirty (30) days of the granting of a license by the commissioner of insurance; provided that in the case of associations organized exclusively for the purpose of insuring creameries, cheese factories and livestock shipping associations such associations may begin to issue policies when the number of employees insured aggregates three hundred. ('13 c. 122 § 4, amended '16 c. 65 § 1; '19 c. 317 § 1) [3442]

3570. Investigation—Upon the filing of the certificate, as provided for in the preceding section, the commissioner of insurance shall make such investigations as he may deem proper, and if his findings warrant it, grant a license to the association to issue policies. ('13 c. 122 § 5) [3443]

3571. Compensation companies may write glass insurance—Any company authorized to write workmen's compensation or liability insurance under chapter 122, Laws 1913, when its articles of incorporation so provide, shall also be permitted to insure against loss or
3572. Duration 30 years—Corporations may be formed under this section for not to exceed thirty years in the first instance. ('13 c. 122 § 9) [3444]

3573. To frame by-laws—Such association shall have the power to make by-laws for the government of its officers and the conduct of its affairs, and the same to alter and amend; and adopt a common seal. ('13 c. 122 § 7) [3445]

3574. Calling of annual meeting—Business to be transacted—The annual meeting for the election of directors shall be held at such time in the month of January as the by-laws of the association may direct. Of the time and place of said meeting at least thirty (30) days' previous written or printed notice shall be given to the subscribers, or such notice may be given by publication not less than three times in at least two daily or weekly newspapers, published in the city or county wherein the association has its principal office and in the legal periodical, if any, designated by the subscribers for the publication of legal notices. Subscribers who, during the preceding calendar year, have paid into the treasury of the association, premiums amounting to more than one-half of the total premiums received by it during that year, shall constitute a quorum. At such annual meeting the subscribers shall elect, by ballot, from their own number, not less than five directors, a majority of whom shall be residents of this state to serve for at least one year and until their successors are duly chosen; provided, however, that such association may provide in its by-laws for the division of its board of directors into two, three or four classes and for the election thereof, at its annual meetings, in such manner that the members of one class only shall retire and their successors be chosen each year. Vacancies may be filled by election by the board until the next annual meeting. In the choice of directors and in all meetings of the association, each subscriber shall be entitled to one vote for every one hundred dollars or any fraction thereof paid by him in premiums into the treasury of the association during the preceding calendar year. If the subscribers may by proxy vote, a record of all votes shall be made by the secretary, and shall show whether the same were cast in person or by proxy and shall be evidence of all such elections. Not less than three directors shall constitute a quorum. The directors shall annually choose, by ballot, a president, who shall be a member of the board; a secretary; a treasurer, who may also be either the president or secretary; and such other officers as the by-laws may provide; and they shall fix the salaries of the president and secretary, as well as the salaries or compensation of such other officers and agents as the by-laws prescribe. Vacancies in any office may be filled by the directors or by the subscribers, as the by-laws shall provide. ('13 c. 122 § 8) [3446]

3575. Issuance of policies—Policies of insurance issued by any such association may be made either with or without the seal thereof, and they shall be signed by the president, or such other officers as may be designated by the directors for that purpose and attested by the secretary. ('13 c. 122 § 9) [3447]

3576. Subscribers not to fall below a certain number—If at any time the number of subscribers falls below twenty, or the number of subscribers' employees within the state falls below five thousand, no further policies shall be issued until the total number of subscribers amount to not less than twenty, whose em-

ployes within the state are not less than five thousand. Provided, that in case of associations, organized for the purpose of insuring creameries, cheese factories and livestock shipping associations, the number of subscribers must not fall below two hundred nor the number of subscribers' employees within the state below three hundred. ('13 c. 122 § 10, amended '15 c. 65 § 2; '19 c. 317 § 2) [3448]

3577. Power of board of directors—The board of directors shall be entitled to inspect the plant, workroom, shop, farm or premises of any subscriber, and for such purpose to appoint inspectors, who shall have free access to all such premises during regular working hours, and the board of directors shall likewise from time to time be entitled to examine by their auditor or other agent, the books, records and payrolls of any subscribers, for the purpose of determining the amount of premium chargeable to such subscriber.

The board of directors shall make reasonable rules and regulations for the prevention of injuries upon the premises of subscribers; and they may refuse to insure or may terminate the insurance of any subscriber who refuses to permit such examinations or disregards such rules or regulations, and forfeit all premiums previously paid by him, but such termination of the insurance of any subscriber shall not release him from liability for the payment of assessments then or thereafter made by the board of directors to make up deficiencies existing at the termination of his insurance. ('13 c. 122 § 11) [3449]

3578. Premium to be collected—Every such company shall charge and collect on each policy a premium equal to one year's premium on the policy issued, and shall state in the policy the estimated annual premium and shall also provide in its by-laws for the determination of the actual premium and for payment of same when determined. The premium thus determined shall be known as the annual premium on the policy. And such company shall also provide in its by-laws and specify in its policies the maximum contingent mutual liability of its members for the payment of losses and expenses not provided for by its cash fund. The contingent liability of a member shall not be less than a sum equal to and not more than a sum equal to five times the amount of such annual premium, or, in case of a policy written for less than one year, the contingent liability shall not be less than the proportionate fractional part of such annual premium nor more than five times the proportionate fractional part of such annual premium. The contingent liability of the policyholder shall be plainly and legibly stated in each policy as follows: The maximum contingent liability of the policyholder under this policy shall be a sum equal to annual premium (or "premiums"). ('13 c. 122 § 12, amended '17 c. 201 § 1) [3450]

3579. Board of directors to establish rates—The board of directors shall determine the amount of premiums which the subscribers of the association shall pay for their insurance, in accordance with the nature of the business in which such subscribers are engaged, and the probable risk of injury to their employees under existing conditions, and they shall fix premiums at such amounts as in their judgment shall be sufficient to enable the association to pay to its subscribers all sums which may become due and payable to their employees under provisions of law, and also the expenses of conducting the business of the association. In fixing the premium payable by any su-
scriber, the board of directors may take into account the condition of the plant, workroom, shop, farm or premises of such subscriber in respect to the safety of the employees therein, as shown by the report of any inspector appointed by such board, and they may from time to time change the amount of premiums payable by any of the subscribers as circumstances may require, and the condition of the plant, workroom, shop, farm or premises of such subscribers in respect to the safety of their employees may justify and they may increase the premiums of any subscriber neglecting to provide safety devices required by law, or disobeying the rules or regulations made by the board of directors in accordance with the provisions of section 11 of this act. (13 c. 122 § 13, amended '17 c. 201 § 2) [3451]

3580. Classification of subscribers and premium rates—The board of directors may divide the subscribers into groups in accordance with the nature of their business and the probable risk of injury therein. In such case they shall fix all premiums, make all assessments, and determine and pay all dividends by and for each group in accordance with the experience thereof, but all funds of the association and the contingent liability of all subscribers shall be available for the payment of any claim against the association; provided, however, that (as between the association and its subscribers), until the whole of the contingent liability of any group shall be exhausted, the general funds of the association and the contingent liability of the members of other groups shall not be available for the payment of losses and expenses incurred by such group in excess of the earned premiums paid by the members thereof.

Whenever the liabilities, including unearned premiums and such other reserves as are or may be required by law and the insurance commissioner, are in excess of the admitted assets computed on the basis allowed for its annual statement, it shall make an assessment upon its policyholders, said assessment to be based upon the amount of one annual premium as written in the policy and not to exceed the amount of five annual premiums.

If it becomes necessary to levy the assessment as provided by this section, no policies shall be issued until the admitted assets of the association are in excess of its liabilities. (13 c. 122 § 14) [3452]

3581. Statement to be filed with insurance department—A statement of any proposed distribution of subscribers into groups shall be filed with the insurance department. (13 c. 122 § 15, amended '17 c. 201 § 3) [3453]

3582. When officer is guilty of perjury—If any officer of the association shall falsely make oath to any certificate required to be filed with the commissioner of insurance, he shall be guilty of perjury. (13 c. 122 § 16) [3454]

3583. Withdrawal of subscriber—Any subscriber of the association who has complied with all its rules and regulations, may withdraw therefrom by written notice to that effect, sent by such subscriber by registered mail to the association, and such withdrawal shall become effective on the first day of the month immediately following the tenth day after the receipt of such notice, but such withdrawal shall not release such subscriber from liability for the payment of assessments thereafter made by the board of directors to make up deficiencies existing at the date of his withdrawal, and such subscriber shall be entitled to his share of any dividends earned at the date of his withdrawal. (13 c. 122 § 17) [3455]

3584. Investment of funds—Such association shall invest and keep invested all its funds of every description, excepting such cash as may be required in the transaction of its business, in accordance with the laws of this state or relating to the investment of funds of domestic insurance companies. (13 c. 122 § 18) [3456]

3585. Not to hold real estate—No such association shall purchase, hold or convey real estate except as provided by section 1615, Revised Laws 1905. (13 c. 122 § 19) [3457]

Explanatory note—For R. L. '05. § 1615. see § 3333. herein.

3586. Foreign associations—Any mutual employer's liability insurance association of another state, upon compliance with all laws governing such corporations in general, the provisions of section 1705, Revised Laws of 1905, and the provisions of this act, may be admitted to transact business in this state. Such associations shall pay to the department of insurance the fees prescribed by section 9, chapter 386, Laws of 1911. Whenever the contracts of insurance issued by such associations shall cover the aggregate number of five thousand employees, or in the case of associations organized for the purpose of insuring creameries, cheese factories and livestock shipping associations less than three hundred employees, the assured shall forthwith notify the commissioner of insurance of such fact and if, at the expiration of six months from said notice, the aggregate number of employees covered by said contracts of insurance shall be less than five thousand, or in the case of associations organized for the purpose of insuring creameries, cheese factories and livestock shipping associations less than three hundred employees, the commissioner of insurance shall revoke the license of such association and shall petition the district court for the appointment of a receiver for the purpose of winding up its affairs. (13 c. 122 § 20, amended '15 c. 65 § 8; '19 c. 317 § 3) [3458]

Explanatory note—For R. L. '05. § 1705. see § 3711. herein.

For Laws 1911, c. 236. § 6, see § 3255. herein.

RECIPROCAL OR INTER-INSURANCE EXCHANGES

3587. Reciprocal or inter-insurance contracts—Individually, partnerships and corporations of this state, hereby designated subscribers, are hereby authorized to exchange reciprocal or inter-insurance contracts with each other, or with individuals, partnerships and corporations of other states and countries, providing indemnity among themselves from any loss which may be insured against under other provisions of the laws, excepting life and marine insurance. (13 c. 464 § 1) [3360]

3588. How executed—Such contracts may be executed by an attorney, agent or other representative, herein designated attorney, duly authorized and acting for such subscribers. (13 c. 464 § 2) [3361]

3589. What must be filed with insurance commissioner—Such subscribers so contracting among themselves shall through their attorney file with the insurance commissioner of this state a declaration verified by the oath of such attorney, setting forth:

(a) The name or title of the office at which such subscribers propose to exchange such indemnity contracts. Said name or title shall not be so similar to any other name or title previously adopted by a similar organization or by any insurance corporation or
association as in the opinion of the insurance commissioner is calculated to result in confusion or deception.

(b) The kind or kinds of insurance to be effected or exchanged.

(c) A copy of the form of policy contract or agreement under or by which such insurance is to be effected or exchanged.

(d) A copy of the form of power of attorney or other authority of such attorney under which such insurance is to be effected or exchanged.

(e) The location of the office or offices from which such contracts or agreements are to be issued.

4. That applications have been made for indemnity upon at least one hundred separate risks aggregating not less than $1,500,000.00 as represented by executed contracts or bona fide applications, to become concurrently effective, or, in case of liability or compensation insurance covering a total payroll of not less than one and one-half million dollars ($1,500,000.00).

5. That there is on deposit with such attorney and available for the payment of losses a sum of not less than twenty-five thousand dollars ($25,000.00). Provided further, that in case of employers' liability or workmen's compensation insurance or liability insurance covering damage to persons or property of others by automobiles not used as carriers of passengers for hire, there is on deposit with such attorney and available for the payment of losses a sum of not less than seventy-five thousand dollars ($75,000.00).

6. That there is on deposit with such attorney and available for the payment of losses not less than $100,000.00. ('13 c. 464 § 3, amended '17 c. 352 § 1; '19 c. 512 § 1) [3362]

3580. Insurance commissioner to act as agent for service—Concurrently with the filing of the declaration provided for by the terms of section 3 hereof the insurance commissioner shall file with the insurance commissioner an instrument in writing executed by him for said subscriber, conditioned that upon the issuance of certificate of authority provided for in section 10 hereof, the service of process may be had upon the insurance commissioner in all suits in this state arising out of such policies, contracts or agreements, which service shall be valid and binding upon all subscribers exchanging at any time reciprocal or inter-insurance contracts through such attorney. Three copies of such process shall be served and the insurance commissioner shall file one copy, forward one copy to said attorney and return one copy with his admission of service. ('13 c. 464 § 4) [3363]

Sections 3 and 19 are §§ 3585, 3596 herein.

3591. Maximum amount of indemnity—There shall be filed with the insurance commissioner of this state by such attorney a statement under the oath of such attorney showing the maximum amount of indemnity upon any single risk and such attorney shall, whenever and as often as the same shall be required, file with the insurance commissioner a statement verified by his oath to the effect that he has examined the commercial rating of such subscribers as shown by the reference book of a commercial agency having at least one hundred thousand subscribers, and that from such examination or from other information in his possession it appears that no subscriber has assumed on any single risk an amount greater than ten per cent of the

3592. Reserve fund—There shall at all times be maintained as a reserve a sum in cash or convertible securities equal to 50 per cent of the net annual deposits collected and credited to the accounts of the subscriber on policies in force having one year or less to run and pro rata on those for longer periods. Net annual deposits shall be construed to mean the advance payments of subscribers after deducting therefrom the amounts specifically provided in the subscribers' agreements, for expenses. Said sums shall at no time be less than twenty-five thousand dollars ($25,000.00), and if at any time fifty per cent of the deposits so collected and credited shall not equal that amount, then the subscribers shall make up any deficiency.

Provided, however, that such attorney shall not be required to furnish the names and addresses of any subscribers nor the loss ratio.

The business affairs and assets of such organizations shall be subject to examination by the insurance commissioner. ('13 c. 464 § 7) [3366]

3594. Exchange of contracts—Any corporation now or hereafter organized under the laws of this state shall, in addition to the rights, powers and franchises specified in its articles of incorporation have full power and authority to exchange insurance contracts of the kind and character herein mentioned. The right to exchange such contracts is hereby declared to be incidental to the purposes for which such corporations are organized and as much granted as the rights and powers expressly conferred. ('13 c. 464 § 8) [3367]

3595. Misdemeanor for failure to comply—Any attorney who shall, except for the purpose of applying for certificate of authority as herein provided, exchange any contracts of indemnity of the kind and character specified in this act or directly or indirectly solicit or negotiate any applications for same without first complying with the foregoing provisions shall be deemed guilty of a misdemeanor, and, upon conviction thereof, shall be subject to a fine of not less than one hundred dollars ($100.00) nor more than one thousand dollars ($1,000.00). ('13 c. 464 § 9) [3368]

3596. Certificate of authority to be secured—Each attorney by or through whom are issued any policies of or contracts for indemnity of the character referred to in this act shall procure from the insurance commissioner annually a certificate of authority stating that all the requirements of this act have been complied with, and upon such compliance and the payment of the fees required by this act the insurance commissioner shall issue such certificate. In case of a breach of any of the conditions imposed by the provisions of this act the insurance commissioner may revoke the certificate of authority issued hereunder. ('13 c. 464 § 10) [3389]
3597. Annual license fee—Such attorney, in lieu of all taxes, state, county and municipal, shall pay to the state with the filing of each annual report as an annual license fee 2 per cent of the gross premiums or deposits for the preceding calendar year, deducting all amounts returned to subscribers or credited to their accounts; and he shall pay a filing fee of $2.00. (13 c. 464 § 11) [3370]

3598. Exchange of indemnity contracts—Except as herein provided no law of this state shall apply to the exchange of such indemnity contracts. (13 c. 464 § 12) [3371]

167-195. 208+668.

3599. INSURANCE ON STATE BUILDINGS AND PROPERTY

3599. Public funds not to be expended for insurance on state property, except Stillwater prison—No public funds shall be expended on account of any insurance upon state property against loss or damage by fire or tornado, nor shall any state officer or board contract for or incur any indebtedness against the state on account of any such insurance, except that the state board of control is authorized in its discretion to insure the state of Minnesota against loss by fire or tornado to the state prison at Stillwater, or the contents thereof, in any insurance companies licensed to do business in this state, in such an amount as such board may from time to time determine, and to pay the premiums therefor from the revolving fund of said institution. ('10 c. 256 § 1)

3600. Money appropriated for expenditure—Any and all moneys in the state treasury to the credit of the state insurance fund, so-called, and consisting of premiums, so-called, credited thereto under the provisions of chapter 549, Laws of 1913, as amended by chapter 99, Laws of 1915, are hereby appropriated for expenditure as hereinafter provided. (19 c. 256 § 2) [3371]

Explanatory note—Laws 1913, c. 549, as amended by Laws 1915, c. 99, was repealed. See § 3603, herein.

3601. Proceedings for adjustment of losses to state property—In case any buildings or property of the state shall be damaged or destroyed by fire or tornado the state board of control shall, within thirty (30) days, ascertain and fix the amount of such loss and damage to the state, and file with the state treasurer a statement thereof, and the amount thereof as so determined shall be transferred from the funds specified in section 2 hereof and credited to the proper fund of the officer, board or state authority in whose control said buildings or property belong, to be used solely for the rebuilding or restoring of the property damaged. Upon request of the officer or board having charge of any building or property destroyed or damaged by fire or tornado, the state board of control shall cause the same to be rebuilt or repaired, and the cost and expense thereof shall be paid from the funds so transferred to the credit of such officer or board as provided for in this section. If the loss or damage as fixed by the state board of control is not sufficient to rebuild or replace the building destroyed or damaged, the officer or board having charge of such building shall report the fact to the legislature, stating the additional amount required for that purpose. (19 c. 256 § 3)

3602. Failure to keep property safe from fire loss non-feasance in office—Every state officer, board or other authority having the control of any state buildings or property shall keep the same at all times as safe from fire loss as is reasonably possible. Failure of any state officer, board or authority having control over any state property to keep the same as safe from fire loss as is reasonably possible, shall constitute non-feasance in office and shall be grounds for removal. (19 c. 256 § 4)

3603. Certain chapters repealed—That chapter 549, Laws of 1913, as amended by chapter 99, Laws of 1915, and chapter 278, Laws of 1917, be and they are hereby repealed. ('19 c. 256 § 5)

FIRE INSURANCE RATING BUREAUS AND RATE REGULATION

3604. Insurance commissioner authorized to make examination of rating bureaus—The commissioner of insurance may address inquiries to any individual, association or bureau, which is or has been engaged in making rates or estimates for rates for fire insurance upon property in this state in relation to its organization, maintenance or operation, or any other matter connected with its transactions, and may require the filing of schedules, rates, forms, rules, regulations and other information, and it shall be the duty of every such individual, association or bureau, or some officer thereof, to promptly make such filing and reply to such inquiries in writing.

The commissioner of insurance shall have power to examine any such rating bureau as often as he deems it expedient to do so, and shall do so not less than once every three years. A report thereof shall be filed in his office. The commissioner of insurance may waive such examination upon the filing with him of a report of such examination made by some other insurance department or proper supervising officer within such three years. A statement with regard to such examination shall be made in the annual report of the commissioner of insurance. ('15 c. 101 § 1) (160+664).

3605. Discriminatory rates forbidden and written statements of variation required to be filed—No fire insurance company or other insurer against the risk of fire or lightning, nor any rating bureau, shall fix or charge any rate for fire insurance upon property in this state which discriminates unfairly between risks in the application of like charges and credits, or which discriminates unfairly between risks of essentially the same hazards and having substantially the same degree of protection against fire.

Any company or other insurer which shall desire to make any variation from the bureau rate upon any class of risks may do so but shall file with the commissioner of insurance and with the bureau of which it is a member or to which it is a subscriber, a written statement of such variation, at least fifteen (15) days in advance of such variation taking effect, and such variation shall be uniform and applicable to all risks of essentially the same hazard in the class for which such variation is made. If any insurer grants a lower rate on any class of property than that fixed by the rating bureau of which it is a member or subscriber, or by the commissioner of insurance as provided by this act, such rate shall not be increased by such insurer until one year has elapsed, without the approval of the commissioner of insurance. Provided, that a declaration filed with the insurance commissioner by any insurance company of its intention to write insurance at a uniform variation of a certain per cent from the bureau rate, shall be a sufficient compliance with the requirements of this section. ('15 c. 101 § 2)

3606. Fire insurance companies required to maintain or be a member of a rating bureau—Composition
of same—Every fire insurance company or other insurer authorized to effect insurance against the risks of loss or damage by fire or lightning in this state shall maintain or be a member of a rating bureau. No such insurer shall be a member of more than one rating bureau for the purpose of rating the same risks.

A rating bureau may consist of one or more insurers, and when consisting of two or more insurers shall admit to membership any authorized insurer applying therefor. The expenses of the bureau shall be shared in proportion to the gross premiums received by each member during the preceding year in this state, to which may be added a reasonable annual fee of not to exceed fifty dollars. Each member shall have one vote.

Every rating bureau shall maintain an office within the United States. Within sixty days after the passage of this act, every fire insurance company or other insurer aforesaid, shall notify the commissioner of insurance in writing of each rating bureau making rates upon property located within this state of which it is a member and shall thereafter annually on or before February 1st report to the commissioner of insurance in writing each such rating bureau of which it is a member, and during the year, file written notice of any other such rating bureau of which it shall become a member. (15 c. 101 § 3)

3607. Risks to be inspected—Every rating bureau engaged in making rates or estimates for rates for fire insurance on property in this state shall inspect every risk especially rated by it upon schedule, and make a written survey of such risk, which shall be filed as a permanent record in the office of such bureau. A copy of such survey shall be furnished to the owner upon request. (15 c. 101 § 4)

3608. Rating agreements to be submitted for approval of insurance commissioner—No fire insurance company or any other insurer and no rating bureau, or any representative of any fire insurance company or other insurer or rating bureau, shall enter into or act upon any agreement with regard to the making, fixing or collecting of any rate for fire insurance upon property within this state, unless in compliance with this act.

Any such agreement may be made and enforced, provided the same be in writing, and, prior to its taking effect, a copy thereof be filed with the commissioner of insurance and with each rating bureau of which any of the parties thereto shall be a member or subscriber.

The commissioner of insurance may, after due notice and hearing, upon complaint or upon his own motion, make an order disapproving any such agreement. No such agreement shall be in force, nor shall any act or rights be based thereon, after service of a copy of such order upon each of the parties to such agreement, and upon each bureau with which such agreement is required to be filed. Service may be made by mail and shall be completed upon the expiration of a reasonable time for transmission fixed in such order. The action of the commissioner of insurance in making or refusing to make any such order shall be subject to review by the district court, as hereinafter provided. (15 c. 101 § 5)

3609. Commissioner to review rate fixed by bureau—Appeals—The commissioner of insurance shall have power, on written complaint or upon his own motion, to review any rate fixed by any bureau for fire insurance upon property within this state, for the purpose of determining whether the same is discriminatory or unjust. He shall have power to order the discrimination or unjust rate removed and fix and order a rate in lieu of the bureau rate found to be discriminatory or unjust and the rate so ordered and fixed shall become the bureau rate.

No action shall be taken by said commissioner of insurance unless upon a written complaint under the oath on information and belief of the person or persons interested, showing in substantial detail the grounds for complaint with such data as will reasonably enable the commissioner of insurance to determine whether there is probable cause therefor, and no such action shall be taken nor shall there be any hearing thereon until a copy of said complaint and data shall have been sent by registered mail or special delivery to the insurance company or bureau concerned and such insurance company or bureau shall have at least ten days' notice of any hearing thereon.

Any person aggrieved by any such order or decision made by the commissioner of insurance may appeal therefrom to the district court of the county where the aggrieved party may reside within thirty (30) days from the making and filing of such order, by filing in the office of said commissioner a notice of such appeal in writing, and in such case the said commissioner shall within ten (10) days after the filing of such notice make and return to said district court a full and complete certified transcript of the findings and order appealed from, and of all papers relating thereunto on file in his office, including such notice of appeal, and upon the filing of such certified transcript such appeal and all matters involved therein shall be brought on for trial upon the merits at the next term of said court after the filing of such transcript, unless otherwise ordered by the court; and upon such trial the findings of fact on which such order is based shall be prima facie evidence of the matters thereby stated.

During the pendency of such proceedings upon review the order of the commissioner of insurance shall be suspended, but in event of final determination against any insurer, any overcharge by such insurer during review shall be refunded to the persons entitled thereto. (15 c. 101 § 6)

Penalty for violation—Any fire insurance company or other insurer or rating bureau or representative of any fire insurance company or other insurer or rating bureau guilty of a violation of any of the provisions of this act or orders or findings of the commissioner of insurance made hereunder, shall be punished by a fine of not less than $100 nor more than $5,000. In addition thereto the license of any fire insurance company, agent or broker guilty of such violation may be revoked or suspended by the commissioner of insurance. Any rating bureau examined by the commissioner of insurance under the provisions of this act shall pay to the commissioner of insurance for such examination the same fees required for examination of foreign fire insurance companies. (15 c. 101 § 7)

3611. Not to apply to county or township companies—The provisions of this act shall not apply to county or township mutual insurance companies. (15 c. 101 § 8)
in this state. The word “insurance” as used in this act means workmen’s compensation insurance. The word “board” means the compensation insurance board. (21 c. 85 § 1)

3613. Compensation insurance board—Membership—Qualifications, term of office, salary, and oath of member appointed by Governor—There is hereby created a board to be known as the Compensation Insurance Board. Said board shall consist of the commissioner of insurance, one member of the industrial commission of Minnesota to be chosen by that commission, and a third person to be appointed by the Governor. The member of the industrial commission shall serve at the pleasure of that commission. The person appointed by the Governor shall be versed in the subject of workmen’s compensation insurance and in the making of rates therefor. His term shall be for five years and his salary shall be fixed by the Governor at a sum not exceeding four thousand five hundred dollars per year. He shall take and file with the secretary of state the constitutional oath of office before entering upon the discharge of his duties. (21 c. 85, § 2; amended ’23, c. 263, § 2; ’25, c. 405, § 1)

3614. Same—Expenses—Quorum—Office—Sessions and investigations—The members of the board, other than the person appointed by the Governor, shall serve without compensation other than that received in their regular position, except that they shall be paid from any moneys appropriated to the use of the Compensation Insurance Board their expenses actually and necessarily incurred in performing their duties under this act. The majority of said board shall constitute a quorum for the transaction of business and the performance of the duties of the board. The said board shall maintain an office at the State Capitol, but it may hold sessions or conduct investigations at any place in the state other than the Capitol when deemed necessary to facilitate the discharge of its duties. (21 c. 85, § 2; amended ’23, c. 263, § 1; ’25, c. 405, § 1)

3615. Organization—Secretary—Rules—Powers—The board shall organize by electing one of its members chairman and another of its members secretary. The secretary shall keep full minutes of all hearings, transactions and proceedings by or before said board. The board shall have power to make all needful rules for the orderly performance of its duties, and to prescribe the procedure for the conduct of hearings and other proceedings before it. The board shall also have power to employ such persons as may be necessary for the proper discharge of its duties. (21 c. 85, § 4)

3616. Hearings—Subpoenas—Witnesses—in all hearings before, or investigations conducted by the board, any member thereof shall have power to issue subpoenas requiring the attendance of witnesses and the production of books, records and papers, and shall have power to administer oaths. Any person who shall testify falsely in any material matter under consideration by the board shall be guilty of and punished for perjury. Subpoenas or other process issued by the board shall be served as a summons in the district court, in case any witness shall fail to obey summons to appear before the board or shall refuse to testify or answer any material questions, or to produce any books, papers or documents when required so to do, such failure or refusal shall be reported to the attorney general, who shall thereupon institute proceedings in the proper district court to compel obedience to any summons or order of the board or to punish witnesses for any such neglect or refusal. (21 c. 85 § 5)

3617. Commission to appoint representative—The board shall have power to appoint and authorize any person chosen by it to hold hearings, make investigations and examinations with reference to any subject over which the board has or may have supervision. The person so appointed shall have all the powers in relation to the hearing, investigation or examination that such board would have if itself acting, but shall report in writing the result of such hearing, examination or investigation and any testimony taken by him to the board. (21 c. 85 § 6)

3618. Duties—Rates of insurance—To provide for the solvency of insurers writing workmen’s compensation insurance in this state and to secure reasonable rates, the board shall approve a minimum and adequate and reasonable rate for each classification under which such business is written. The board shall, in approving such rates make use of the experience which from time to time may be available, and of such other helpful information as may be obtainable. For the purpose of uniformity and equality the board shall, after consultation with insurers, approve a system of schedule merit and experience rating for use in writing of such business in this state. No system of schedule, merit or experience rating except the one so approved shall be used in this state. (21 c. 85 § 7)

3619. Board may require survey—The board may at any time require a survey and report by the bureau herein provided for of any risk regarding which complaint may have been made. Its approval of any rate or classification may be withdrawn by the board upon ten days’ notice to the parties interested. (21 c. 85 § 8)

3620. Board must approve classification—No classification for compensation insurance purposes shall be effective until approved as correct by the board. No rule or regulation with reference to compensation risks filed by any insurer or by the bureau herein provided shall be effective until approved by such board. If it shall appear at any time that reasonable doubt on the part of the board as to the proper classification or rate for any risk exists, such risk may be bound for insurance subject to rate and classification to be established therefor. (21 c. 85 § 9)

3621. Board to review acts of insurers—The board shall have power upon its own motion or upon the written complaint of any person having a direct interest, to review the acts of any insurer, bureau or agent subject to the provision of this act, and to make findings and orders requiring compliance with the provisions hereof. Such review before the board shall be upon not less than ten days’ notice to the parties interested, and its findings or orders shall be made after a hearing before it, and in all cases shall be subject to summary review by the district court. During such court review the operation of the board’s order shall be suspended, but in the event of final determination against an insurer, any overcharge made during the pendency of such proceedings shall be refunded to the person entitled thereto. All written complaints under this section shall be verified, and may be upon information and belief of the person complaining. A copy of such complaint shall be served upon the insurer, bureau, or person against whom the complaint is directed, and each of such parties in interest shall be entitled to at least ten days’ notice of any hearing thereon. (21 c. 85 § 10)
3622. Insurers shall be members of bureau—Every insurer transacting the business of workmen's compensation insurance in this state shall be a member of the bureau organized under this act to be maintained in this state for the following purposes: 1. To separate the industries of this state that are subject of workmen's compensation insurance into proper classes for compensation insurance purposes, to make inspections of compensation risks and to apply thereto the schedule, merit and experience rating system approved for use in this state; to establish charges and credits under such system and to make reports showing all facts affecting such risks as the subject of compensation insurance and for approving policies of compensation insurance as being written in conformity with classifications and rates previously promulgated by the bureau and approved by the board. 2. To assist the compensation insurance board and insurers in approving rates, determining hazards and other material facts in connection with compensation risks and to assist in promoting safety in the industries. ('21 c. 85 § 11)

3623. Organization of bureau—The bureau shall be organized by the insurers writing workmen's compensation insurance in this state within ninety days after the passing and publication of this act. The commissioner of insurance shall fix a time and place for the first meeting of representatives of such insurers to organize the bureau. Notice of such meeting shall be given to each insurer authorized to write workmen's compensation insurance in this state at least ten days before such meeting. The bureau shall adopt articles of association and by-laws for its government and for the board shall determine the form of such articles and by-laws and all amendments thereto shall be filed with and approved by the compensation insurance board and shall not be effective until so filed and approved. Such bureau shall admit to membership any insurer authorized to transact workmen's compensation insurance in this state. The charges and service of such bureau shall be fixed in the articles or by-laws and shall be equitable and non-discriminatory as between members. ('21 c. 85 § 12)

3624. Expense, how paid—Each member of such bureau shall pay an equitable and non-discriminatory share of the cost of operating the bureau. If the members of the bureau cannot agree upon an apportionment of cost, any member may, in writing, petition the compensation insurance board to establish a basis for apportioning such cost. If any member is aggrieved by an apportionment made by the bureau it may, in writing, petition the board for a review of such apportionment. The board shall, upon not less than five days' notice to each member of the bureau, hold a hearing upon any such petition, at which all members shall be entitled to be present and be heard. The board shall determine the cost and mail a copy of its decision to each member of the bureau. The decision of the board shall be final and binding upon all members of the bureau. ('21 c. 85 § 13)

3625. Representation—Each class of insurers, stock companies, mutual companies and inter-insurers which are members of such bureau shall be represented in the bureau management and on committees as provided in the by-laws, but the participating and non-participating companies shall have equal representation on the governing or managing committee and also on the rating committee of the bureau. One-half the members of each committee shall be chosen by the participating companies, and one-half by the non-participating companies. Each member company shall be entitled to one vote. In case of a tie vote upon any committee the compensation insurance board shall cast the deciding vote. ('21 c. 85 § 14)

3626. License—Fee—The bureau shall procure annually from the commissioner of insurance a license to carry on its business. The license year for such bureau shall be from March first to the last day of February succeeding. The bureau shall pay to the state, through the commissioner of insurance, an annual license fee of one hundred dollars, such fee to be paid at the time of filing application for license. The commissioner of insurance shall prescribe blanks and make needed regulations governing the licensing of the bureau. ('21 c. 85 § 15)

3627. Annual statement—The bureau shall annually on or before March first, file with the compensation insurance board a statement covering its activities for the year ending on the preceding thirty-first day of December. Such report shall cover its financial transactions and also other matters connected with its operation as required by the board. The board shall prescribe the form of such report. The bureau shall be subject to supervision and examination by the compensation insurance board or any examiner authorized by it. Examinations may be made as often as deemed expedient. The expense of such examination shall be paid by the bureau. ('21 c. 85 § 16)

3628. Bureau shall make classification—The bureau shall on behalf of all its members assign each compensation risk and subdivision thereof in this state to its proper classifications. Such determination as to the proper classification by the bureau shall be subject, however, to the approval of the compensation insurance board as herein provided. The bureau shall also on behalf of all members thereof inspect and make a written survey of each risk to which the system of schedule or merit rating approved for use in this state is applicable. It shall, on behalf of all the members thereof, file with the board its classification of risks and shall also keep on file at the office of the bureau, the written surveys of all risks inspected by it, which survey shall show the location and description of all items introducing charge or credit and such other facts as are material in the writing of insurance thereon. It shall also file any subsequent proposed classification or later survey and all rules and regulations which do or may affect the writing of such risks. The bureau classification shall be binding upon all insurers. The board and also the bureau and its representatives shall give all information as to classifications, rates, surveys and other facts collected and intended for the common use of insurers subject to this act to all such insurers at the same time. A copy of the complete survey, together with the approved classification and rates based thereon and the effective date thereof, shall be furnished to the insurer of record as soon as approved. The approved classification and rates shall be effective upon a specific risk shall also be furnished upon request to any other insurer upon the payment of a reasonable charge for such service. Every insurer shall promptly file with the bureau a copy of each payroll audit, which shall be checked by the bureau for correctness of classification and rate. The board may require the bureau to file with it any such copy, and may verify any payroll audit by a re-audit of the books of the employer or in such other manner as may to it appear most expedient. Upon written complaint stating facts sufficient to warrant action by it, the
board shall verify any payroll audit reported to it. ('21 c. 85 § 17)

Where the rate, agreed upon at $1.05 per $100 pay roll, is not warranted by the statute, the true legal rate may be established and applied to the reformed policy, even after the policy has expired by lapse of time. 166-236, 207-634.

3629. Record—Shall furnish information—The bureau shall keep a careful record of its proceedings. It shall furnish, upon his demand, to any employer upon whose workmen's compensation risk a survey has been made, full information as to such survey, including the method of the computation and a detailed description and location of all items producing charges or credits. The bureau shall also provide such means as may be approved by the board whereby any member or any employer whose risk has been inspected by it may be heard, either in person or by a representative, before the governing or rating committee or other proper representatives with reference to any matter affecting such risk. Any insurer or employer may appeal from a decision of the bureau to the board. The bureau shall also make rules governing appeals, which rules shall be filed with and approved by the board. The bureau shall file with the compensation insurance board, whenever it may call therefor, such information as it may have concerning any matter connected with its activities. ('21 c. 85 § 18)

3630. Insurers shall not discriminate—No insurer shall make or charge any rate for workmen's compensation insurance in this state which discriminates unfairly between risks or classes, or which discriminates unfairly between risks in the application of like charges and credits in the plan of schedule, merit or experience rating in use; and no insurer shall discriminate by granting to any employer insurance against other hazards at less than its regular rates for such insurance or otherwise. ('21 c. 85 § 19) 166-236, 207-634.

3631. Rates shall be filed—Every insurer writing workmen's compensation insurance in this state, shall, except as otherwise ordered by the board, file with the board its rates for such insurance and all additions thereto or changes therein. All rates so filed shall comply with the requirements of law and shall not be effective or used until approved as to such compliance by the board. A rate which is filed and approved shall not be changed until the substituted rate has been filed for at least fifteen days and has been approved by the board. ('21 c. 85 § 20) 166-236, 207-634.

3632. Rates to be uniform—Exceptions—No insurer shall write insurance at a rate other than that made and put into force by such bureau and approved as adequate and reasonable by the board; provided, that the bureau may reduce or increase a rate by the application to individual risks of the system of schedule, merit or experience rating which has been approved by the board. Such reduction or increase shall be set forth in the policy or by indorsement thereon. ('21 c. 85 § 21) 166-236, 207-634.

3633. Duties of insurance commissioner—The commissioner of insurance shall upon the request of the board require such insurers or their agents to file with him on such blanks as he may prescribe such reports as in the judgment of the board may be necessary for the purposes of this act; and such information when so filed shall be available for the use of the board. No information regarding the writings of any insurer shall be made public by said board or said bureau or any of its employees except as required by law. ('21 c. 85 § 22)

3634. Violations—Penalties—Any insurer, rating bureau, agent or other representative or employee of any insurer or rating bureau failing to comply with or which is guilty of a violation of any of the provisions of this act, or of any order or ruling of the commissioner of insurance or of the compensation insurance board made hereunder, shall be punished by a fine of not less than fifty nor more than five hundred dollars. In addition thereto, the license of any insurer, agent or broker guilty of such violation may be revoked or suspended by the commissioner of insurance. ('21 c. 86 § 23)

FARMERS' MUTUAL COMPANIES

3635. Town companies—Property insurable—The incorporators of a town insurance company shall not be less than twenty-five in number, residing in towns adjoining that in which its principal place of business is situated, or separated by not more than one town therefrom, and owning in the aggregate movable property worth at least fifty thousand dollars. Every such company may insure, for a term not exceeding five years, farm property in any part of any county in which any of its incorporators reside: Provided, that it shall not operate in more than fifty towns in the aggregate at the same time. (1557) [3372]

Amendment of by-laws. Notice to member (63-420, 65-635).

3636. Officers—Every company so formed shall choose of their number not less than five (5) nor more than nine (9) directors to manage the affairs of such company, who shall hold their office for such period as may be fixed by the by-laws of the company not exceeding three (3) years, and until their successors are elected and qualified, and such directors shall choose one of their number president, one vice-president and one secretary; they shall also choose a treasurer, who may or may not be a member of said board, but shall be a member of the company. And the said treasurer shall give bonds to such company in such sum as the directors shall determine to be approved by said president and secretary, and such directors may authorize said treasurer to loan on first real estate securities such sums of money in his hands as they may determine, or authorize said treasurer to deposit in his hands such sums of money in his hands as such treasurer in such bank or banks as they may designate. Provided, that the articles of incorporation of such company may provide that the president, vice-president, secretary and treasurer may be chosen by the direct vote of the members at the annual meeting. In such case the election of such persons as president, vice-president and secretary shall constitute them members of said board of directors, and the remaining members of said board shall be elected as above provided. (75 c. 83 § 2, amended '97 c. 104 § 2; '01 c. 172 § 1; '05 c. 284 § 1) [3373]

3637. Effect of application—Who may accept—The president and secretary of such company may accept all applications and sign and issue policies, and enter into contracts in the name of the company to pay all losses and damages, not exceeding the sums named in the policies, sustained by reason of fire or lightning, for the term therein specified, and every application for insurance made to any authorized officer or agent, until refused by the proper officer shall be of the same force and effect as a regularly issued policy and contract of in-
funds of the company, the secretary, or in his absence the president shall convene the directors, who shall in accordance with such differences. Whenever any loss cannot agree upon the damages, the insured may apply for the loss may be ascertained by the president and secretary, or either, with like authority. If the parties cannot agree, the insured may apply to three disinterested persons, who shall make an award which shall be final, and deliver the same to the secretary, who, if the claim does not exceed three hundred dollars, shall immediately notify the secretary, who, if the member sustaining loss or damage by fire or lightning is a corporation, (1660) [3376] 

3642. Classification of property—Assessments—Every such company may classify property insured under different rates, corresponding as nearly as possible to the greater or less risk from fire by reason of location or construction, and issue its policies in accordance with such differences. Whenever any loss shall be ascertained which exceeds in amount the cash funds of the company, the secretary, or in his absence the president shall convene the directors, who shall levy an assessment upon each policyholder for the proportionate amount which he should pay to cover such excess; or the company may borrow not exceed two mills on each dollar of insurance written by it and then in force, and from such fund pay such losses, and afterwards levy assessments to pay such loans. If the fund for the payment of expenses is insufficient, the amount of the deficiency may be added to any assessment. (1668) [3379]

3643. Property insurable—Every such company shall insure only dwellings and their contents, farm buildings and contents, livestock, hay and grain in bins and stacks, churches, school houses, country blacksmith shops and barns, and society and town halls. It shall not insure property within the limits of any city or village, except that located upon lands actually used for farming or gardening purposes. But whenever the dwelling house of any person insured is within the limits of a town where the company is authorized to do business, and the farm upon which such dwelling is situated is partly within and partly without such town, it may include in such insurance any outbuildings, hay, grain, stock, or other farm property on such farm outside such limits. (1664) [3380] 

3644. Non-resident members—Withdrawal—Notice—Non-residents owning property in any town may become members with all rights except eligibility to office. Membership may be terminated at any time by giving written notice to the secretary and paying the withdrawing members' share of all existing claims. Upon the annulment of any policy by a majority of the directors and written notice thereof to the member, in either case the secretary shall record the same in a separate book. (R. L. '05 § 1655, amended '07 c. 209) [3381]

161—470, 201, 2930, note under § 3660.

3645. Farmers' mutual fire companies—The provisions of sections 3635—3645 shall also apply to farmers' mutual fire insurance companies, save that its incorporators and members may reside and own insurable property, and its insurance be effected, anywhere in this state, upon property of like character. (1666) [3382]

TOWNSHIP MUTUAL COMPANIES. § 3646. ORGANIZATION.

3646. Township mutual fire insurance companies—It shall be lawful for any number of persons, not less than twenty-five (25), residing in adjoining towns in this state, who shall collectively own property worth at least fifty thousand dollars ($50,000) to form themselves into a company or corporation for mutual insurance against loss or damage by fire or lightning. Such company shall operate in more than ten (10) towns in the aggregate at the same time. Provided, that when any such company confines its operations to the whole thereof by so providing in its certificate of incorporation. (V. L. '05 § 1, amended '15 c. 155 § 1; '02 c. 209 § 1) [3283]

See R. L. '05 §§ 1655—1666, 3625—3645 which have been superseded in so far as they apply to town insurance companies. Laws 1925, c. 22 reads as follows: "The corporate existence of any township mutual fire insurance company organized under chapter 83, General Laws, 1855, and acts amendatory thereof, which has heretofore attempted to renew or extend its corporate existence by adopting and filing with the commissioner of insurance a resolution.
so providing, but which resolution was adopted at a meeting called and held without due and legal notice, is hereby legalized, confirmed and made effective as fully as if the same had been taken to renew and extend its corporate existence in all things regular and in conformity to law, provided, however, that the provisions of this act shall not apply to any action now pending in which any such renewal or exten-
sion is involved.

Laws 1925, c. 104 reads as follows: "Any township mutual fire insurance company which has heretofore attempted to extend or renew its corporate existence by filing a resolution so providing, with the Commissioner of Insurance, but such resolution was not filed within the period of corporate existence as therein provided or deemed ineffective as though such action had been taken subsequent to the passage of this act and such attempted extension or renewal of the corporate existence is in all things legalized."

3647. What certificate of incorporation must contain—The persons who desire to form a township mutual fire insurance company as defined by this act shall make, sign and acknowledge before some officer, competent to take acknowledgment of deeds, a certificate of incorporation which shall specify:
1. The name.
2. The location of the principal office.
3. The general nature of the business.
4. The territory in which it desires to transact business.
5. Who may become members.
6. Source from which the corporate funds shall be derived.
7. The class of property it desires to insure.
8. In what board its management shall be vested.
9. The date of its annual meeting.
10. The corporate existence.
It may also contain any other lawful provision defining and regulating the powers or business of the corporation, its officers, directors and members. (09 c. 411 § 2) [3384]

3648. To be approved by commissioner of insurance—The certificate of every such corporation shall be presented to the commissioner of insurance for his approval and if he approve of the same he shall endorse thereon such approval and the certificate shall then be filed in his office and shall be recorded in a book kept therein for that purpose. Upon the approval of said certificate and the filing of the same with the commissioner the corporate organization of such incorporation shall be complete. (09 c. 411 § 3) [3385]

3649. Powers of such corporation—Every corporation formed under the provisions of this chapter shall have power:
1. To have succession by its corporate name for the time stated in its certificate of incorporation.
2. To sue and be sued in any court.
3. To have and use a common seal and alter the same at pleasure.
4. To acquire by purchase or otherwise, and to hold, enjoy, improve, lease, encumber and convey all real personal property necessary for the purposes of its organization, subject to such limitations as may be imposed by law or by its articles of incorporation.
5. To elect or appoint in such manner as it may determine all necessary or proper officers, agents, boards and committees, to fix their compensation and define their powers and duties.
6. To make and amend, consistently with law, by-laws providing for the management of its property and the regulation and government of its affairs.
7. To wind up and liquidate its business in the manner provided by law. (09 c. 411 § 4) [3386]

Following Hillett v. North Star, etc., Ins. Co., 156 Minn. 128 (156 N. W. 1, and Clark v. Rochester, etc., Co. (Minn.) 203 N. W. 529, it is held that the mere failure to pay an
provisions of this chapter, by the adoption of a resolution specifying the proposed amendment at the regular meeting or a special meeting called for that express purpose, by a majority of the members present and voting, or by a majority vote of its entire board of directors, within one year after having been thereby duly authorized by a specific resolution duly adopted at such meeting of the members, and by causing such resolution to be embraced in a certificate duly executed by its president and secretary under the corporate seal of the company, if it have one, and approved, filed and recorded in the manner prescribed by this chapter for the approval, filing and recording of the original certificate. ('09 c. 411 § 8; amended '13 c. 80 § 2) [3390]

3655. Change of location of principal place of business—Any township mutual fire insurance company heretofore or hereafter organized under the laws of this state may at any regular annual meeting of its members, or at any special meeting called for that purpose, by a majority vote of those present, amend its certificate or articles of incorporation so that the business office of said company may be located in any town, or any city or village in any town in which said company is authorized to do business. ('09 c. 411 § 9) [3391]

3656. Board of directors—Woman member may give proxy—Every company shall choose of their members no less than five (5) and not more than nine (9) directors, to manage the affairs of the company, who shall hold their office for such periods as may be fixed by the by-laws of the company, not exceeding three (3) years, and until their successors are elected and qualified, such directors shall choose one of their number as president, one as vice president, and one as secretary; they shall also choose a treasurer who may or may not be a member of said board, but must be a member of the company. The certificate or articles of incorporation of such company may provide that the president, vice president, secretary and treasurer may be chosen by the direct vote of the members of the company at the annual meeting.

In such case the election of such persons as president, vice president and secretary shall constitute them members of said board of directors, and the remaining members of said board shall be elected as above provided.

Every woman being a member of any such insurance company may be represented at any regular or special meeting of the members thereof by any person duly appointed in writing as her proxy, and such proxy so appointed shall have full power to represent such member as fully as if she were personally present at such meeting. ('09 c. 411 § 10) [3392]

3657. Treasurer to give bonds—The treasurer of such company shall give such bonds to the company in such sum as the directors shall determine, to be approved by the president and secretary. ('09 c. 411 § 11) [3393]

3658. Investments and loans by township mutual fire insurance companies—The directors may authorize such treasurer to invest any of its funds and accumulations in the bonds of the United States or of this State, or any county, city, town or village, or duly authorized school district therein, or in any municipal or civil division of any State and may loan upon improved unencumbered real property, in this State, worth at least twice the amount loaned thereon, not including buildings, unless insured by policies payable to and held by the security holder or authorize him to deposit any and all sums of money in his hands in such bank or banks as they may designate. ('09 c. 411, § 12; amended '25, c. 142) [3394]

3659. Limitations of company—No township mutual fire insurance company heretofore organized and no company organized pursuant to this act shall insure any property outside of the limits of the town or towns in which such company is authorized by its certificate or articles of incorporation to transact business, except personal property temporarily outside of such authorized territory and, except as hereinafter further provided; nor shall any township mutual fire insurance company insure any property other than dwellings and their contents, farm buildings and their contents, livestock, farm machinery, automobiles, country store buildings, threshing machines, farm produce anywhere on the premises, churches, school houses, society and town halls, country blacksmith shops and their contents, personages and their contents, and the barns and contents used in connection therewith, buttermaker's dwelling houses and contents, and barns and contents used in connection therewith.

No such company shall insure any property within the limits of any city or village except that located upon lands actually used for farming or gardening purposes, but whenever the dwelling house of any person insured is within the limits of a town where the company is authorized to do business, and the farm on which such dwelling house is situated is partly within and partly without such town, it may include in such insurance any outbuildings, farm produce, stock or other farm property on such farm outside of such limits; provided, however, any such company is hereby authorized to insure county fair buildings whether the same are situated either within or without the limits of a duly incorporated village of the city.

No law relating to insurance companies now in force in this state shall apply to township mutual fire insurance companies unless it shall be expressly designated in such law that it is applicable to such companies. ('09 c. 411 § 13, amended '13 c. 80 § 3; '15 c. 107 § 1; '23 c. 358 § 1) [3395]

3660. Termination of membership—Annulment and cancellation of policies—Any member may terminate his membership in the company by giving written notice to the secretary and paying the withdrawing member's share of all existing claims. Non-residents owning property in any town where any such company is authorized to do business may become a member with all rights thereof except eligibility to office. The board of directors may, by a majority vote thereof, annul and cancel any policy after giving not less than ten days' written notice to the insured by registered mail to the last known address of the insured, and to any mortgagee to whom the policy is made payable.

In case of annulment of any policy the action of the board of directors shall be recorded in the minutes of the meeting of the directors. ('09, c. 411, § 14; amended '27, c. 100, § 1) [3396]

The evidence failed to show a cancellation of plaintiff's policy of insurance in the manner prescribed. 341-476, 201,926.

3660-1. Suspension or cancellation of policies for non-payment of premiums—The secretary may, if the by-laws of the company so provide, suspend or cancel any policy for the non-payment of premium or assessment after giving not less than ten days' written notice to the insured by registered mail to the last known address of the insured, and to any mortgagee to whom the policy is made payable. ('27, c. 100, § 2)

3661. Against fire or lightning only—A township
mutual fire insurance company shall insure only against loss or damage by fire or lightning and it shall not issue any policy for a term of more than five (5) years. (09 c. 411 § 16) [3397]

3662. Advance assessments—The directors of any such company may collect by advance assessments and maintain in its treasury an emergency fund not exceeding two mills on a dollar of the total amount of insurance in force, to be used in payment of losses and for other purposes for which assessments may be used. (09 c. 411 § 16) [3398]

3663. Joint or partial risks permissible—Such town insurance companies may issue joint or partial risks in conjunction with adjoining companies of the same class, and in such case they are not confined to the towns in which they are otherwise authorized to do business; but no such insurance of a joint or partial risk shall be valid or binding upon the company insuring the same until approved by all such companies holding prior risks on property so insured, and the total amount of such joint insurance on any one piece of property shall in no case exceed the total percentage of its value for which such property is insurable by such companies. (09 c. 411 § 17) [3399]

3663-1. Reinsurance—Township Mutual Fire Insurance companies may enter into reinsurance agreements with other Township Mutual Fire Insurance companies and reinsure a portion of any risk with said companies. In such cases they shall not be confined to the territory in which they are writing direct business. (27, c. 271)

3664. President and secretary may accept applications—The president and secretary of such company may accept all applications and issue policies, agreeing in the name of the company to pay all losses and damages, not exceeding the sums named in the policies, sustained by reason of fire or lightning, for the term therein specified, and every application for insurance made to any authorized officer or agent, until refused by the proper officer, shall be of the same force and effect as a regularly issued policy and contract of insurance, and from the time of its receipt by an officer or agent, the property specified in such application shall be deemed insured in the same manner and to the same extent as if covered by a regular policy issued according to law and the regulations of the company; provided, that there shall be no liability on such application against any company that has not at any annual or special meeting, by proper resolution, adopted the plan of making such applications of equal force and effect with regularly issued policies.

Before the delivery of any policy the company shall collect regular cash premium and policy tax and file the written agreement of the insured of even date therewith, which shall be embodied in his application to pay a pro rata share of losses or damages sustained by him.

The same shall be kept on file with the secretary. (09 c. 411 § 18) [3400]

Laws relating to use of standard forms not applicable (119-64, 120-163).

3665. Classification of property—Every such company may classify property insured under different rates, corresponding as nearly as possible to the greater or less risk from fire by reason of location or construction, and issue its policies in accordance with such differences. Whenever any loss shall be ascertained which exceeds in amount the cash funds of the company, the secretary, or in his absence, the president, shall convene the directors, who shall levy an assess-
such loss or damage, in which case said expenses shall be paid by the company. ('09, c. 411, § 20; amended '29, c. 500, § 1.)

The complaint averred that before suit defendant denied all liability for the loss. This sufficiently showed a waiver of arbitration, a condition precedent to suit. 166-74, 207-24.

3667. Annual meeting—The annual meeting of every such company shall be held before July 1st in each year and the fiscal year of the company shall be from the first day of January to the thirty-first day of the following December, both dates inclusive.

The secretary shall prepare and read at the annual meeting a full report of the business of the company transacted during the preceding fiscal year, and on or before February 1st, following the end of each fiscal year the president and secretary shall file with the commissioner of insurance a verified statement of the entire business and condition of the company, and which statement shall contain such data and information in reference to the business of the preceding fiscal year as shall be required by the commissioner of insurance.

The commissioner of insurance may at other times require any further statement he may deem necessary to be made relating to the business of the company. ('09 c. 411 § 21) [3403]

3668. Fees to be paid to commissioner of insurance—There shall be paid to the commissioner of insurance and by him accounted for and paid to the state of Minnesota the following fees:

1. For filing certificate of incorporation, $2.00.
2. For filing annual statement, $1.00.
3. For certificate of authority, annually, $1.00.

('09 c. 411 § 22) [3404]

3669. Existing companies may avail themselves of this act—Any township mutual fire insurance company heretofore organized may exercise after the passage of this act all of the rights conferred thereby that are within the powers and privileges of its certificate or articles of incorporation, or it may be reincorporated hereunder.

But no such company already organized shall be required to reincorporate hereunder in order to avail itself of the privileges of this act.

Every township mutual fire insurance company now doing business in this state must have the right to continue transacting such business until the first day of March succeeding the passage of this act, and if the commissioner of insurance is satisfied that the company is transacting its business in accordance with this act he shall, on the first day of each succeeding March issue a license to each company authorizing it to transact business until the first day of March following the date of such license. ('09 c. 411 § 23) [3406]

3670. All companies to be governed by this act—Except as herein provided all township mutual fire insurance companies heretofore or hereafter organized in this state shall be governed by this act and shall be exempt from all provisions of the insurance laws of this state not only in governmental relations with the state but for every other purpose, and no law hereafter passed shall apply to such company unless it shall be expressly designated in such law that it is applicable to township mutual fire insurance companies. ('09 c. 411 § 24) [3406]

3671. Consolidation—That two or more township mutual fire insurance companies of the same county, which have been or may hereafter be authorized to transact the business of fire insurance exclusively upon farm property, within the same townships, or where one of said companies is authorized to and actually has transacted such insurance business in every town in which such other company is authorized to transact such business, may consolidate as a corporation in the manner provided in this act.

To effect such consolidation it shall be necessary:

First. That the board of directors or managing body of each of said corporations pass a resolution to the effect that such consolidation is advisable and containing the proposed name of the corporation, as consolidated, its principal office, and the names of its first board of directors and officers.

Second. That a special meeting of the policyholders of each of said corporations shall be held, a notice of which meeting shall be mailed to each of the policyholders thereof at least thirty (30) days prior to the holding thereof, and which notice shall embody the resolution adopted by said board of directors, as provided for in subdivision one (1).

Third. That a majority of the policyholders of each of said corporations present or represented at said special meetings shall by resolution approve and ratify the action of said directors, as provided for in subdivision one (1) hereof.

Fourth. That said proceedings and resolutions be filed with the commissioner of insurance of this state and approved of by him.

Fifth. Complete copies of said proceedings, certified to by the president and secretary of said respective corporations, shall be filed with the town clerk in each of the towns in which said company proposes to transact business.

When full copies of said proceedings have been filed with the commissioner of insurance, which copies shall be certified by the president and secretary of said respective corporations and duly verified by said officers, and approved of by him, the consolidation of said corporations shall be deemed to be complete, and the company so continuing said business shall be deemed to have fully assumed all of the obligations, liabilities, and risks, and to be the owners of all the assets of the companies so consolidating.

If such consolidation is made under any new name, the filing of said proceedings and the approval of same by the commissioner of insurance shall be sufficient to constitute said consolidated company a corporation, with all the powers, privileges, and subject to all the limitations of a township mutual fire insurance company under the laws of this state. ('09 c. 411 § 25) [3407]

3672. Examination by commissioner of insurance—The commissioner of insurance whenever requested by five or more members shall make an examination of the affairs of any township mutual insurance company doing business within this state, and any such company so examined shall pay the actual expenses of the person making such examination.

Whenever, after examination, the commissioner of insurance is satisfied that any such company has failed to comply with any provisions of this law, or is exceeding its powers, or is not carrying out its contracts in good faith; or is transacting business fraudulently, or is in such condition as to render further proceedings hazardous to the public or its policyholders, he may prevent the facts relating thereto to the attorney general who shall, if he deems the circumstances warrant, commence an action in quo warranto in a court of competent jurisdiction and such court shall thereupon noti-
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3673. Assessments to be paid—Member companies of any such association shall pay when such withdrawal has been authorized by a majority vote of its members present and voting at a regular meeting or at a special meeting called for that purpose. Such withdrawal shall not in any way affect its liability to contribute for any losses or expenses which may have been incurred prior to the time of withdrawal. (Ex. Sess. '19 c. 55 § 3, amended '21 c. 399 § 2)

3674. Mutual insurance companies for insuring horses and cattle authorized—It shall be lawful for any number of persons, not less than twenty-five, residing in adjoining towns in this state, who shall collectively own property worth at least fifty thousand dollars ($50,000.00), to form themselves into a company or corporation for mutual insurance against loss by death of horses and cattle, and may do business in any ten adjoining counties of the state. (17 c. 392 § 1, amended '21 c. 169 § 1)

FARMERS AND TOWNSHIP REINSURANCE ASSOCIATIONS.

3675. Mutual re-insurance or guarantee associations—Not less than six township mutual fire insurance companies or farmers' mutual fire insurance companies now doing business in this state may organize a mutual association for the purpose of insuring its members against losses occurring within any one calendar year, and some person shall be appointed receiver of such company and shall proceed at once to take possession of the books, papers, moneys, and other assets of the company and shall forthwith, under the direction of the court, proceed to close the affairs of the company and to distribute its funds to those entitled thereto. (°99 c. 411 § 20) [3408]

3676. Filing of articles or resolutions—The incorporation of such association shall be effected by filing with the commissioner of insurance and with the secretary of state a certificate of incorporation duly executed and acknowledged by the commissioner having been first duly authorized by resolution duly adopted at a regular annual meeting or at a special meeting called for that purpose, which certificate shall state in substance such facts as are required to be stated in certificates of incorporation by the general corporation laws of this state, and shall have first been approved by the commissioner of insurance. (Ex. Sess. '19 c. 55 § 2)

3677. Members may withdraw—Any member of such association may withdraw from membership upon giving ninety (90) days' notice of its intention so to do when such withdrawal has been authorized by a majority vote of its members present and voting at a regular meeting or a special meeting called for that purpose. Such withdrawal shall not in any way affect its liability to contribute for any losses or expenses which may have been incurred prior to the time of withdrawal. (Ex. Sess. '19 c. 55 § 3, amended '21 c. 399 § 2)

3678. Corporate powers—In addition to the powers hereby conferred, every such association shall have the corporate powers which are granted to corporations under the general corporation laws of this state. (Ex. Sess. '19 c. 55 § 4)

3679. Selection of directors—The directors of such association shall be chosen from the officers of its members and at its first meeting shall adopt by-laws which shall be filed with the commissioner of insurance and shall not be effective until approved by him. (Ex. Sess. '19 c. 55 § 5)

3680. Perpetual existence authorized—The corporate existence of any such association may be made perpetual by so providing in its articles of incorporation. (Ex. Sess. '19 c. 55 § 6)

3681. Assessments to be paid—Member companies of any such association shall on the first day of February of each year pay to the treasurer thereof an advance assessment to be fixed by the by-laws of such association, which association shall be based upon the amount of insurance of each of its member companies during the calendar year ending December 31st next preceding, and every such association may maintain as a fund for the payment of losses and expenses an amount not exceeding one-half of one mill on the total amount of insurance in force in its member companies. The individual members of the member companies shall be subject to assessment in case the funds of the member companies are insufficient to pay the assessment made by the association, to the same extent and in the same manner as though said assessment by the association was a loss by fire for which the member company was liable. (Ex. Sess. '19 c. 55 § 7)

3682. Annual statement—Every such association shall file with the commissioner of insurance an annual statement and procure a certificate of authority as required by law of township mutual fire insurance companies. (Ex. Sess. '19 c. 55 § 8)

3683. Fees to be paid—There shall be paid by such association to the commissioner of insurance, and by him accounted for to the state of Minnesota, the following fees:

1. For filing certificate of incorporation...........$2.00
2. For filing annual statement.....................1.00
3. For certificate of authority annually...........1.00

(Ex. Sess. '19 c. 55 § 9)

3684. Under supervision of insurance commissioner—The certificate of incorporation and by-laws forms
of contracts and policies adopted or issued by every such association, and the general conduct of its affairs, shall be subject to the general supervision and jurisdiction of the commissioner of insurance, and such commissioner, whenever requested by five or more members of such association, shall make an examination of the affairs thereof at the expense of such association. Whenever, after such examination, the commissioner is satisfied that any such association has violated the law, has exceeded its powers, is not carrying out its contracts in good faith, is transacting business fraudulent, or is in such condition as to render further prosecution unnecessary, he may, after hearing duly had, suspend the license of such association and present the facts relative thereto to the attorney general, who shall, if the circumstances warrant, commence an action to enjoin said association from carrying on any further business and for the appointment of a receiver, who shall, under the direction of the court, proceed to close the affairs of such association and distribute its funds to those entitled thereto. (Ex. Sess. '19 c. 55 § 10)

MUTUAL MARINE INSURANCE COMPANIES.

3685. Subscription liability fund—Every mutual marine company, before issuing any policy, shall have an agreement duly executed by solvent subscribers to the amount of at least three hundred thousand dollars, substantially as follows: "We, the subscribers, severally agree to pay to the (name of company), on demand, the whole or such part of the amounts set opposite our names, respectively, as may be called from time to time for its use, to pay losses and expenses not otherwise provided for"; and such agreement, endorsed with the certificate of the president and a majority of the directors that such subscribers are known to them, and that they believe each to be solvent, shall be filed with and approved by the commissioner. (1679) [3425]

Requisites of organization. Nature of liability on subscription. What constitutes marine insurance business (87-59, 91+266; 97-340, 106+310). Policy held not to render insurance against loss or damage by hail, tornadoes, cyclones and hurricanes, or any of said causes, shall issue any policy until at least two hundred thousand dollars of insurance, in not less than four hundred separate risks, upon property located in not less than ten counties, and upon not more than fifteen tracts in good faith, is transacting business fraudulent, or is in such condition as to render further prosecution unnecessary, he may, after hearing duly had, suspend the license of such association and present the facts relative thereto to the attorney general, who shall, if the circumstances warrant, commence an action to enjoin said association from carrying on any further business and for the appointment of a receiver, who shall, under the direction of the court, proceed to close the affairs of such association. (Ex. Sess. '19 c. 55 § 10)

3686. Subscriptions to be kept good—Dividends—Whenever, from death or other cause, a deficiency exists in the subscription fund, the same shall be made good by new subscriptions, certified in the same manner as the original. Subscribers shall be entitled to annual dividends of two per cent upon the amount of their subscriptions from the profits of the company, and shall also be reimbursed from future profits for all money they shall pay to the company for its uses under their agreement with interest thereon. (1680) [3426]

3687. Net profits—Accumulations—The net profits or dividend surplus of every such company shall be annually divided among the insured whose policies terminated during the year, in proportion to their contribution thereto. Such dividends shall be made only in scrip certificates payable out of the accumulated profits or surplus, and such accumulation shall be kept and invested, as a separate fund in trust for the redemption of such certificates, and for losses and expenses, as herein provided. Until redeemed, such certificates shall be subject to future losses and expenses, and be reduced in ease the redemption fund is drawn upon for payment of such losses and expenses, but no part of such fund shall be used for payment of losses or expenses, except when and to the extent that the cash
Limit of premiums and assessments—The premium of every such company in its hail department shall not be less than two and one-half per cent per annum of the amount insured. In addition to the premium, every policyholder shall be liable to a ratable assessment for all losses and expenses incurred while a member, in a sum equal to such premium, but not exceeding in any one year five per cent of his insurance, if notified thereof within ninety days after the expiration or cancellation of his policy; or if such policy be for more than one year, within ninety days after the expiration of the year in which assessment is made thereunder. (1668) [3414] (98-13, 107:4555). (125-245, 148-305).

Notice and payments of assessments—Collection commission—Whenever any assessment has been completed, the secretary shall immediately notify each member by mail, directed to his last known address, of the purpose and amount of such assessment and of his share thereof, and the person to whom and the time when such payment must be made, which shall not be less than thirty nor more than sixty days thereafter; and such person, if the by-laws so provide, may collect a commission of not more than 2 per cent of each amount in addition thereto. (R. L. '05 § 1669, amended '07 c. 471 § 1) [3415]

Officers—Compensation—The officers shall perform such duties, receive such compensation, and give such bonds as shall be provided in the by-laws or fixed by the directors; but no salary, past or future, shall be increased except by majority vote of all members present and represented at an annual meeting, and no officer or director shall receive any commission. (1670) [3416].

Proxies—No proxy shall be received unless dated and actually executed within the preceding thirty days, and filed with the secretary at least ten days before the meeting, nor if made to any director or officer. (1671) [3417]

Property insurable—Limitation on expenses—No such company shall insure any other property than country churches and school houses, farm dwellings, mutual or co-operative creameries, cheese factories, barns and other buildings, and hogs, grain and other farm products therein, or stored or growing on the premises, bedding, wearing apparel, printed books, pictures and frames, household furniture, family stores and provisions while therein or in the cellar beneath, farm implements, vehicles and machinery on or off the premises, threshing machines, or livestock thereon or running at large. No company, in its hail department, shall insure more than 3,200 acres in any one township; there shall be at least one-half mile between each such company and the insured each choosing one out of three persons named by the other, the third being selected by such two. The written award of a majority of such referees shall be final and conclusive upon the parties as to amount of loss, and such reference, unless waived by the parties, shall be a condition precedent to any right of action to recover for such loss, and no suit for the recovery of any claim by virtue of this policy shall be sustained unless commenced within six months after the loss occurred; and shall also provide the form, manner and length of notice to be given to the company by the insured of any loss sustained. (1675) [3421]

Transfer of risks and re-insurance—Every company may transfer its risks to, or re-insure them in, any other domestic or foreign company at the time authorized to do such business in this state, on the mutual or stock plan, by a contract of transfer or re-insurance approved by the commissioner, and by a two-thirds vote of the members present or duly represented and voting at a meeting of such company. (1676) [3422]

Re-insurance and consolidation—Any such mutual company may at any time re-insure its business in, and consolidate with, any domestic stock company organized wholly or partly for the same purpose, in the manner following:

By a two-thirds vote of its members or stockholders, respectively, present or duly represented and voting at any meeting; and each company shall adopt a resolution stating what mutual company proposes to
MUTUAL BURGLARY AND THEFT INSURANCE COMPANIES

3701. Formation or admission—Conditions—No mutual company for insuring against loss or damage from burglary or robbery, or attempt to commit the same, or against loss of money or securities in course of transportation by registered mail, shall be licensed to do, or shall do, any business except soliciting and receiving applications, until it shall have received at least five hundred bona fide applications for policies, if a domestic company; or, if a foreign company, shall have in force in the state where created at least five hundred policies; upon which, in either case, not less than twenty per cent of the premiums shall have been paid in cash, and the remainder in the form of written contracts, which shall constitute part of the assets, and which cash and contracts in either case shall aggregate at least fifty thousand dollars. (1083) [3420]

The jury found that the plaintiff Buell did not breach the condition of the policy, and that he was not negligent. It found that the Studebaker Company, which had custody of the auto for inspection and repair, was negligent. The evidence sustains the findings. 1G7-183, 11183-181.

3702. Limitation—Reserve—No such company shall transact other business than that stated in § 3701, nor insure in this state other than banks, bankers, loan companies and municipal treasurers. Every such company shall set aside a reserve fund of fifty per cent of its premiums, in cash and contracts. No policyholder shall be liable, except by written contract for any assessment or claim other than membership fee and premium, which shall be paid in cash when the policy is issued. (1084) [3430]

TITLE INSURANCE COMPANIES

3703. Real estate title insurance companies—The capital stock of every real estate title insurance company shall not be less than $200,000.00, and before issuing any policy or other contract of guaranty or insurance, it shall set apart and keep separate not less than two-fifths thereof, and not less than $100,000.00 in any case as a guaranty fund, and invest the same according to law, and the securities in which said guaranty fund is invested shall be duly deposited with the commissioner of insurance for Minnesota, and his duty therefor, and the amount of securities to be set apart and deposited as a guaranty fund to pay and discharge such liability. Evidence as to the percentage of loss to the amount of insurance issued, sustained by other title insurance companies doing business in this state or elsewhere and evidence of the cost of re-insuring the holders of all outstanding policies of insurance shall be competent evidence at said hearing; the court may require such other and further evidence as to it may seem wise and proper. The court shall make and enter its order and decree upon said petition, authoriz-
ing and directing said corporation, upon depositing with the insurance commissioner securities of the character described in subdivisions 1, 2, 3, 4, 7 and 8 of section 3022 of the Revised Laws of the State of Minnesota for 1905, of the market value and in an amount equal to the amount so found and determined by the court to be deposited as aforesaid, to distribute to its stockholders such part of its other assets as its board of directors may, by test examination, from time to time determine. (11 c. 253 § 3) [3435]

Explanatory note—For R. L. '05, § 3022, see § 7114, herein.

3707. Certified copy to be filed with insurance commissioner—Said corporation shall file with the insurance commissioner a certified copy of the order and decree of said court and shall deposit with said insurance commissioner securities of the character and amount specified in said order and receive therefor the receipt of said commissioner; thereupon it may distribute its other assets, or such part thereof as it may deem proper, to its stockholders. Such deposits of securities shall be maintained by said corporation unimpaired as a guaranty fund for creditors of said corporation and for the holders of all its policies of insurance and for the faithful discharge of all the duties and obligations of said corporation, with the right to collect the income thereof and to substitute from time to time other like authorized securities of equal amount and value. (11 c. 253 § 4) [3436]

3708. Decree also to be filed with superintendent of banks—Said corporation shall also file with the superintendent of banks a certified copy of the order and decree of said court and the receipt of the insurance commissioner to said corporation for the securities aforesaid; thereupon said superintendent of banks shall return to said corporation all securities which may have been by it theretofore deposited with him under any law of this state. (11 c. 253 § 5) [3437]

3709. Liability of corporation and stockholders—The liability of such corporation, the liability of any stockholder therein upon any contract or obligation, whether of insurance or otherwise, and the right of the holder of any policy of insurance issued by said corporation shall not be in any manner affected hereby. (11 c. 253 § 6) [3438]

FIDELITY AND SURETY COMPANIES

3710. Fidelity and surety companies—No company for guaranteeing the fidelity of persons in fiduciary positions, public or private, or for acting as surety, shall transact any business in this state until it shall have satisfied the commissioner that it has complied with all the provisions of law relative to security prescribed for foreign life companies, so far as applicable, and obtained his certificate to that effect. Thereupon it shall be authorized to execute, as sole or joint surety, any bond, undertaking, or recognition which, by any municipal or other law, or by the rules or regulations of any municipal or other body, board, organization, or officer, is required or permitted to be made, given, tendered or filed for the security or protection of any person, corporation or municipality, or any department thereof, or of any other organization whatever, conditioned for the doing or omitting of anything in such bond or other instrument specified or provided; and shall establish, courts, judges, officers and heads of departments, boards and municipalities, required or permitted to accept or approve of the sufficiency of any such bond or instrument, may in their discretion accept the same, when executed, or the conditions thereof guaranteed solely or jointly by any such company, and the same shall be in all respects full compliance with every law or other provision for the execution or guaranty by one surety or by two or more sureties, or that sureties shall be residents or householders, or freeholders, or all or either. (1686) [3432]

162-333, 204-33.

The complaint did not show the action to be premature, and the answer did not raise that issue, but denied all liability upon the insurance policy by the plaintiff from loss through the fraud or dishonesty of its insurer. 162-257, 262-53.

Proof of loss is a preliminary notice and not a pleading, and when it is substantially correct as to the total amount the itemization of a wrong check as one of the items is not fatal. 162-350, 203-482.

Evidence sufficient to justify the jury in finding that defendant waived the provisions of the policy requiring the furnishing of proof of loss within a 90-day period. 162-280, 262-655.

Applies to mutual insurance companies which desire to write surety bonds covered by subdivision 6, § 3315. G. S. 1933, 167-158, 204-539.

3711. Requirements—Certificates—Any insurance company of another state, upon compliance with all laws governing such corporations in general, and with the foregoing provisions so far as applicable, and also with the following requirements, shall be admitted to do business in this state:

1. It shall deposit with the commissioner a certified copy of its charter or certificate of incorporation, and of its by-laws, and a statement showing its financial condition and business, verified by its president and secretary or other proper officers.

2. It shall furnish the commissioner satisfactory evidence of its legal organization and authority to transact the proposed business and that its capital, assets, deposits with the proper official of its own state, amounts insured, number of risks, reserve and other securities, and guarantees for protection of policyholders, creditors and the public, comply with those required of like domestic companies.

3. By a duly executed instrument filed in the office of the commissioner, it shall appoint him and his successors in office its lawful attorneys in fact, and thereafter it irrevocably agrees that legal process in any action or proceeding against it may be served upon them with the same force and effect as if personally served upon it, so long as any of its liability exists in this state.

4. It shall appoint, as its agents in this state, residents thereof, and obtain from the commissioner a license to transact business therein. (1705) [3591]

1. Service of process—Subd. 5—Stipulation for service, how far irrevocable: (57-249, 214-115). (114-471, 259-682). Personal service on commissioner not exclusive of service on local agent under G. S. 1894. sec. 3158 (80-147, 259-298; 81-148, 259-329), but Insured may recover from commissioner to said corporation for the securities aforesaid; thereupon said superintendent of banks shall return to said corporation all securities which may have been by it theretofore deposited with him under any law of this state. (11 c. 253 § 5) [3437]

2. Certificates—Act of commissioner in issuing does not conclude state. Quo warranto to test right of corporation to exercise corporate powers (35-638, 214-168).

3712. Service of garnishee process—When garnishee process is served upon the insurance commissioner, as attorney for any insurance company, no garnishee fee shall be paid to such commissioner.

After the receipt of copy of such process the insurance company may demand of the attorney of the person making such garnishee the proper fees, and if such demand is not complied with before the day fixed for the disclosure of the garnishee, the proceeding may be dismissed. (05 c. 329 § 7) [3250]

3713. Appointment of insurance commissioner for service of summons, process, notices and proofs of loss and agreement not to remove actions—That before any corporation, association or company, issuing policies of insurance of any character, and not organized or existing pursuant to the laws of this state, is admitted to or authorized to transact the business of insurance in this state, it shall, by a duly executed instrument to be filed in the office of the insurance commissioner, constitute and appoint the insurance commissioner and his successor in office its true and lawful attorney, upon whom proofs of loss, any notice authorized or required by any contract with such company to be served on it, summonses and all lawful processes in any action or legal proceeding against it may be served, and that the authority thereof shall continue in force irrevocable so long as any liability of the company remains outstanding in this state.

Said instrument shall contain a provision and agreement declaring that such company, association or corporation desires to transact the business of insurance in this state, and that it will accept a license therefor according to the laws of this state, and that it will not remove, or make application for removal, into any court of the United States any action or legal proceeding commenced in any court of this state upon a claim or cause of action arising out of any business or transaction done therein.

In case of the failure of any such insurance company to comply with any of the provisions of this act, or if it shall violate any of the conditions or agreements contained in the instrument filed as aforesaid, its right to transact the insurance business in this state shall cease, and it shall be the duty of the insurance commissioner to immediately declare its license revoked; and in case of such revocation, said company shall not be again licensed to transact business in this state for the period of one year from date of such revocation. (11 c. 312 § 1) [3392]

(114-471. 131 § 923.)

163-95. 208-694.


3714. Same to be filed with insurance commissioner—Every foreign insurance company now transacting the business of insurance in this state shall, within sixty (60) days after the passage of this act, file with the insurance commissioner its written instrument, as provided in section one (1), otherwise the commissioner shall immediately revoke its license. (11 c. 312 § 2) [3383]

3715. Fees and appointment of additional clerk—The insurance commissioner shall be entitled to charge and receive on a statement of two dollars ($2.00) for each notice, proof of loss, summons or other process served upon him under the provisions of this act, to be paid by the persons serving the same. The fees so collected shall be paid into the state treasury, as is now provided by law for other fees collected by such insurance commissioner. The insurance commissioner is authorized to employ a clerk to carry out the provisions of this act at a salary of not to exceed twelve hundred dollars ($1,200.00), which sum is hereby annually appropriated out of the revenue fund of the state. (11 c. 312 § 3) [3394]

3716. Deposit to be made with commissioner of insurance—Such company of any foreign country, except fraternal beneficiary associations, shall not be admitted until, besides complying with the foregoing requirements, it has made a deposit with the commissioner of insurance of this state, or with the proper officer of some other of the United States, of a sum not less than the capital required of a like company under the provisions of this chapter, and such deposit shall be of the same class of securities and subject to the same limitations as is required for the deposit of domestic companies that must by law maintain a deposit.

Such deposit shall be in exclusive trust for all its policyholders and creditors in the United States, and for all purposes of the insurance laws shall be deemed its capital. (R. L. § 1706, amended '09 c. 478 § 1) [3855]

(192-15. 112:1059.)

166-255. 207-724.

3717. Securities to commissioner of insurance—All securities, moneys, mortgages, certificates, bonds, notes, receipts, statements, records, and all papers relating thereto, which have been heretofore deposited with and received by the state treasurer pursuant to the laws governing deposits of foreign insurance companies, shall, upon the passage and approval of this act, be transferred and delivered to the commissioner of insurance of Minnesota, and it shall be his duty to receive and safely keep the same. (R. L. § 1706, amended '09 c. 478 § 2) [3896]

3718. State treasurer to transfer securities—The state treasurer is hereby authorized and directed to make all assignments and conveyances to the commissioner of insurance which may be necessary to complete a transfer of the securities as contemplated by this act. (R. L. § 1706, amended '09 c. 478 § 3) [3897]

3719. Trustees appointed, when—Any company of a foreign country may duly appoint one or more citizens of the United States, approved by the commissioner, to hold funds or other property for the benefit of its policyholders and creditors therein. A certified copy of their appointment, and of the instrument of trust, shall be filed with the commissioner, who shall have the same authority in the premises as in the case of the affairs of all companies. Such funds shall be invested in the same securities as required of other insurance companies, and, together with the deposits required, shall constitute the assets of such company in respect to its policyholders and creditors in the United States. (1707) [3398]

3720. Method of insurance—War—Re-insurance—No foreign company shall make its insurance contracts upon lives, property or interests in this state except through lawfully constituted and licensed resident agents, and whenever it effects re-insurance otherwise than through such agents the entire tax thereon shall be paid by the original company, and no deduction shall be made on account of such re-insurance. No policy of insurance issued to a citizen of this state shall be invalidated by the occurrence of hostilities.
between any foreign country and the United States. (1708) [3599]

3721. Retaliatory provisions—Whenever, by the laws of any other state or country, any taxes, fines, deposits, penalties, licenses or fees, in addition to or in lieu of any taxes, deposits, penalties, licenses, fees and conditions precedent, shall be imposed upon any similar insurance company of such state or country and their agents doing business in the state, are imposed on insurance companies of this state, and their agents doing business in such state or country, or whenever any conditions precedent to the right to do business in such state are imposed by the laws thereof, beyond those imposed upon such foreign companies by the laws of this state, the same taxes, fines, deposits, penalties, licenses, fees and conditions precedent, shall be imposed upon every similar insurance company of such state or country and their agents doing or applying to do business in this state, so long as such foreign laws remain in force. (1907 c. 430 § 1) [3800]

3722. Insurance from unlicensed foreign companies—Whenever any person, firm or corporation desires to obtain insurance upon any property in this state in companies not authorized to do business therein, he or they may appoint a trustee or trustees of said funds, or in any way invest, dispose of or use the same. (15-68).

3723. Certificate of municipal officer—On or before October 31, annually, the clerk of every municipality having an organized fire department, or a partly paid or volunteer department, shall file with the commissioner, on June 30 and December 31 an annual statement of all policies of insurance covering loss or damage by fire, lightning, loss or damage by water to buildings and premises arising from the breakage or leakage of sprinklers, pumps or other apparatus erected for extinguishing fires. Before July 1 following, the commissioner shall certify to the state auditor the name of each municipality which has had for not less than one year an organized fire department, and which has been so reported to him, and the amount of said gross direct premiums, less return premiums, upon property located within the corporate limits of such municipality, received by each fire company upon policies covering loss or damage by fire, lightning, loss or damage by water to buildings and premises arising from the breakage or leakage of sprinklers, pumps or other apparatus erected for extinguishing fires, and taxes paid on account thereof in such year by each company. (R. L. '05 § 1651; G. S. '13 § 3343, amended '19 c. 397 § 1)

3725. Auditor’s warrant—At the end of the fiscal year the state auditor shall issue and deliver to the treasurer of every such municipality his warrant for an amount equal to the total amount of the two per cent tax paid by insurance companies to the state of Minnesota upon premiums received under policies of the classes of insurance as indicated in section 3343, General Statutes 1913 [3724], as amended, and the same shall be paid out of the general revenue fund. (B. L. '05 § 1602; G. S. '13 § 3544, amended '19 c. 397 § 2)

3726. Special fund—Disbursements—Payments to relief associations—Such amount shall be kept as a special fund, and disbursed only for the following purposes:

(1) For the relief of sick, injured or disabled members of such fire department, their widows and orphans.

(2) For the equipment and maintenance of such department and for construction, acquisition or repair of buildings, rooms and premises for fire department use or otherwise; provided, that the treasurer of the association may and shall loan or invest the funds of such association in such properties or securities as shall be directed by the trustees or board of managers of the association, but the said trustees or board of managers shall not have authority to make any such loan or investment until after the same shall be approved at a regular meeting of the members of the association, and by a three-fourths vote of all the members present at said meeting; and, provided further, the treasurer of said association shall not be held responsible for any such use or investment of such funds, under the direction of said trustees or managers, but only for the safe keeping of the securities.

But if there shall be a duly incorporated fire department relief association in such municipality, organized with the consent of the governing body thereof, such amount shall be paid to the treasurer of said relief association, to be disbursed as hereinabove prescribed for municipalities, and as hereinafter provided for service pensions, or relief of sick, injured, or disabled, active or retired members of the fire department in such city, who are members of such relief associations. In case any fire department relief association having any of said funds in its hands shall resign its trust in relation thereto, or shall be dissolved or shall have been heretofore or shall be hereafter removed as such trustee, the district court of the proper county may appoint a trustee or trustees of said funds, or cause such trust to be executed by its officer under its direction, or such court may direct that such trust funds be paid to the treasury of the proper municipality, and all funds so held in trust or so paid to any such

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372.6. Service pension—Every fire department relief association organized under any laws of this state, whenever its certificate of incorporation or by-laws so provide, may pay out of any funds received from the state, or other source, a service pension, in such amount, not exceeding forty dollars ($40.00) per month, as hereinafter authorized or as may be provided by its by-laws, to each of its members, who have heretofore retired or may hereafter retire, who has reached or shall hereafter reach the age of fifty (50) years, and who has done, or hereafter shall do, active duty for twenty (20) years or more as a member of a volunteer paid, or partially paid and partially volunteer fire department, in the municipality where such association exists, and who has been, or shall hereafter be, a member of such fire department relief association at least ten (10) years prior to such retirement, and who complies with such additional conditions as to age, service, and membership as may be prescribed by the certificate or by-laws of such association.

The amount of monthly pension which may be paid to such retired firemen may be increased by adding to the maximum above prescribed, an amount not exceeding two dollars per month for each year of active duty over twenty years of service before retirement, provided, however, that no such fire department relief association shall pay to any member thereof a pension in any greater amount than the sum of sixty dollars per month. No such pension shall be paid to any person while he remains a member of the fire department and no person receiving such pension shall be entitled to other relief from such association. No payments made or to be made by said association to any member on the pension roll shall be subject to judgment, garnishment or execution, or other legal process, and no person entitled to such payment shall have the right to assign the same, nor shall the association have the authority to recognize any assignment or pay over any sum which has been assigned. (R. L. '05 § 1655, amended '07 c. 331 § 1; '17 c. 614 § 1) [3347]

3729. Pensions for members of volunteer fire departments in certain cities and villages—Pensions or financial aid shall be paid to each member of any regularly organized volunteer fire department existing in any city, village, borough or town in this state, excepting cities of the first class, who may after the passage of this act be permanently injured while in the performance of his duties as such fireman, and in the event of the death of such fireman so injured, financial aid shall be paid to his widow, and in certain cases to the guardian of his minor children under sixteen years of age as hereinafter specified out of the fund hereinafter provided. (23 c. 179 § 1)

3730. Schedule of aid allowed—Schedule of aid allowed under this act is as follows:
(a) For total permanent disability there shall be paid to such injured fireman the sum of $60 per month for and during his life.
(b) For partial permanent disability there shall be paid during life to such injured fireman monthly an amount sufficient to compensate him for loss in earning capacity sustained; provided, however, that the amount paid per month to any injured fireman under this subdivision shall not exceed thirty-five dollars ($35.00).
(c) For death from any cause resulting to such fireman injured in the performance of his duties there shall be paid to his widow $30.00 per month so long as she remains unmarried and in addition thereto $10.00 per month for each child, of such fireman and such widow, under sixteen years of age; provided, no widow under the provisions of this subdivision shall receive more than $60.00 per month.
(d) For death from any cause resulting to such fireman injured in the performance of his duties where his surviving spouse remarry, then and thereafter there shall be paid to her $5.00 per month for each child of such fireman and such spouse, under sixteen years of age.
(e) For death from any cause resulting to such fireman injured in the performance of his duties where there is no surviving spouse at the time of his death, or where the spouse dies before the guardian of the children of the deceased fireman so injured $10.00 per month for each of his children under the age of sixteen years. (23 c. 179 § 2)

3731. Duties of insurance commissioner—The provisions of this act shall be administered by the commissioner of insurance, and he shall have power and it is made his duty to prescribe such forms and to adopt such rules and regulations for its proper administration as he may deem necessary. The form, manner of execution and filing of proofs of death or injury shall be prescribed by him, and he shall prepare a suitable number of such forms, which shall be sent on application to claimants. He shall also prepare and send to each volunteer fire department, on its application, a questionnaire, which shall include inquiries as to the name, date, and manner of organization of such fire department, the field of its operations, the number and the names of its members, and all other matters which may be deemed pertinent by him to the question of regularity of the organization of such volunteer fire department and the eligibility of its members to pensions or financial assistance hereunder. (23 c. 179 § 3)

3732. Fire departments may share in benefits—Duties of commissioner—Within sixty (60) days after
the passage of this act each volunteer fire department in this state desiring that its members and their dependents shall share in the benefits of this act, shall obtain, execute and file with the commissioner of insurance the questionnaire above referred to. Thereafter each such fire department shall, through its proper officer, notify the commissioner of insurance on forms prepared by him for the purpose of any change in its membership or in its officers or in its purposes. If the commissioner of insurance finds that any volunteer fire department, seeking to comply with the provisions of this act, is a regularly organized volunteer fire department, in a town, borough, village or city of the class specified, he shall notify such fire department that he has found it subject to the provisions of this act, and that its members, as evidenced by the list on file in his office, and their dependents are entitled to pensions and financial assistance according to the terms thereof. (23 c. 179 § 4)

3733. Eligibility of members—No member of a volunteer fire department nor his dependents shall be eligible to receive financial assistance or a pension hereunder unless at the time of the injury or death of such member his name appears on file in the office of the Commissioner of Insurance as a member of a regularly organized volunteer fire department in a town, borough, village or city of the class specified. No person who is sixty (60) years of age or over shall be eligible to receive payments under the provisions of this act. (23 c. 179 § 5)

3734. Assignments of claim not valid—Transfer a misdemeanor—No assignment of any right or claim to the benefits herein provided for shall be valid, and any attempt to transfer any such right or claim, or any part thereof, shall be a misdemeanor and shall be punishable accordingly. (23 c. 179 § 6)

3735. Tax levy authorized—Proceeds to state treasurer—The proper authorities of each city of the second, third and fourth classes, and of each village and town, in which is maintained a regularly organized volunteer fire department, shall annually vote a tax for the purpose of paying an amount equal to two dollars for each member of the volunteer fire department of such city, village or town, and annually after the collection of such tax, the proceeds thereof shall be transmitted by the proper authorities to the state treasurer and shall be accredited by him to a special fund to be known as the "Volunteer Firemen's Aid Fund" and the amount thereof is hereby annually appropriated to the commissioner of insurance for the purposes of this act and shall be disbursed by him in accordance with the provisions hereof. (23 c. 179 § 7)

3736. Not to affect workmen's compensation act—This act shall not be construed as abridging, repealing or amending the laws of this state relating to fire department relief associations. Members of volunteer fire departments existing in cities, villages, boroughs or towns shall not be subject to the provisions of chapter 82, Laws 1921, as amended, commonly known as the Workmen's Compensation Act, nor shall they receive any benefit thereunder. (29 c. 179 § 8)

3737. City clerk's report to insurance commissioner—The clerk of any city of the class named herein having an organized fire department, an amount equal to two, 31st day of October in each year, make and file with the insurance commissioner his certificate, stating the existence of such department, the number of steam engines, hook and ladder trucks, hose carts, and number of feet of hose in actual use, the number of organized companies, and the system of water supply in use in such department, together with such other facts as the insurance commissioner may require. (07 c. 24 § 4) [3351]

3738. Commissioner to report to auditor cities affected and premiums collected—The insurance commissioner shall in his annual statement, blank form, with the names of the cities thereon entitled to benefits under this act, and require the companies to report at the time of making their annual statements the amount of premiums received by them during the year ending December 31st in each (and) of the cities named in said blank, and thereafter and before the 1st day of July the insurance commissioner shall certify to the state auditor the names of the cities which have organized fire departments as reported to him under section 4 of this act, and the amount of premiums received by said companies in each of said cities, and the amount of tax paid in such year by said companies upon such premiums. (07 c. 24 § 5) [3352]

Section 4 is § 3727, herein.

3739. Auditor to deliver warrant to city—The state auditor at the end of the fiscal year, shall issue and deliver to the treasurer of any such city his warrant upon the state treasurer for an amount equal to the total amount of the existing 2 per cent tax so paid by fire insurance companies upon the premiums by them received in any such city, as specified in said certificate of said insurance commissioner. (07 c. 24 § 6) [3353]

3740. Treasurer to pay warrant—The state treasurer is hereby authorized and directed to and upon the presentation to him of the said warrant of the said auditor, he shall pay to the treasurer of any such city, out of the general revenue fund of this state, the amount in said warrant specified. (07 c. 24 § 7) [3354]

3741. Fund; how disbursed—Proceedings in case of incorporated relief association—Duties of officers—Ineligibles—Consent of council to future organization—The amount so paid to any city under the provisions of this act shall be by it set aside as a special fund and may be appropriated and disbursed in the same manner that other funds belonging to such city are appropriated or disbursed, but only for the following purposes:

First—For the relief of sick, injured and disabled members of any fire department in such city, and their widows and orphans.
Second—For the payment of pensions pursuant to the provisions of sections 1 and 2 of this act.

Provided, that in case there exists or shall exist, a fire department relief association, duly organized or incorporated in any such city as aforesaid, shall be paid to the treasurer of such relief association instead of to the treasurer of such city.

But the secretary and treasurer of every such relief association shall prepare annually a report of all receipts and expenditures of such association for the previous year, showing for what purpose the money was paid and expended, and to whom, which report shall be filed in the office of the city clerk of the city in which such association is situated, and a duplicate of such report shall also be filed with the state auditor before any money shall be paid to any such relief association. The money paid to such relief association shall be expended only for the pensioning and relief of sick, injured, disabled and retired members of any fire department in any such city, and their widows and orphans, as authorized and permitted by this act.

For the purpose of this act no substitute firefighter, or
any one serving on probation, or any fireman in a city having a relief association in its fire department who is not a member of such association, shall be deemed to be a fireman within the meaning of this act.

The term widow shall mean a woman who was the wife of the fireman or pensioner during the time he was an active fireman; provided, that she was married to him three or more years prior to the time when such fireman retires as a service pensioner.

The term widow shall not include the surviving wife who was deserted a fireman or pensioner, or who has not been dependent upon him for support, nor shall it include the surviving common law wife of such fireman or pensioner.

The treasurer of every such relief association, before entering upon the duties of his office, shall give a good and sufficient bond to said relief association conditioned for the faithful discharge of the duties of his office, and for the safekeeping and paying over, according to law, of all moneys which come into his hands as such treasurer.

Provided, further, that no such moneys shall be paid to any such relief association hereafter organized, unless such organization is made with the consent of the council of the city to which such organization belongs. ('07 c. 24 § 8) [3355]

3742. Exemption from garnishment—Assignments prohibited—No payments made or to be made by said association to any member on the pension roll shall be subject to judgment, garnishment, or execution, or other legal process, and no person entitled to such payment shall have the right to assign the same, nor shall the association have the authority to recognize any assignment, or pay over any sum which has been assigned. ('07 c. 24 § 9) [3355]

3743. Powers of association—Control, etc., of funds—Sources of funds—Tax levy for—Said association, through its board of trustees and officers, shall have full charge, management, and control of said funds herein provided for; which said funds shall be derived from the following sources:

First—From interest, rents, gifts or money from other sources.

Second—From funds received from the State of Minnesota;

Third—All moneys raised by taxation as follows: The council of or other governing body of every city of said class in which a fireman's relief association exists as aforesaid, shall, each year at the time the tax levies for the support of the city are made, and in addition thereto, levy a tax of one-tenth of a mill on all the taxable property of the city. In any city of the first class having a fireman's relief association with assets less than $300,000.00, such tax levy shall be increased to a rate not exceeding three-tenths of one mill on all the taxable property of the city. The tax so levied shall be transmitted to the auditor of the county in which the city levying the tax is situated at the time all other taxes therefor, levied on an account of the same, are transmitted, and shall be collected and payment thereof be enforced with and in like manner as state and county taxes are paid and the payment thereof enforced. The county treasurer of each county in which such tax is levied and collected, or the city treasurer, in case such tax is collected by him, in any city of the class covered by this act, shall pay over the same, together with all interest and penalties collected on an account of the same when collected, and all interest paid thereon between the time of collection and the time the same is paid over to the treasurer of the fireman's relief association. ('07 c. 24, § 10; amended 26, c. 201) [3357]

3744. Public examiner; examination of associations, duties—Governor, when to act—It shall be the duty of the public examiner to annually examine the books and accounts of the secretary and treasurer of each relief association receiving funds under the provisions of this act, and if he finds that the money or any part of it has been or is being expended for an unauthorized purpose, he shall report the same to the governor. The governor shall thereupon direct the state auditor not to issue any warrant for the benefit of such city, or to such relief association, until it shall be made to appear to the public examiner, who shall report the fact to the governor, that all money wrongfully expended has been replaced. And the governor may take such further action as the emergency may demand. ('07 c. 24 § 11) [3355]

3745. Membership in police or fire department relief associations—All employees, whether elective or appointive, and all officers in the service of any municipal police or fire department, telegraph, signal or alarm service, shall be entitled to membership in any incorporated police or fire department relief association or fire department relief association that receives municipal or state aid in cities of fifty thousand (50,000) inhabitants or over, in which a separate bureau of police and fire alarm is provided by law and such applicants in said association shall at the time of joining be given credit only on the first application made under this act for the time of said actual service in any fire department or police department and signal service, as in this act provided, notwithstanding any rule, by-law, municipal charter provision or other provision to the contrary. ('19 c. 68 § 1)

3746. Who shall be entitled to relief—That the members of said bureau, except unassigned officers thereof, shall only be entitled to membership in the relief association connected with the department to which they have been assigned for duty in the office of the superintendent of said bureau on the 25th day of January, 1919. Such unassigned officers shall be eligible to membership in either of such associations. Credit for time earned shall be allowed only by the police Benevolent Association for the service so previously spent in the police department, and by the bureau, and by the Fire Department Relief Association for the service so previously spent in the fire department and the bureau. After joining said relief association, any transfer or assignment in said bureau of said employees shall not affect said membership in said relief associations. Any appointee to said bureau from and after the passage of this act shall only be entitled to join the Fire Department Relief Association in the event that he is filling a vacancy in the fire department service. ('19 c. 68 § 2)

3747. Dual membership prohibited—The members, employees and officers of said alarm, telegraph or signal service, shall not be entitled, however, to both associations at the same time. ('19 c. 68 § 3)

3748. Pensions and relief in cities of first class with paid fire department payable by firemen's relief assoc-
The qualifications as to age and term of service, to the said fire department, the period that he shall have served or is serving, on a paid municipal fire department shall be placed on the service pension roll, upon his making application for the same, when he has complied with the following conditions: He shall have done active duty for a period or periods, of time equal to 20 years or more; he shall have arrived at the age of 50 years or more; he shall have been, or shall be, entitled to be retired from the service on the fire department. When any member of any such fire department subsequent to his entry into the service of such fire department has served in the army, navy, or marine reserves or marine corps of the United States, or members of the United States army and navy reserves, in the World War of 1917 and 1918, or having during such World War entered the employment of the Government of the United States, and as an employee of the Government of the United States rendered fire prevention service during said war, and has returned after his honorable discharge from such service, to the said fire department, the period that he was in the service of the army, navy, or marine corps of the United States, or other employment herein specified, shall not be deducted from the period of active duty hereinbefore provided for, but shall be considered as a part and portion of his active duty in such fire department. The amount of monthly pension which may be paid to such retired firemen, who has retired prior to March 17, 1923, shall not exceed the sum of $50.00 per month for twenty years of service before retirement, provided, that said monthly payments of $50.00 may be increased by adding to the maximum above prescribed, an amount not exceeding $2.00 per month for each year of active duty over 20 years of service before retirement; provided, however, that no such fire department relief association shall pay to any member thereof, who retired prior to March 19, 1923, a pension in any greater amount than the sum of seventy dollars per month. The amount of monthly pension which may be paid to such retired firemen who retired after the 17th day of March, 1923, shall not exceed the sum of $50.00 per month for twenty (20) years of service before retirement, provided, that said monthly payments of $50.00 may be increased by adding to the said monthly sum of $50.00 per month an additional amount not exceeding the sum of $2.00 per month for each year of active duty over 20 years of service before retirement and not more than 25 years of service; and an amount not exceeding the sum of $3.20 per month for each year of active service before retirement over 25 years and not more than 30 years of service; and an amount not exceeding the sum of $3.60 per month for each year of active service before retirement over 30 years and not more than 35 years of service; and an amount not exceeding the sum of $4.00 per month for each year of active service over 35 years of service before retirement. No such pension shall be paid to any person while he remains a member of the fire department, and no person receiving such pension shall be entitled to other relief from such association. Provided, however, that this act shall be applicable only to such association as shall by a majority vote of all its members elect to come within the provisions hereof. (’07, c. 24, § 1; amended ’19, c. 523, § 1; ’21, c. 404, § 1; ’23, c. 61, § 1; ’25, c. 204, § 1) [3348]

3749. Pensions for injuries or disabilities—Amounts—The qualifications as to age and term of service, shall not apply to members of such fire department who make application for a pension on account of injuries or disabilities which unfit them for the duties of an active fireman, and such relief association shall pay a pension to such members or to the widows and orphans of deceased firemen or pensioners, in such sum and under such limitations and conditions as its Articles of Incorporation and By-Laws shall provide and permit. Provided, however, that the amount paid to any partially or totally disabled fireman who became such prior to March 17th, 1923, shall not exceed the sum of $50.00 per month, and the amount paid to widows, or to orphans under the age of sixteen years of deceased firemen or pensioners, and to any partially or totally disabled fireman who became such subsequent to March 17th, 1923, shall not exceed the sum of $75.00 per month; provided, that if any such orphan is insane, idiotic, or otherwise mentally or physically helpless, the pension referred to may be extended beyond the age of sixteen years and during the period of such disabilities. Provided, further, however, that all applications for a pension on account of such injuries or disabilities shall be made within sixty days after such applicant has ceased to be a member of the fire department. (’07, c. 24, § 2; amended ’13, c. 318, § 1; ’23, c. 61, § 2; ’25, c. 205) [3349]

3750. Reduction or increase in pensions—Every such association shall at all times have and retain the right to reduce the amount of pensions and relief or to increase them whenever because of the amount of funds on hand or for other good reasons, such reduction or increase seems advisable or proper to such relief association, but said pension and relief shall not exceed the amount prescribed in sections 3348 and 3349, General Statutes 1913 (3748, 3749), as hereinafter amended. Provided, however, that such reduction or increase shall be applicable only in all cases where any firemen’s relief association shall have paid pensions or other benefits to members thereof under the terms and provisions of the by-laws of such association, such by-laws having been theretofore adopted, all steps taken, things done, money paid and expended, and all acts and proceedings had, done and performed, in connection with such payment, under the terms of such by-laws, are hereby legalized, validated, ratified, confirmed and made legal, valid and binding. (’07 c. 24 § 3, amended ’23 c. 61 § 3) [3350]

3751. Pension payments exempt from—No payment made or to be made by any fire department relief association in a city of the first class under the provisions of section 3348, General Statutes 1913, as amended by chapter 523, Laws of 1919, and as amended by chapter 404, Laws 1921, and as amended by chapter 61, Laws 1923 (3748), to any member of the pension roll shall be subject to judgment, garnishment or execution or other legal process; and no person entitled to such payment shall have the right to assign the same, nor shall the association have the authority to recog-
PENALTIES.

3753. Complainant entitled to one-half fine, when—The person, other than the insurance commissioner or his deputy, upon whose complaint a conviction is had for violation of the law prohibiting insurance in or by foreign companies not authorized to do business in this state, shall be entitled to one-half the fine recovered upon sentence therefor. (1711) [3602]

3754. Unlawful guaranty—Every director, officer or agent of an insurance company who officially or privately makes any guaranty to a policyholder thereof against an assessment for which he would otherwise be liable shall be guilty of a misdemeanor. (R. L. '05 § 1712; G. S. '13 § 3603, amended '15 c. 84 § 1)

3755. Failure to appear before or obstructing commissioner—Whoever, without justifiable cause, neglects, upon due summons, to appear and testify before the commissioner as provided in this chapter, or obstructs the commissioner or his deputy in his examination of an insurance company, shall be guilty, for the first offense, of a misdemeanor, and for each subsequent offense of a gross misdemeanor. (R. L. '05 § 1713; G. S. '13 § 3604, amended '15 c. 84 § 2)

3756. Issue of prohibited life policies—Every officer or agent of a life insurance company who shall issue any policy in violation of any order or other prohibition of the commissioner, made pursuant to law, shall be guilty, for the first offense, of a misdemeanor, and for each subsequent offense of a gross misdemeanor. (R. L. '05 § 1715; G. S. '13 § 3606, amended '15 c. 84 § 3)

3757. When agent of insurer—Procuring premiums by fraud—Every insurance agent or broker who acts for another in negotiating a contract of insurance by an insurance company shall be held to be the company's agent for the purpose of collecting or securing the premiums therefor, whatever conditions or stipulations may be contained in the contract or policy. Whenever any such agent or broker, by fraudulent representations, procures payment, or an obligation for the payment, of an insurance premium, he shall be guilty, for the first offense, of a misdemeanor, and for each subsequent offense of a gross misdemeanor. (R. L. '05 § 1716; G. S. '13 § 3607, amended '15 c. 84 § 4)

3758. Unlawful acts of licensed person—Every person licensed to procure insurance in an unlicensed foreign company, who fails to file the affidavit and statement required in such case, or who wilfully makes a false affidavit or statement, shall forfeit his license and be guilty, for the first offense, of a misdemeanor, and for each subsequent offense of a gross misdemeanor. (R. L. '05 § 1717; G. S. '13 § 3608, amended '15 c. 84 § 5)

3759. Unlawful procurement or use of proxy—Every officer or agent of a domestic mutual insurance company who shall solicit, receive, retain, issue, or use a proxy vote in violation of any provision of law, shall be guilty of a gross misdemeanor. (1718) [3609]

3760. False statements in applications—Every solicitor, agent, examining physician, or other person who knowingly or wilfully makes a false or fraudulent statement in, or relative to, any application for insurance or membership, for any purpose whatsoever, shall be guilty of a gross misdemeanor. (1719) [3610]

3761. Failure to make annual statement—Suspension of license—The license and authority of any insurance company licensed and authorized to do business in this state, which neglects to file its annual statement in the form prescribed and within the time specified by law, may, in the discretion of the commissioner of insurance, be suspended during such time when such company may be so in default. Any company which shall write new business in this state while its license is so suspended and after it shall have been notified by the commissioner of insurance by a notice mailed to the home office of such company that its license has been suspended, shall forfeit to the state the sum of twenty-five dollars for each contract of insurance entered into by it after being so notified that its license and authority have been so suspended. Such notification shall be mailed by registered letter and shall be deemed to have been received by the company at its home office in the usual course of the mails. Any insurance company wilfully making a false annual or other required statement shall forfeit five hundred dollars to the state. Either or both of the aforesaid forfeitures may be recovered in a civil action brought by and in the name of the state and the money recovered shall be paid into the state treasury. No action shall be brought for the recovery of a penalty accruing prior to the passage of this act by reason of the failure of any company to file its annual statement within the time specified by law. (R. L. '05 § 1720; G. S. '13 § 3611, amended '19 c. 449 § 1)

3762. Violations of chapter—Every company, and every officer and agent of any company, making, issuing, delivering or tendering any policy of insurance of any kind, or directing any of the same to be done, in wilful violation of any of the provisions of law, for a first offense, shall be guilty of a misdemeanor, and for each subsequent offense, of a gross misdemeanor; and, in addition to all other penalties prescribed by law, every company issuing any such policy shall be disqualified from doing any insurance business in this state until the payment of all fines imposed, and for one year thereafter. (1721) [3612]

3763. Failure to make report or comply with law—Every officer and agent of any insurance company, required by any provision of this chapter to make any report or perform any act, who shall neglect or refuse to comply with such requirement, and every agent, solicitor or collector of such corporation in this state who fails or neglects to procure from the commissioner a certificate of authority to do such business, or who fails or refuses to comply with, or violates, any provision of the insurance law, shall be guilty, for the first offense, of a misdemeanor, and for each subsequent offense, a gross misdemeanor.
device or artifice, as inducements to insurance, any officer, agent, sub-agent, broker, solicitor, employe, instituted or entitled, doing business in this state, nor any financial profits accrued, or to accrue thereon, or anything of value whatsoever, not specified in the policy. (R. L. '05 § 1722; G. S. '13 § 3614, amended '15 c. 84 § 7)

3765. Persons guilty of felonious homicide prohibited from taking proceeds under life policy or certificate of membership—No person who feloniously takes or causes or procures another so to take the life of another shall thereby avoid or receive any interest in the estate of the decedent as surviving spouse, or take by devise or legacy from him any portion of his estate, and no beneficiary of any policy of insurance, or certificate of membership issued by any benevolent association or organization, payable upon the death or disability of any person, who in like manner takes or causes or procures to be taken the life upon which such policy or certificate is issued, or who causes or procures a disability of such person, shall take the proceeds of such policy or certificate; but in every instance mentioned in this act, all benefits that would accrue to any such person upon the death or disability of the person whose life is thus taken or who is thus disabled, shall become subject to distribution among the other heirs of such deceased person according to the law of descent and distribution in this state, in case of death, and in case of disability the benefits thereunder shall be paid to the disabled person.

Provided, however, that an insurance company shall be discharged of all liability under a policy issued by it upon payment of the proceeds in accordance with the terms thereof, unless before such payment the company shall have knowledge that such beneficiary has taken or procured to be taken the life upon which such policy or certificate is issued, or that such beneficiary has caused or procured a disability of the person upon whose life such policy or certificate is issued. (L. '05 § 363 § 1)

3766. Rebate on insurance contracts prohibited—No insurance company or association, however constituted or entitled, doing business in this state, nor any officer, agent, sub-agent, broker, solicitor, employee, intermediary, or representative thereof, shall make or permit any advantage or distinction in favor of any insured individual, firm, corporation or association, with respect to the amount of premium named in, or to be paid on, any policy of insurance, or shall offer to pay or allow, directly or indirectly, or by means of any device or artifice, as inducements to insurance, any rebate or premium payable on the policy, or any special favor or advantage in the dividends or other profit to accrue thereon, or any valuable consideration or inducement not specified in the policy contract of insurance, or give, sell or purchase, offer to give, sell or purchase, as inducement to insure or in connection therewith, any stocks, bonds or other securities of any insurance company or other corporation, association, partnership or individual or any dividends or profits accrued or to accrue thereon, or anything of value whatsoever, not specified in the policy. (R. L. '05 § 1722; G. S. '13 § 3614, amended '15 c. 84 § 7)

3767. Insured prohibited from receiving rebates—No person shall receive or accept from any such company or association, or from any of its officers, agents, sub-agents, brokers, solicitors, employees, intermediaries or representatives, or any other person, any such rebate of premium payable on the policy, or any special favor or advantage in the dividends or other financial profits accrued, or to accrue thereon, or any valuable consideration or inducement not specified in the policy of insurance. No person shall be excused from testifying, or from producing any books, papers, contracts, agreements or documents at the trial of any other person, co-partnership, association or company charged with violation of any provision of this section, on the ground that such testimony or evidence may tend to incriminate; but no person shall be prosecuted for any act, concerning which he shall be compelled to so testify or produce evidence, documentary or otherwise, except for perjury committed in so testifying. (L. '05 § 363 § 1)

3768. Application of act—The provisions of this act shall not apply to any policy or policies procured by officers, agents, sub-agents, brokers, employees, intermediaries or representatives wholly and solely upon property of which they are respectively the owner at the time of procuring such policy or policies, where such officers, agents, sub-agents, brokers, employees, intermediaries or representatives are, and have been for more than six months prior to the issuing of such policy or policies, regularly employed by, or connected with, the company or association issuing said policy or policies; and any life insurance company doing business in this state may issue industrial policies of life or endowment insurance with or without annuities with special rates of premiums less than the usual rates of premiums for such policies to members of labor organizations, lodges, benevolent societies, or similar organizations, or employees of one employer, who through their secretary, or employer may take out insurance in an aggregate of not less than fifty members, and pay their premiums through such secretary or employer. (L. '05 § 363 § 2)

3769. Penalty for violation—Any company, association or individual violating any provisions of this act, whether such violation be in the giving or accepting of anything herein prohibited, shall be punished by a fine of not less than $60 nor more than $200. (L. '05 § 363 § 3)
1940 Supplement

To

Mason’s Minnesota Statutes

1927

(1927 to 1940)
(Superseding Mason’s 1931, 1934, 1936 and 1938 Supplements)

Containing the text of the acts of the 1929, 1931, 1933, 1935, 1937 and 1939 General Sessions, and the 1933-34, 1935-36, 1936 and 1937 Special Sessions of the Legislature, both new and amendatory, and notes showing repeals, together with annotations from the various courts, state and federal, and the opinions of the Attorney General, construing the constitution, statutes, charters and court rules of Minnesota together with digest of all common law decisions.

Edited by

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Assisted by

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§3286-13  CH. 18.—PUBLIC EXAMINER

blanks so transmitted. If necessary the public examiner or his assistants are authorized to examine local records, in order to complete or verify the information. (Act Apr. 22, 1939, c. 431, Art. 4, §5.)

3286-13. Shall make and file annual report.—The public examiner shall make and file annually in his office a summary report of the information collected, with such compilations and analyses and interpretations as may be deemed helpful. (Act Apr. 22, 1939, c. 431, Art. 4, §6.)

3286-14. Shall investigate accounting and budgeting systems.—The public examiner shall inquire into the accounting and budgeting systems of all local units of government and shall prescribe suitable systems of accounts and budgeting, and forms, books, and instructions concerning the same. At the request of any local unit of government the public examiner may install such systems. (Act Apr. 22, 1939, c. 431, Art. 4, §7.)

3286-15. Shall be subject to prior laws—Employees—Expenses of local examinations—Repeal.—Subject to the provisions of this chapter, the public examiner shall have and exercise all the rights, powers, and duties conferred upon the former public examiner by Mason’s Minnesota Statutes of 1927, Sections 3274, 3275, 3276, 3277, 3279, 3280, 3281, 3282, 3283, 3284, and 3286, and the 1938 Supplement to Mason’s Minnesota Statutes of 1927, Sections 3278, 3285-1, 3286-2, 3286-3, 3286-4, 3286-5, 3286-6, and 3286-7, and acts amendatory thereof or supplementary thereto, and all the provisions of said statutes shall apply to and govern all matters therein specified respecting the office and department of the public examiner created by this act, except that any limitations therein contained as to the number of employees to be appointed by the public examiner shall not apply; provided, that the public examiner shall account separately for all of the charges, receipts, and disbursements of the department of public examiner pertaining to the examining and auditing of all school districts, towns, cities, villages, and boroughs for which charges are made, and after allocating to the expense thereof a proper pro-rata share of the administrative expense, such functions of the department of public examiner shall be sustained, so far as practicable, by the funds collected therefrom from such political subdivisions as otherwise provided by law. Mason’s Minnesota Statutes of 1927, Section 3285, is hereby repealed. (Act Apr. 22, 1939, c. 431, Art. 4, §8.)

3286-16. Powers and duties of comptroller, board of audit and former public examiner transferred.—The powers and duties of the board of audit and of the former public examiner, herefore transferred to, vested in, and imposed upon the comptroller, are hereby transferred to, vested in, and imposed upon the public examiner created by this act. (Act Apr. 22, 1939, c. 431, Art. 4, §9.)

CHAPTER 19

Insurance

3288-1. Public emergency declared.—It is hereby declared that a public emergency exists affecting the health, comfort, and safety of the people of this State, growing out of the abnormal disruption in economic and financial processes, the declaration of a banking holiday in this State and other states and by the Federal Government, the inability of insurers to carry on in a normal and ordinary manner the functions of their business owing to the situation now existing with reference to currency, specie and checks, and other facts and circumstances curtailing and hampering the conduct of the business of insurance in a normal and ordinary manner. (Act Mar. 13, 1933, c. 78, §1.)

3288-2. May suspend provisions of law relating to insurance.—Notice.—During the period of the emergency as hereinafter defined, the Commissioner of Insurance shall have the power, with the approval of the Governor, to suspend, in whole or in part, any provision of the laws relating to insurance. In addition to such power and not in limitation thereof, he shall also have power, with the approval of the Governor, during such period to make, rescind, alter and amend rules and regulations imposing any conditions upon the conduct of the business of any insurer which may be necessary or desirable to maintain sound methods of insurance and to safeguard the interests of policyholders, beneficiaries, and the public generally during such period. In the discretion of the Commissioner of Insurance, such rules or regulations may be published in a manner to be prescribed by him or may be otherwise brought to the attention of the insurer or insurers affected in a manner to be prescribed by the Commissioner of Insurance. (Act Mar. 13, 1933, c. 78, §2.)

3288-3. Law shall supersede existing laws.—Such rules or regulations may be inconsistent with existing law, and in such event shall supersede such existing law inconsistent therewith. (Act Mar. 13, 1933, c. 78, §3.)

3288-4. Rule to become ineffective, when.—Such rules or regulations of the Commissioner of Insurance adopted pursuant to this Act shall become ineffective upon the termination of such emergency and thereupon all the existing law which may have been suspended or superseded pursuant to this Act shall become effective. (Act Mar. 13, 1933, c. 78, §4.)

3288-5. Effective—termination.—The period of the emergency herein provided for shall be from the date of the taking effect of this Act until such date as the legislature may, by joint resolution, designate to be the termination thereof; and the legislature shall be at liberty to name the date or dates thereof, whether or not in session, the date so designated by proclamation of the Governor. (Act Mar. 13, 1933, c. 78, §5.)

3288-6. Violation a misdemeanor.—Any violation of the provisions of this Act or of any rule or regulation adopted by the Commissioner of Insurance pursuant thereto, shall be a misdemeanor. (Act Mar. 13, 1933, c. 78, §6.)

3288-7. Definitions.—The word “insurer” as used in this Act includes all corporations, associations, societies, and orders to which any provision of the laws relating to insurance is applicable. (Act Mar. 13, 1933, c. 78, §7.)

3288-8. Provisions separable.—If any provision of this Act, or the application of such provision to any insurer or circumstance, shall be held invalid, the remainder of this Act, or the application of such provision to insurers or circumstances other than those as to which it is held invalid, shall not be affected thereby. (Act Mar. 13, 1933, c. 78, §8.)

3288-9. Effective March 15, 1933.—This Act, being an Emergency Act, shall be of no force or effect after March 15, 1935. (Act Mar. 13, 1933, c. 78, §9.)

3294. Commissioner may appoint examiner. Special examiners employed in division of insurance are not state employees within meaning of retirement act unless they are employed continuously for a period of six months or more. Op. Atty. Gen. (331a-8), Sept. 7, 1933.
CH. 19—INSURANCE §3315

An insurance contract is any agreement whereby one party, for a consideration, undertakes to indemnify another for a specified amount against loss or damage from specified causes, or to satisfy judgment or liability incurred in case of such loss or damage. Hayfield Farmers Elevator & Mercantile Co. v. N., 203M22, 282NW255. See Dun. Dig. 4646(91).

Fidelity bonds are treated as insurance contracts. Id. Certificate of Membership in the “Steele County North Dakota Benevolent Society” held to constitute “insurance contract” with respect to insurance and insurance company is essentially and fundamentally same as that between parties negotiating an insurance contract and person selling them insurance agent. Op. Atty. Gen.. Sept. 16, 1933.

Certificate of Membership in the “Steel County North Dakota Benevolent Society” held to constitute “insurance contract” with respect to insurance and insurance company is essentially and fundamentally same as that between parties negotiating an insurance contract and person selling them insurance agent. Op. Atty. Gen.. Sept. 16, 1933.

Articles of Incorporation for formation of social and charitable corporations which would authorize company to transact business of insurance. Benefits agreements upon assessment plan may not be filed with the secretary of state, but such corporation must comply with insurance laws. Op. Atty. Gen. (92a-1), May 11, 1933.

Agreement between unincorporated association and another insurance against loss or damage to automobile and its contents, tow service, roadside repairs and mechanical advice, was a contract of insurance. Op. Atty. Gen. (249a-7), Aug. 1, 1933.


3315. Capital stock required and business which may be transacted •••••

(a) 15. Funeral benefits to be paid in money.—To make contracts providing that upon the death of the assured a funeral benefit will be paid in money, the aggregate amount of which shall not exceed $150.00 upon any one life; provided further that any corporation licensed under this act which now or hereafter has a paid up capital of $15,000.00, may make life insurance contracts not to exceed $600.00 on any one life and with or without indemnity for total and permanent disability such as are usually contained in life insurance contracts.

No such insurance company shall be operated directly or indirectly in affiliation or connection with any funeral director or undertaking establishment or contract by assignment or otherwise to pay such insurance or its benefits or any part of either to any funeral director or undertaking establishment or to any person determined or designated by it so as to deprive the family or representatives of the deceased policyholder from, or in any way to control them in, obtaining from the funeral director or undertaking establishment or funeral services and supplies in the open market.

Provided, that nothing herein contained shall apply, nor shall it be construed to apply in any way to any co-operative burial association. (As amended Mar. 9, 1932, c. 72.)
A foreign insurance company whose articles authorize it to write fire and tornado insurance, and also fidelity insurance, may not be licensed to do a fidelity insurance business in the State, although it is licensed to do a fire or tornado business here. State v. Brown, 189 M497, 230 NW2. See Dug. Dig. 473c.

City of Detroit Lakes v. T., 201 M26, 275 NW371. See Dun. Dig. 4723.

Standard workmen's compensation policy of insurance held to protect employer under an accident not covered by worker's compensation act and from judgment obtained in an action at law in state court. Globe Indemnity Co. v. N., 192 M189, 240 NW470. See Dun. Dig. 473c.

A policy of insurance to indemnify against loss by reason of liability imposed by law for damages on account of personal injury to one over whom the insured exercised control, "on or about" a "gasoline and oil supply station" does not cover damages resulting from accident occurring on private premises to which gas tank was taken for purchase and gasoline in a coffee can was burned. Hultquist v. N., 201 M679, 275 NW524. See Dug. Dig. 4537.

(7) A title insurance company whose income is derived from the premium on mortgage policies and from real estate sales and abstracts of titles and from title insurance premiums levied as by workmen's compensation act and from judgment obtained in an action at law in state court. General Fire Co. v. S., 188 M337, 241 NW 547. See Dug. Dig. 473c.

A special indorsement on policy extending coverage to automobile, it was error to reject offer of defendant to settle on auto was insured at 20 percent of its value. See Dun. Dig. 475c.

A case of the U.S. Supreme Court holding that employer of a public garage was not estopped from asserting that she was not the owner of the garage and that the only evidence of such ownership was not produced. See Dun. Dig. 475c.

Where a garnishee insurer defends against its liability for a defendant's negligence in an automobile accident case in which a passenger guest was plaintiff, and defendant, carrier of liability insurance, conspired with her guest to defraud garnishee. Donahue v. N., 192 M123, 246 NW547. See Dug. Dig. 475c.

Evidence held to sustain finding that defendant was not on the premises at the time the accident occurred, and recovery could not be had from insurance company. Kevero v. H., 192 M19, 256 NW2. See Dug. Dig. 475c.


To constitute theft within automobile theft insurance policy, there must be a present criminal intent to deprive the other of his property permanently. Rovero v. H., 192 M189, 256 NW2. See Dug. Dig. 475c.

Evidence held to show that automobile liability policy was in effect and that plaintiff was entitled to recover damages ascertainable as the difference between the market value of the automobile involved at the time of the accident and its reasonable and necessary repair or replacement. See Dun. Dig. 475c.

A special indorsement on policy extending coverage to automobile, it was error to reject offer of defendant to settle. See Dun. Dig. 475c.

Evidence held to sustain finding that there was no such failure on part of the defendant to cooperate with insurance company or that there was no violation of any legal duty. Ciresi v. G., 187 M145, 244 NW688. See Dug. Dig. 475c.

Evidence held to support finding that defendant was not paid in full by insurer for damages to automobile, action should be brought by or on behalf of lessor after expiration of insurance policy. See Dun. Dig. 475c.

Evidence held to sustain finding that defendant was not at the premises at the time the accident occurred, and recovery could not be had from insurance company. Kevero v. H., 192 M19, 256 NW2. See Dug. Dig. 475c.

Evidence held to show that automobile liability policy was in effect and that plaintiff was entitled to recover damages ascertainable as the difference between the market value of the automobile involved at the time of the accident and its reasonable and necessary repair or replacement. See Dun. Dig. 475c.

Evidence held to show that defendant was not at the premises at the time the accident occurred, and recovery could not be had from insurance company. Kevero v. H., 192 M19, 256 NW2. See Dug. Dig. 475c.

Evidence of injuries sustained as a result of an accident occurring in the course of an automobile repair shop, held to be a justifiable source of delay in payment. See Dun. Dig. 475c.


A special indorsement on policy extending coverage to automobile, it was error to reject offer of defendant to settle. See Dun. Dig. 475c.

To constitute theft within automobile theft insurance policy, there must be a present criminal intent to deprive the other of his property permanently. Rovero v. H., 192 M189, 256 NW2. See Dug. Dig. 475c.

Evidence held to sufficiently support conclusion that appellant promised to pay premium for liability insurance issued in name of a taxicab association and its individual members, and oblige insurer to defend him in action out of which plaintiff's recovery was had. See Dun. Dig. 4875c.

Automobile liability policy did not cover negligence of car salesman who was driving car purchased under conditional sales contract on a pleasure trip. Drennan v. V., 283M290, 267NW821. See Dun. Dig. 4875c.

Where defendant was employee of state highway patrol and protected by liability policy held qven of fact that he had been discharged. Strobel v. A., 195M211, 271NW477. See Dun. Dig. 4875c.

Mother of widowed daughter who went back to live with parents was member of "same household" as insured during period of ownership. Accident Issued in name of taxicab association and its individual members, and obligation thus assumed was discharged. Mullany v. Y., 287NW118. See Dun. Dig. 4875c.

Under rules embodied in statutes defining larceny, evidence that party to automobile without owner's permission, drove car until it collided with a curb and opened a door, where wrongdoing was sufficient to support a finding of larceny or theft. Id. See Dun. Dig. 4876i.

Driver of school bus may secure liability insurance at his own expense for his own protection, but this does not impose liability on district. Op. Atty. Gen. (844f-6), Apr. 10, 1957.


Insurer not properly a party to reflecting insurer's right to deny liability under policy. 15MinnLawRev485.

Negligence proximately injuring insured. Norwood v. T., 204M350, 282NW481. See Dun. Dig. 4875d.

Insurance policies—Investment of funds—Etc. 275US274, 48SCR124, aff'g 169M616, 211NW478; note under §3313.


Agents and persons authorized to act. 275US274, 48SCR124, aff'g 169M616, 211NW478; note under §3313.

Deposit by domestic life insurance company with commissioner may not be taken. Id. See §3292.

Deposit of securities and treasurers of companies—Investment of funds—Etc. 275US274, 48SCR124, aff'g 169M616, 211NW478; note under §3313.

Insurance agent fails to collect commissioas on renewal premiuns received by the company after termination of the agency, the agent was not liable for loss. Des Moines Co. v. M., 189M378, 245NW378, 247US274.

Adjutaring for collotion insurer had authority to agree to take possession of insured car and repair it, and his authority was not limited by policy of insurance. Op. Atty. Gen. (249a-11), June 15, 1934.


3322. Capital stock to be paid in full—Investment of funds.—1. Bonds or treasury notes of the United States, national bank stock, interest-bearing bonds or certificates of indebtedness at market values of this or any other state, or of any city, town, or county in this or any other state, or of the Dominion of Canada or any province thereof, having legal authority to issue the same, at market value, subject in every case to the same limitations and restrictions, according to the last assessment for taxation, which exists in this state upon issue of securities by such or like municipalities, at the date of the investment, or debentures issued by the Federal Housing Administrator or obligations of National Mortgage Associations. (As amended Mar. 23, 1937, c. 86, §1.)

2. Notes or bonds, approved by the commissioner, secured by first mortgage on improved real estate in this or any other state, or in the Dominion of Canada, war risk bonds, or any amount loaned thereon, not including buildings unless insured by policies in an amount approved by the commissioner payable to and held by the security holder, or by a trustee for the security holder, or notes or bonds secured by mortgage or trust deed in the nature thereof, which the Federal Housing Administrator has insured or made a commitment to insure. (As amended Apr. 10, 1929, c. 148; Mar. 28, 1937, c. 86, §2.)

3. Stock or bonds at market value, approved by the commissioner, upon which stock interest or dividends of not less than three per cent have been regularly paid for three years immediately preceding the investment, of any public service corporation incorporated by or under the Laws of the United States, or of any public service corporation in the Dominion of Canada, or any province thereof; or in the stock or guaranty fund certificates of any insurance company; or in the stock or bonds of any real estate holding company whose real estate is used in whole or in part in the transacting of the insurance business of such insurance company, either directly or by reinsurance, or in the fee to real estate used in whole or in part in such business; or in the stock or bonds of any corporation transacting business in foreign countries used for purposes of legal deposit, when the insurance company transacts business therewith or as re-insurance. The making of investments under this sub-division shall be subject to the approval of the Commissioner of Insurance. (As amended Mar. 28, 1929, c. 100.)

* * * * *


3326-1. Investment in home owners’ loan corporation bonds.—The capital, surplus and other funds of every domestic life insurance company and fraternal benefit association, whether incorporated by special act or under the general law (in addition to all other investments now permitted by law), may be invested in bonds issued by Home Owners’ Loan Corporation in accordance with the provisions of the federal “Home Owners’ Loan Act of 1933,” in exchange for mortgages on homes, contracts for deed and/or real estate held by it. (Act Jan. 9, 1934, Ex. Ses., c. 71, §1.)

3326. Deposit with insurance company. See §3237.

3328. Real estate. See §3285 on same subject.


3334-1. Bankruptcy or insolvency of insured not to relieve insurer of obligations.—Every bond or policy of insurance hereafter issued in this state insuring against either actual loss suffered by the insured, and imposed by law for damages on account of personal injury, death, or injury to property caused by accident, or legal liability imposed upon the insured by reason of such injuries or death, shall, notwithstanding anything in said policy to the contrary, be deemed to contain the following condition:

The bankruptcy or insolvency of the insured shall not relieve the insurer of any of its obligations under this policy, and in case an execution against the insured on a final judgment is returned unsatisfied, then such judgment creditor shall have a right of action on this policy against the company in the same extent that the insured would have, had the insur-
3340. Commission to hear petition—Hearing—Disposition of surplus assets.

3347. Taxation of insurance companies.—Every domestic and foreign company, except town and farmers' mutual insurance companies and domestic mutual insurance companies other than life shall pay to the State Treasurer on or before April 30th, annually, a sum equal to two per cent of the gross premiums less return premiums on all direct business received by it in the preceding calendar year, and if unpaid by said date a penalty of ten per cent shall accrue thereon, and thereafter such sum and penalty shall draw interest at the rate of one per cent per month until paid. Provided, however, that every domestic Mutual Insurance Company shall pay to the State Treasurer on or before April 30th, annually, a sum equal to two per cent of the gross direct fire premiums, on policies effective subsequent to January 1st, less return premiums on all direct business received by it in the preceding calendar year, and if unpaid by said date a penalty of ten per cent shall accrue thereon, and thereafter such sum and penalty shall draw interest at the rate of one per cent per month until paid. Further, that every town and farmers' mutual insurance company shall pay to the State Treasurer on or before April 30th, annually, a sum equal to two per cent of the gross direct fire premiums on policies effective subsequent to June 30, 1935, less return premiums on all direct business received by it in the preceding calendar year and if unpaid by said date a penalty of ten per cent shall accrue thereon, and thereafter such sum and penalty shall draw interest at the rate of one per cent per month until paid.

"Return premiums" as used in this section shall mean any dividend and any unused or unabsorbed portion of premium deposit or assessment paid, and also any portion of premium returned by the company upon cancellation or termination of a policy or membership, except surrender values paid upon the cancellation and surrender of policies or certificates of life insurance.

In the case of every domestic company such sums shall be in lieu of all other taxes, except those upon real property, owned by it in this state, which shall be taxed the same as like property of individuals, and in the case of every foreign company such sum shall be in lieu of all other taxes, except those upon real and personal property owned by it in this state, which shall be taxed the same as like property of individuals.

The United Mutual Life Insurance Company, insofar as it is transcending the insurance business of the Knights of Pythias, is to be regarded as a fraternal beneficiary association. Op. Atty. Gen., May 19, 1931.


Under $3347 a person may impose larger privilege taxes on fire insurance companies doing business in cities of first class than on companies doing business in smaller cities and villages throughout the state. Op. Atty. Gen., Dec. 7, 1932.

Tax which $3347 imposes on premiums received by foreign insurance companies is not a tax on property but is a privilege tax, and section does not deny power of state to tax stock in such insurance companies as moneys and credits under §3337. Op. Atty. Gen. (249b-13), Sept. 28, 1934.

A township mutual insurance company is liable for privilege tax on fire insurance policies written in the township, maintaining an organized fire department, but not on other policies. Op. Atty. Gen. (249b-13), Mar. 10, 1937.

Two per cent tax on gross premiums of mutual companies, domestic and foreign, to be paid to the State Treasurer on or before April 30th, annually, a sum equal to two per cent of the gross direct fire premiums, on policies effective subsequent to June 30, 1935, less return premiums on all direct business received by it, or by its agents for it, in cash or otherwise, during the preceding calendar year upon business written in municipalities in this state maintaining organized Fire Departments, and provided that the existence of such Department has been certified to in accordance with General Statutes 1923, Section 3737 and if not paid on or before April 30th a penalty of ten per cent shall accrue thereon, and thereafter such sum and penalty shall draw interest at the rate of one per cent per month until paid. Provided, further, that every town and farmers' mutual insurance company shall pay to the State Treasurer on or before April 30th, annually, a sum equal to two per cent of the gross direct fire premiums, on policies effective subsequent to June 30, 1935, less return premiums on all direct business received by it, or by its agents for it, in cash or otherwise, during the preceding calendar year upon business written in municipalities in this state maintaining organized Fire Department, and provided that the existence of such Department has been certified to in accordance with General Statutes 1923, Section 3737 and if not paid on or before April 30th a penalty of ten per cent shall accrue thereon, and thereafter such sum and penalty shall draw interest at the rate of one per cent per month until paid.

Privilege of disaffirming a voidable contract entered into by soliciting agent of an insurer is waived by insurer where it accepts facts with full knowledge of facts upon which infirmity of contract is based. Id.

Conceding that an insurer, absent its prior consent, is not absolutely bound by a contract entered into by its agents with a company which assigns its stock in a legal reserve company, yet contract is no more than voidable and principal must disaffirm it in order to escape its obligations, and acceptance of premiums to its full knowledge of fact constitutes an affirmance. Id. See Dun. Dig. 4684, 4706.

A contract inconsistent with disaffirmance of contract of agent is done by principal, privilege of disaffirmance is waived. Id. See Dun. Dig. 4764.


Plan for sale of trust fund certificates containing a provision for insurance by subscriber held to include insurance feature which would require salesman to obtain a license as insurance agent, as well as license as agent of security. Op. Atty. Gen., Dec. 27, 1932.

3348. Definitions.
Where insurer customarily dates policies of insurance as of date of application instead of day of issuance, its soliciting agents have implied authority to enter into contracts of insurance with applicants for interim insurance which is to become effective when stockholder, yet contract is no more than voidable and principal must disaffirm it in order to escape its obligations, and acceptance of premiums to its full knowledge of fact constitutes an affirmance. Id. See Dun. Dig. 4684.

If act inconsistent with disaffirmance of contract of agent is done by principal, privilege of disaffirmance is waived. Id. See Dun. Dig. 4744.


Plan for sale of trust fund certificates containing a provision for insurance by subscriber held to include insurance feature which would require salesman to obtain a license as insurance agent, as well as license as agent of security. Op. Atty. Gen., Dec. 27, 1932.

3349. Licenses.

3350. Agents to be licensed.

Petition of life insurance company for reinsurance of its risks in another life insurance company held to contemplate a consolidation of companies and not re-insurance, and state commerce commission, and not the reinsurance commission, had exclusive jurisdiction. Op. Atty. Gen. (249b-16), June 25, 1934.

3352. Qualifications, applications, revocation.

Order of insurance commissioner prohibiting use of private publications containing specific ratings for companies, rating of insurance features being a matter to be determined by the commissioner, and not to prohibit proper and lawful use of honest publications containing reports upon history, financial condition, management and operates of domestic insurance companies. Op. Atty. Gen. (250b), Aug. 26, 1934.

3360. Agents to be licensed.

Petition of life insurance company for reinsurance of its risks in another life insurance company held to contemplate a consolidation of companies and not re-insurance, and state commerce commission, and not the reinsurance commission, had exclusive jurisdiction. Op. Atty. Gen. (249b-16), June 25, 1934.

3366. Violation of law—Misdemeanor—Penalty.
276US274, 48SCR312, aff'd 165M516, 211NW478: note under §3312.

3720. Disparities of insurance rates.

3720. Disparities of insurance rates.

3720. Disparities of insurance rates.

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3720. Disparities of insurance rates.

3720. Disparities of insurance rates.
Provision that no misrepresentation in application avoids policy unless made with intent to deceive or unless matter represented increased risk of loss held not to operate where, under such circumstances, the risk was increased by other considerations. Schmidt v. P., 190 M 239, 261 NW 632. See Dun. Dig. 4666, n2.

Material misrepresentations in an application for insurance, if made with intent to deceive and defraud, or if deception increases the risk represented, even though not made with intent to deceive and defraud, will avoid the policy. Domingo v. M., 191 M 253, 259 NW 623. See Dun. Dig. 4672.

Section 3379, and not §3395, applies, in so far as practicable, to reinstatement of lapse life insurance policies purchased under various life insurance companies. Roberts v. N., 193 M 205, 262 NW 210, 327. See Dun. Dig. 4665.

Deception for policy purposes was a defense in an action for total disability payment, though misrepresentation was made more than two years prior to acceptance by insurer, if made without knowledge of insurance related to a matter of negligible importance. Id.

False representations were made with intent to deceive or defraud, and answers in application to questions as to medical attention fully or honestly. Hammel v. M., 192 M 215, NW 428. See Dun. Dig. 4670.

Mortgagor and mortgagee may each insure their respective interests in same property without disclosing nature of particular interests of each unless specifically informed about. Olszewski v. S., 203 M 253, 281 NW 267. See Dun. Dig. 4670.


A. Acts of agent.

Hafner v. F., 182 M 441, 247 NW 516; note under §3395.

Where answers to questions were inserted in application by medical examiner without knowledge of insured, there can be no avoidance when it is shown that insured had opportunity to read application and ability to read questions and answers. Sorrenson v. N., 193 M 228, 266 NW 65. See Dun. Dig. 4652.

B. Acts of insurer.

Insurer in industrial policy issued without written application and without medical examination was not liable for face of policy, though insured was not in good health at time of application. Kaiser Oil & Refining Co., D., 203 M 6, NW 68. See Dun. Dig. 4652.


Evidence held not to require finding that untrue representations were made with intent to deceive or defraud, or related to matters which increased the risk. 172 M 334, 215 NW 428.

Evidence held conclusive that insured willfully deceived company by making statements in application as to medical attention fully or honestly. Harrach-Schegler Sales Corp. v. N., 193 M 331, 261 NW 580. See Dun. Dig. 4670.

Burden of proving that answers in application are false is upon insurer. If answers shown that insured was or was not in good health at time of application, had opportunity to read application and ability to read questions and answers, whereas insured testified that insured was only a mortgagee, and witnesses for insurer testified that insured falsely represented that she was poor, and question as to insurability in application was not filled in at all, inference was permissible that answers as to insured's health were false. Kueppers v. M., 193 M 248, 276 NW 42. See Dun. Dig. 4652.

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leasehold estate shall exceed fifty per cent of the fair market value thereof at the time of such loan, and the value thereof shall be shown by the sworn certificate of a competent appraiser; notes or bonds secured by mortgage, or trust deed in the nature thereof, of which the Federal Housing Administrator has insured or made a commitment to insure. (As amended Apr. 23, 1935, c. 365, §2; Mar. 23, 1937, c. 87. §2.)

(2) Bonds or obligations of railway companies, street railway companies and other public utility corporations incorporated under the laws of this state, the United States or any state thereof, or the Dominion of Canada, or any province thereof, which shall not be in default as to the principal or interest on any outstanding issue of bonds; the debentures of farm mortgage debenture companies organized under the laws of this state and federal farm loan bonds.

(4) Stocks of national banks and state banks and of municipal corporations, and certificates of deposit of such banks, provided that not more than five per cent of the admitted assets of the company shall be invested in such certificates of deposit; also stocks of such banks, street railway companies and other public utility corporations which have paid dividends in cash upon their stock at the rate of not less than three per cent for a period of three years preceding the investment.

(6) In equipment obligations or equipment trust certificates, provided, that such obligations or certificates mature not later than fifteen years from their date and are issued or guaranteed by a corporation to which a loan or loans for the construction, acquisition, purchase or lease of equipment have been made or approved by the Interstate Commerce Commission, under authority conferred by act of Congress of the United States of America or are secured by or are evidence of a prior or preferred lien upon interest in the equipment or upon the equipment in respect of which they have been sold, or by an assignment of or prior interest in the rent or purchase notes given for the hiring or purchase of such equipment, and provided further, that the total amount of principal of such issue of equipment obligations or trust certificates shall not exceed seventy-five per cent of the cost or purchase price of the equipment in respect of which they were issued. The remaining twenty-five per cent of said investment, or the purchase price of the equipment having been paid by or for the account of the railroad so constructing, acquiring, purchasing or leasing said equipment, or by funds loaned or advanced for the purpose by the government of the United States or by any of its agencies or instrumentalities, or ordnated in the event of default, in respect of the lien or interest thereof upon or in such equipment or rent or purchase notes, to the lien or interest of said prior or preferred equipment obligations or equipment trust certificates.

(7) Fromimory notes maturing within six months, secured by the pledge of registered terminal warehouse receipts issued against grain deposited in terminal warehouses as defined in Section 5016, General Statutes of Minnesota for 1923. At the time of insuring in such notes the market value thereof shall exceed the indebtedness secured thereby, and the note or pledge agreement shall provide that the holder may call for additional like security or shall the grain without notice upon deposition of the securities, which the insurance company may furnish, and the insurance company must pay the net proceeds to the bank, in lieu of the deposit, with it of the warehouse receipts, a trustee certificate issued by any national or state bank at a terminal point, certifying that the warehouse receipts have been deposited with it and are held by it. Provided, the securities mentioned in this subdivision shall not at any time exceed twenty-five per cent of the unassigned surplus and capital of the company.

(8) Loans on the security of insurance policies issued by itself to an amount not exceeding the net or reserve value thereof; and loans on the pledge of any of the securities enumerated in subdivisions (1) to (7) above, to the extent of the investment permitted in such securities, but not exceeding eighty per cent of the market value of the stock, except in loans upon the deposit with it of the warehouse receipts, a trustee certificate issued by any national or state bank at a terminal point, certifying that the warehouse receipts have been deposited with it and are held by it. Provided, the securities mentioned in this subdivision shall not at any time exceed twenty-five per cent of the unassigned surplus and capital of the company.

3835. Real estate holdings of domestic life companies. See §3322 on same subject.

3837. Who entitled to proceeds of life policy. See notes under §3299, note 7h.

Retirement annuity contract held not an insurance contract within state exemption statute, and cash value of retirement annuities thereunder, as of the date of admission of bank holding company in the state in bankruptcy. Walsh, (USDC-Minn), 19FSupp567.

Creditors who could not impress proceeds of life insurance policy with claims based on fraud of which insurer was guilty after issuance of policies. Cook et al. v. F. 1922, 251NW95. See Dun. Dig. 4601, 3867a.

Where father paid entire consideration for insurance on life of son, policy payable to son's estate but assigned at son's request to father that proceeds of policy should go to son's wife was an executory gift not to be judicially endorsed. Wunder v. W., 187M108, 244 NW2. See Dun. Dig. 4128, 4812, 4813.

A life income policy which contains a supplemental contract of disability or accidental insurance which is not within exceptions provided for in subd. 2. §3426, in its disability or accident provisions subject to health and accident code, and disability benefits (other than death benefits) must be payable to the insured. Joyce v. N., 1956M6, 252NW975. See Dun. Dig. 4599a.

Wife as beneficiary in life policy was proper party plaintiff in action on policy though husband had failed to schedule policy as an asset or claim it as exempt in schedule. Kassimir v. F., 1931M36, 254NW444. See Dun. Dig. 4724.

Section 3814, providing that all actions not enumerated in certain precedents except courts in the same county in which one or more of the defendants resides with the action was begun, does not apply to any action proceeding provided by §3261. State v. State District Court, 252M602, 255NW7. See Dun. Dig. 10164, 10121, 4892, 4893.
Where there is a statutory proceeding in nature of
interference, which can prejudice parties in their cases,
it alone may exercise jurisdiction. 1d. See Dun. Dig. 4832.
In a suit upon a life insurance policy, trial court's
refusal to exercise its inherent power to order to ad-
sitional defendants four creditors of insured's estate, who
claim to have paid in cash upon the policy, was an abuse of judicial discretion. Minnesota
Validity and effect of exemptions from claims of creditors.
23 Minn Law Rev 1652.

Practically, 23 Minn Law Rev 615.

3388. Exemption in favor of family—Etc.
Note under §3377.

3392. Autonomous paid-up or extended insurance
in certain cases.

Provision in life policy, that upon default it should be
authorized and paid the insurer to substitute therefor a
policy so that the face value of the policy under
terms of contract upon default of annual premiums is not a
form of the original policy, is held to be applicable even
after application Is attached to policy. Dun.

Reduction of loans from cash surrender value under
terms of contract upon default of premiums is not a
form of the original policy, but is applicable even
after application Is attached to policy. Dun.

Under our standard life insurance policy, surrender
charge is payable when cash surrender value is
properly deductible from the surrender value whether
that value be sought by surrender of policy or application
for extended insurance under face value of the

Deduction of loans from cash surrender value under
provisions of payment of premiums in any form which
is in effect, to be deductible from cash surrender value.

Standard provision that failure to repay any loan or
to pay interest shall not avoid the policy unless total
indebtedness exceeds loan value, and value of cash
surrender value is held to be applicable even after
application Is attached to policy. Dun.

Insured not having exercised option, given by terms
of his life insurance policy, within stipulated time after
being approved, and in view of provisions of application,
insurer Is estopped by act of agent In writing
application Is not attached to policy. Thompson v. P., 162 Minn 327.

Claim that plaintiff voluntarily litigated question as
to sound health of deceased held to be without merit.
Id. See Dun. Dig. 4805.

In insurer in policy issued without written application and
where policy was issued upon approval of agent who
was engaged in business of bootlegging for purpose of de-

In action on industrial policy issued without knowledge
or consent of insured, burden was on defendant to show that
plaintiff had knowledge or information concerning
one or more of agent's misrepresentations. Id.

Whether insured or Insurer's agent answered ques-
tions in application, information concerning; former ailments do not
be considered in insurance application. See Dun. Dig. 4670.

Insurance contract should be construed
strictly against insurer does not apply where there Is
no ambiguity in provision under consideration. Opicen v.
P., 134 M 580, 261 NW 197. See Dun. Dig. 4671.

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no ambiguity in provision under consideration. Opicen v.
P., 134 M 580, 261 NW 197. See Dun. Dig. 4671.
2. Payment of premiums.

A policy held without paying the premium or receiving the policy, it never went into effect, there being nothing to show that conditions specified in application for insurance were complied with.

A cash payment of first premium at time of signing application for life insurance puts insurance in force beyond date of application when applicant is subsequently able to engage in any occupation affording any kind of compensation of financial value during remainder of his lifetime, nature of his disability (pulmonary tuberculosis) being such that it was impossible to determine with absolute certainty that he would or would not recover, that action of insurer might reasonably be expected to continue for life. Maze v. E., 188 M 139, 246 NW 737. See Dun. Dig. 4871c.

A valid contract of life and accident insurance was consummated where insured gave post date check for first premium, which was returned, and check, delivered policies to agent for delivery to insured, who was still able to carry his business as usual, relying on letter from his doctor. Fortin v. N., 185 M 523, 241 NW 673. See Dun. Dig. 4871d. Portion of dividend not used as premium, held part of dividend should be applied otherwise than to purchase of date of application when applicant is subsequently able to do much farm work—such as he is "able to do a little" and "properly found not totally and permanently disabled from "performing any work for compensation of financial value." Koebel v. E., 190 M 132, 249 NW 412. See Dun. Dig. 4871.

Statement of physician that insured was suffering from arteriosclerosis and chronic influences of mid-vertebral region to brain, a condition which is progressive, was permanent, without any statement as to what extent disability affected insured. Full payment on a total and permanent disability policy, of gainful occupation, was not "due proof" of total and permanent disability to perform gainful work. Rich- man v. P., 132 M 364, 201 NW 470. See Dun. Dig. 4871c. Insured upon becoming totally and permanently disabled was not entitled to recover installment of installment payments based on his expectancy but was confined to a suit upon contract for past due installments, notwithstanding nature of installment payments. Id. See See Dun. Dig. 4871c.

In action to recover under policy providing for "benefits" in event of insured becoming totally and permanently disabled, words employed in insurance contracts are to be given their natural and unambiguous meaning. See Dun. Dig. 4871c. Where court found that insured was totally disabled over a period of eleven months and that this condition might reasonably be expected to continue for an infinite period of time and that he might be permanently unable to engage in any occupation affording any kind of compensation of financial value during remainder of his lifetime, nature of his disability (pulmonary tuberculosis) being such that it was impossible to determine with absolute certainty that he would or would not recover, that action of insurer might reasonably be expected to continue for life, judgment for plaintiff held sustained by evidence. Midland Nat. Life Ins. Co. v. A., 198 M 1, 260 NW 415. See Dun. Dig. 4871c.

A release of liability on lump sum settlement of total disability liability under life policy, judgment for insurer from engag-ing in any occupation and performing work for compensation of financial value during remainder of his lifetime, nature of his disability (pulmonary tuberculosis) being such that it was impossible to determine with absolute certainty that he would or would not recover, that action of insurer might reasonably be expected to continue for life, judgment for plaintiff held sustained by evidence. Midland Nat. Life Ins. Co. v. A., 198 M 1, 260 NW 415. See Dun. Dig. 4871c.

Where first disability payment became due day satisfactory proof of such disability was received by insurer at home office, and a like amount on same day of every month thereafter, under terms of policy, as to limitation of period of time, a total and permanent disability so as to prevent income therefrom was only of such disability as required by policy. Opten v. P., 194 M 580, 261 NW 415. See Dun. Dig. 4871c.

A statement of physician that Insured was suffering from arteriosclerosis and chronic influences of mid-vertebral region to brain, a condition which is progressive, was permanent, without any statement as to what extent disability affected insured. Full payment on a total and permanent disability policy, of gainful occupation, was not "due proof" of total and permanent disability to perform gainful work. Rich- man v. P., 132 M 364, 201 NW 470. See Dun. Dig. 4871c. Insured upon becoming totally and permanently disabled was not entitled to recover installment of installment payments based on his expectancy but was confined to a suit upon contract for past due installments, notwithstanding nature of installment payments. Id. See Dun. Dig. 4871c.
Complaint in action to recover disability annuity under life policy, alleging that plaintiff became totally disabled sometime in 1926, and that due to plaintiff's inability to work, he was entitled to the proceeds of the policy to pay hospital bills and reasonable medical fees. Plaintiff moved for summary judgment on the ground that he was totally disabled in 1926, but the motion was denied. The court held that there was no evidence to support the claim of total disability. See Dun. Dig. 4816.

4. Death due to injury.

Where a man who had a stone in his kidney suffered a fall which dislocated kidney stone which then lodged in ureter and caused his death, it became a question for jury whether death was caused solely by external violence, or purely accidental means and not directly or indirectly by bodily infirmity. Mair v. E., 193M665, 29 NW60. See Dun. Dig. 4817.

5. Hearsay.

Hearsay statements from others than the assured, received by a physician conducting a post-mortem examination, were admissible. Bullock v. N., 189M601, 223NW583. See Dun. Dig. 4818.

6. Life insurance.

Evidence tending to show that assured truthfully answered questions of a defective or unprofitable policy, and a compromise was binding on beneficiary, as against contention that insurer's obligations for accidental death was unliquidated. Walsberg v. F., 255 NW805. See Dun. Dig. 4819.

7. Prejudgment interest.

Prejudgment interest, if any, is not payable under a life insurance policy. See Dun. Dig. 4820.


A life insurance policy is subject of a gift inter vivos. Redden v. P., 193M228, 258NW300. See Dun. Dig. 4821.

9. Rights of irrevocable beneficiary in life policy, although vested, were subject to prior and subsequent assignment of policy. See Dun. Dig. 4822.

10. Loans on policy.

So-called loans made by insurer to insured upon securities of life insurance policies are not loans but advances to Insured against reserve on policy, and do not create personal liability or a debt of Insured which could be foreclosed or sold, or be enforceable as a debt of Insured in the courts. See Dun. Dig. 4823.

11. Notice of intention to foreclose.

Whether notice of due date or default in payment of life insurance premium was given as required, held for trial. See Dun. Dig. 4824.

12. Rescission.

Provisions of life policy permitting company on default to deduct indebtedness from surrender value and foreclose policy and extend insurance on failure to pay premiums, held not to impose any penalty or forfeiture. See Dun. Dig. 4825.

13. Prejudgment interest.

Prejudgment interest is not payable under a life insurance policy. See Dun. Dig. 4826.


Beneficiary in life policy who retained premiums when insured and wife dying in same disaster. Miller v. M., 192M547, 282NW467. See Dun. Dig. 4827.

15. Notice of due date or default in payment of life insurance premium was given as required, held for trial. See Dun. Dig. 4828.

16. Prejudgment interest.

On default, life policy held to become automatically a paid-up policy for such extended term as cash surrender value less value of extended insurance would warrant. In a single premium. See Dun. Dig. 4829.

17. Change of beneficiary.

Change of beneficiary in life policy held to become effective upon receipt by insurance company of application of insured, which it in fact had received, and that insured failed to execute and forward a new request for such change. See Dun. Dig. 4830.

18. Rights of irrevocable beneficiary in life policy, although vested, were subject to prior and subsequent assignment of policy. See Dun. Dig. 4831.

19. Loans on policy.

So-called loans made by insurer to insured upon securities of life insurance policies are not loans but advances to Insured against reserve on policy, and do not create personal liability or a debt of Insured which could be foreclosed or sold, or be enforceable as a debt of Insured in the courts. See Dun. Dig. 4832.

20. Notice of intention to foreclose.

Whether notice of due date or default in payment of life insurance premium was given as required, held for trial. See Dun. Dig. 4833.

21. Rights of irrevocable beneficiary in life policy, although vested, were subject to prior and subsequent assignment of policy. See Dun. Dig. 4834.

22. Loans on policy.

So-called loans made by insurer to insured upon securities of life insurance policies are not loans but advances to Insured against reserve on policy, and do not create personal liability or a debt of Insured which could be foreclosed or sold, or be enforceable as a debt of Insured in the courts. See Dun. Dig. 4835.

23. Notice of intention to foreclose.

Whether notice of due date or default in payment of life insurance premium was given as required, held for trial. See Dun. Dig. 4836.

24. Prejudgment interest.

Provisions of life policy permitting company on default to deduct indebtedness from surrender value and foreclose policy and extend insurance on failure to pay premiums, held not to impose any penalty or forfeiture. See Dun. Dig. 4837.

25. Prejudgment interest.

Prejudgment interest is not payable under a life insurance policy. See Dun. Dig. 4838.

26. Rights of irrevocable beneficiary in life policy, although vested, were subject to prior and subsequent assignment of policy. See Dun. Dig. 4839.

27. Loans on policy.

So-called loans made by insurer to insured upon securities of life insurance policies are not loans but advances to Insured against reserve on policy, and do not create personal liability or a debt of Insured which could be foreclosed or sold, or be enforceable as a debt of Insured in the courts. See Dun. Dig. 4840.

28. Notice of intention to foreclose.

Whether notice of due date or default in payment of life insurance premium was given as required, held for trial. See Dun. Dig. 4841.

29. Prejudgment interest.

Prejudgment interest is not payable under a life insurance policy. See Dun. Dig. 4842.

30. Rights of irrevocable beneficiary in life policy, although vested, were subject to prior and subsequent assignment of policy. See Dun. Dig. 4843.

31. Loans on policy.

So-called loans made by insurer to insured upon securities of life insurance policies are not loans but advances to Insured against reserve on policy, and do not create personal liability or a debt of Insured which could be foreclosed or sold, or be enforceable as a debt of Insured in the courts. See Dun. Dig. 4844.
intention of insured to part absolutely with all title to
property be sought by surrender of policy or applied
as pledge or was it estopped. Janesville State Bank v.
the right to require, pledgee by failing to bring pro-
duction of policy as an asset or claim as exempt In
beneficiary as against contention that trustee was not beneficiary
vest in insured, insured also retaining right to change
the right to require, pledgee by failing to bring pro-
size In action on life policy though insured had failed
to schedule policy as an asset or claim as exempt In
personal insurance "shall be binding upon
employee's personal insurance "shall be binding upon
and proof of death admitted, production of policy
assignee, production of policy as an asset or claim as exempt In
be filed at the Company's Home Office" is for benefit of
beneficiary of policy. Where local agent of an insurer was authorized to
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beneficiary of policy. Where local agent of an insurer was authorized to
where assigned to the beneficiary was held to be unjustified. First Trust Co.
nor proof thereof was furnished until after death of the insured. Id. See Dun. Dig. 4714, 4751c.

An insurer may not avail itself of defense that statements made by insured in application for non-medical examination were false and intentionally misleading unless application is attached to policy, where policy relating to that employee is beneficial, and does not require notice to insured of deduction from cash value of his indebtedness to insurer, where policy lapses for non-payment of premiums which is beneficial, and a surrender charge was properly deducted from cash surrender value. Id. See Dun. Dig. 4816.

Where loan on policy was never consummated, application for loan held not final election by insured that discount should be applied otherwise than to purchase of extended insurance. Id.

Standard provision that failure to repay any loan or to pay interest shall result in cancellation of policy and the deduction of the indebtedness equals or exceeds loan value, and until one month after notice, is inapplicable, and does not require notice to insured of deduction from cash value of his indebtedness to insurer, where policy lapses for non-payment of premiums which is beneficial, and a surrender charge was properly deducted from cash surrender value. Id. See Dun. Dig. 4816.

Under terms of policy, a surrender charge was properly deducted from cash surrender value. Id. See Dun. Dig. 4816.

Deduction of loans from cash surrender value under terms of contract upon default of premiums is not a foreclosure requiring notice under provisions of policy relating to forfeiture and acceleration, where cash surrender value does not equal to or exceed value of total loan value. Erickson v. E., 193M265, 255NW736. See Dun. Dig. 4816a.

Under our standard life insurance policy, surrender charge authorized by law and provided for in policy is properly deductible from cash surrender value whereas the value being sought is the surrender value at death of the insured. Id.

Upon default in premium, in case of new premium, in case of new premium, where deduction from cash surrender value is not applied. Id. See Dun. Dig. 4816.

An insured in a war risk insurance policy may dis- pense with the right of annuity.
issued to any governmental corporation, unit, agency or department thereof, or to any corporations, copartnership, individual, employer, or to any association, corporation by-laws and formed for good faith for purposes other than that of obtaining insurance under the provisions of this act, where officers, members, employees or classes or divisions thereof, may be insured for their individual benefit. Any corporation or association having a constitution or by-laws and formed in partnership, individual, employer, or to any association, and accident insurance insofar as they may be applicable to group accident and health insurance, and also the following provisions:

(a) A provision that the policy and the application of the employer, or executive officer or trustee of any association, and the individual applications, if any, of the employees or members insured shall constitute the written application. Such forms shall contain the standard provisions relating and applicable to health and accident insurance insofar as they may be applicable to group accident and health insurance, and also the following provisions:

(b) A provision that the insurer will issue a master policy and the application of the employer, or to the executive officer or trustee of the association, and the individual applications, if any, of the employees or members insured shall constitute the written application. Such forms shall contain the standard provisions relating and applicable to health and accident insurance insofar as they may be applicable to group accident and health insurance, and also the following provisions:

3417. Standard provisions. 1. In general.

In case of insurance division by-laws and formed for good faith for purposes other than that of obtaining insurance under the provisions of this act, where officers, members, employees or classes or divisions thereof, may be insured for their individual benefit. Any corporation or association having a constitution or by-laws and formed in partnership, individual, employer, or to any association, and accident insurance insofar as they may be applicable to group accident and health insurance, and also the following provisions:

(a) A provision that the policy and the application of the employer, or executive officer or trustee of any association, and the individual applications, if any, of the employees or members insured shall constitute the written application. Such forms shall contain the standard provisions relating and applicable to health and accident insurance insofar as they may be applicable to group accident and health insurance, and also the following provisions:

(b) A provision that the family group originally insured may be added from time to time all new members of the family eligible for insurance in such family group. (As amended Apr. 5, 1939, c. 146, § 1.)

3415. Provisions.—No such policy shall be so issued or delivered (1) unless the entire money and which shall be used in defense to a claim under the policy, or member, who is insured under such policy, an individual certificate setting forth a statement as to the failure to give timely notice of loss which was prerequisite to right of recovery. Lepak v. C. 1983134, 269NW274.

Group policies issued under Laws 1939, c. 146, should contain only such standard provisions referred to in § 3417, as are applicable, together with provisions set out in such chapter 146. Op. Atty. Gen. (245b-8), June 2, 1939.

A motor speed boat used in making regular pleasure excursions around a large lake, held a "public convenience and necessity," within the coverage of an accident insurance policy. Cummins v. G. 183M112, 235NW917. See Dun. Dig. 4872(3).

Sections 3415-3417 apply to a life insurance contract which also contains a contract for disability insurance, and such policy should be construed in regard to disability insurance as if clauses required by those sections were a part of policy. Joyce v. N. 190M66, 250NW674. See Dun. Dig. 4869b, 4873.

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uses car for a purpose other than that for which it was bought and not for the defendant's own personal benefit.

181M437, 232NW790. See Dun. Dig. 4875c.

The evidence held sufficient to support verdict necess-
ary to the determination of the cause of death, and the
of death in the case of an accidental death, is by
225. See Dun. Dig. 4875c.

Whether plaintiff's Allentown was for one who for the
defendant assumed no liability under the policy was a fact
183M298, 234NW 253. See Dun. Dig. 4875a.

Section to recover on a health insurance policy, de-
fendant's claim that it had made a settlement with, and
secured a release from, plaintiff, was properly determined.
183M298, 234NW 253. See Dun. Dig. 4875a.

Accident policy will be construed strictly against in-
4872 (66).

Evidence held to show that insured died from heart
disease, and not as a result of accident. Ackermann v.
M., 184M522, 233NW229. See Dun. Dig. 4871b.

A policy of automobile liability insurance states a cause of action covered by the policy, in-

While evidence as to death is uncertain, or un-
foreseen result of an intentional act, it occurs by ac-
cidental means even without the knowledge of, or de-
cision to, the insured. Wilson v. M., 187M462, 245NW826. See Dun. Dig. 4871c.

Provisions of an automobile accident policy must be giv-
en words of clear meaning. Standard Accident 
187M462, 245NW826. See Dun. Dig. 4871c.

In construction, the court may go into consideration 
what the parties may have intended when the contract was

Accident policy held to impose liability for injury re-
ceived while operating a hand plow. Pankin v. P., 187
M479, 246NW114. See Dun. Dig. 4872.

Policy of Accident insurance is to be construed in favor of Insurer. Johnson v. F., 190M580, 252NW666.

Where accident policy lost “entire sight of one eye” where white spot developed upon pupil, though in-
jury not severe. Of course, one eye is to be treated as one, side. Jensvold v. P., 191M122, 253NW535. See Dun. Dig. 4872.

One tightening oil plug under an automobile was “ad-
dusting” an automobile within meaning of accident pol-
icy. Id. See Dun. Dig. 4872b.

Provisions of accident and accident policy requiring that
insured be wholly and continuously disabled under per-
cision would be inadequate. Wilcox v. M., 187M462, 245NW826. See Dun. Dig. 4872.

Policy of Accident insurance policy on ground of fraud, as against conten-
tion that plaintiff had an adequate remedy at law. Penn
191M140, 253NW531. See Dun. Dig. 4872.

Whether plaintiff's Allentown was a fact held to satisfy finding that plaintiff notified 
insurer of his disability as soon as was reasonably poss-
able. Sleet v. V. , 191M140, 253NW531. See Dun. Dig. 4872.

Notice of claim. 1. Accident and Discharge provision of accident policy is a coverage limit. 2.

Burden of proving absence of any defense is on plaintiff. 3. Burden of proving that death was due to accidental means. 4. Burden of proving that death was occasioned by ex-
ternal, violent, or accidental means and was within time limit. 5. Time for notice.

Action on accident policy was barred after two years from accrual of cause of action, where the policy in-
corporated subd. (1) of this section in its provisions.

Burden of proof on accident insurance policy Insurer of his disability as soon as was reasonably poss-

Whether in accident policy was injured Oct. 18, 
die was not as a result of accident. 1. Burden of proving that death was occasioned by ex-
ternal, violent, or accidental means and was within time limit. 2. Burden of proving that death was not due to accidental injury, sustained. Anderson v. M., 187M479, 246NW826. See Dun. Dig. 4872.

Evidence held sufficient to show that death from bronchial pneumonia was caused by accident, and not disease, under accident policy. Milliren v. F., 185M614, 242
NW290. See Dun. Dig. 4872.

Evidence held insufficient to support defendant's claim that insurance policy was not breached by
insurer. Cavallerio v. T., 197M417, 257NW86. See Dun. Dig. 4871b.

Evidence reducing indemnity in case of infection “from any injury, abrasion, bruise, or incision” held

Group health and accident policy provided for by Laws
191M140, 253NW531. See Dun. Dig. 4871c.

Motorcycles as "motor driven cars" within terms of accident insurance policy. 16MinnLawRev35.

Definitions in terms of accident insurance policy. 16MinnLawRev211.

Policy of insurer to demand an autopsy. 16MinnLaw 
Rev73.
In action for death under accident policy, burden of proving on issue of demand for and refusal to permit an autopsy, and on issue raised by claim that there was no liability because there was no visible injury or disfigurement or externals of an external nature, an exception to the coverage clause. Cavallero v. T., 197 M 447, 257 NW 822. See Dun. Dig. 4874b.

A physician's death certificate is not conclusive as to cause or contributory cause of death and may be contradicted or explained by evidence. Id. See Dun. Dig. 4974b.

7. Questions for jury.
Evidence that insured's death in garbage was result of external, violent, and accidental means was sufficient to go to jury. Palmer v. O., 197 M 272, 245 NW 386. See Dun. Dig. 4871a.


Whether insured in accident policy was operating plow while attempting to adjust horse collar preparatory to hitching horses to plow, held for jury. Fankonin v. F., 187 M 159, 245 NW 841. See Dun. Dig. 4871a.

Whether insured automobile driver who had stopped to aid motorist on opposite side of highway and had returned to his vehicle while switching his car was hit by another car and he was killed, suffering loss of life by wrecking of car in which he was riding, held for jury. Johnson v. F., 190 M 260, 245 NW 579. See Dun. Dig. 4872.

Whether the accident policy was other loss of sight of eye was caused by septic infection or by accident, held question of fact for jury. Jensvold v. M., 199 M 150, 257 NW 435. See Dun. Dig. 4874.

7. Instructions.
Evidence that constitutes total disability under accident policy, held correct as applied to facts. Wilson v. M., 197 M 1462, 245 NW 826. See Dun. Dig. 4871c.

Right to accumulation benefit was lost, though insurance issued in violation of act. Cavallero v. T., 197 M 479, 257 NW 343. See Dun. Dig. 4871b.

Facts held to show that there was an acceptance of a premium so as to reinstate policy, and that insurer was estopped to deny receipt. Garber v. E., 100 M 28, 257 NW 807. See Dun. Dig. 4884.

3418. Provisions forbidden—Optional features.
Where there was a cancellation by the insurer "without giving any claim originating prior to the cancella-
tion, insured in health policy could not recover for disability beginning after the cancellation, though ele-
ments occurred prior to the cancellation. 172 M 14, 214 NW 468.

3420. False statements.

3423. Policy issued in violation of act.
A life insurance policy which contains a supplemental contract or accident insurance which is
not within exceptions provided for in subds. 2, 3423, is in its disability or accident provisions subject to health and accident code and disability benefits (other than death benefits) must be payable to the insured. Joyce v. N., 190 M 60, 257 NW 427. See Dun. Dig. 4863a.

3426. Not to affect workmen's compensation insur-
ance.
(2) Nothing in this act contained shall apply to life insurance, endowment or annuity contracts, nor to any such contracts or contracts supplemental there-
to, when the expenses of such additional benefits or any kind in the event of death by accidental means or of the total and permanent disability of the insured as defined by the contract. (13, c. 156, $12; G. S. '12, §3533; Mar. 29, 1933, c. 74, §1.)

in mortality, surrenders and changes shall revert to the expense fund.

Provided further that policies issued by such corporation may contain a provision that in event of default in premium payments, after premiums shall have been paid for three years, shall secure to the company at its home office within one month and one-half per cent of the amount insured by the policy, and of any existing dividend additions thereto, and less any existing indebtedness to the company on the policy, and that the policy may be surrendered to the company at its home office within one month from date of default for a specified cash value at least equal to the sum which would otherwise be available for the purchase of insurance as aforesaid and shall stipulate that the company may defer payment for not more than six months after the application therefor is made. This provision shall not be required in term insurance of 20 years or less.

Provided further that such corporation shall value its policies at the end of each calendar year and show in its annual statement a reserve liability the amount of such valuation. If Infantile Insurance is required in term insurance of 20 years or less, an assessment therefor is made. This provision shall not be required in term insurance of 20 years or less.


3443. Commercial Traveler insurance company may give prizes.—Any domestic assessment, health or accident association now licensed to do business in this state, which confines its membership to commercial travelers, professional men, and others whose occupation is of such character as to be ordinarily classified as no more hazardous than commercial travelers, and which does not pay any other commissions or compensation, other than prizes to members of nominal value in proportion to the membership fees charge for securing new members, may issue certificates of membership, which, with the application of the member, and the by-laws of the association shall constitute a contract between the association and the member. A printed copy of the by-laws and a copy of the application shall be attached to the membership certificate when issued, and a copy of any amendment to the by-laws shall be mailed to the members following their adoption. Certified copies of certificate, by-laws and amendments shall be filed with the commissioner of insurance and subject to his approval. The by-laws shall conform to the requirements of Laws 1913, Chapter 166 [3415 to 3427], so far as applicable, and wherever the word "policy" appears in said act, it shall, for the purpose of this act, be construed to mean the contract as hereinafter defined. (As amended Apr. 13, 1933, c. 241, §2.)

3445. Membership fees—bond.—Upon the issuance of such permit the persons proposing such articles of association shall file with the commissioner of insurance a bond in the sum of $1,000.00 in favor of the company, in the form prescribed by the commissioner of insurance, to secure the performance of said persons and by the proposed corporation of their obligations, shall issue a permit to such persons to solicit applications for membership in such proposed association. (Act Apr. 13, 1935, c. 241, §2.)

Any three or more persons, who are citizens of this State, desiring to form an assessment benefit association under this Act shall file with the commissioner of insurance a proposal in writing, proposed articles of association. Such articles shall state the name of the association, the location of its principal business office, which office must be located in this State, the time and place of holding meetings of the association and the manner of voting at such meetings and the number of members required to constitute a quorum, and the name and residence of the persons so desiring to form such association, the number of its directors, and the names and addresses of the directors selected to serve until the first annual meeting of such association, the object of such association with its place of doing business clearly and fully defined, the maximum amount of benefits it is intended to pay, which may be graduated according to the age of the insured at the time of his admission to membership. (Act Apr. 13, 1935, c. 241, §1.)


Two per cent gross premium tax is not applicable to assessment benefit associations operating under this act. Op. Atty. Gen. (249a-2), July 19, 1934.

Articles of incorporation for formation of social and charitable corporations which would authorize company to engage in business prior to passage of act shall not be filed with the secretary of state. (As amended Apr. 24, 1937, c. 406.)


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and held by such persons as trustees and all other moneys in the hands of such persons shall be transferred to the treasurer of such association, but said deposit with the commissioner of insurance shall remain, but the persons who made such deposit may be reimbursed by said association therefor; provided, however, that if within one year from the filing of such proposed articles of association the organization of such association or development be not completed, the amount of the membership fees so collected shall be returned to the applicants without any deduction for expense, and upon proof thereof, the Commissioner of Insurance shall return the amount deposited with the commissioner of insurance, provided such association shall thereupon be deemed abandoned. (Act Apr. 13, 1933, c. 241, §3.)

Reimbursement of deposit fund may only be paid out of moneys in expense account and not out of reserve account. Op. Atty. Gen. (249a-8), July 30, 1937.

3445-4. Articles may be amended.—The articles of association may be amended by authority of a majority vote of the members present and voting in person, or present, at an annual meeting of the association or at a special meeting called for that purpose. Provided, however, that any proposed amendment shall, before it becomes effective, be approved by the Commissioner of Insurance. (Act Apr. 13, 1933, c. 241, §4.)

3445-5. Shall adopt by-laws.—An assessment benefit association organized under the provisions of this Act shall make by-laws in the manner provided by the articles of association and may amend the same in the manner provided by the articles of association or by-laws of the association. A copy of such by-laws and of all amendment thereof, as amendments may be made, together with the certificate of the president and secretary, attested by the seal of the association, to the effect that such by-laws and amendments thereto were regularly adopted, shall be filed with the Commissioner of Insurance and shall be approved by him before the same shall become effective. (Act Apr. 13, 1933, c. 241, §5.)

3445-6. Board of directors.—The affairs of such assessment benefit association shall be managed by a board of not less than 3 nor more than 7 directors who shall be residents of the State of Minnesota and who shall be elected from and by the members at such time and place and for such period not exceeding 3 years, as may be provided in the articles of association or by-laws. Provided, however, that such board, as practicable an equal number shall be elected each year. Whenever any directors shall be elected a certificate by the president and secretary, under the seal of the association, giving the names and residence of those elected and the terms of their offices, shall be filed in the office of the Commissioner of Insurance. Vacancies on the Board of Directors shall be filled in the manner provided in the by-laws. (Act Apr. 13, 1933, c. 241, §6.)

3445-7. Officers.—Each such association shall have a president, a treasurer and a secretary and such other officers as the articles of association or by-laws shall provide. Each such officer shall give bond to the association for the faithful performance of his duties and accounting for the funds of the association coming into his hands, in such amount and with such responsible sureties as shall be prescribed by the Board of Directors but not less than $500.00 each. (Act Apr. 13, 1933, c. 241, §7.)

3445-8. Certificates of membership.—Such assessment benefit associations shall issue to each member a certificate of membership, which certificate shall provide for a death benefit payable to a designated beneficiary or to the member’s estate, which certificate before it shall be used shall be approved as to form and content by the commissioner of insurance. Such certificate shall specify the maximum benefits which the association promises to pay upon contingency of death and shall state that the amount to be paid is dependent on payment of assessments by members, and upon the occurrence of such contingency the association shall be obligated to the beneficiary, to make payment as specified in the certificate not later than three months after the date due proof of death shall have been received by the association. Such certificate, together with the articles of association and the by-laws of the association, shall constitute and be the entire contract between the member and the association. Provided, in no case, shall the association be liable remains unpaid after 6 months from the date upon which satisfactory proofs of death are filed with the association, and such claim is not rejected or contested by the association for fraud, misrepresentation or misstatement upon the part of the member or representative of the member, such association may be deemed insolvent and may be proceeded against as such by the Commissioner of Insurance. (Act Apr. 13, 1933, c. 241, §9.)

3445-10. Assessments.—Whenever the association shall have been notified of any loss under its certificate of membership, which exceeds in amount the benefit fund of the association properly allocated to the class to which the member belonged, the association shall levy an assessment to pay such loss. Provided, however, that an assessment or by-laws provide that at the end of every calendar month during which losses have occurred and due proof thereof filed with the secretary of the association, the association shall levy one or more assessments to pay such losses. Assessments provided for in this section shall be distributed equally as against the members of the association of the same class or group. The association may provide that of any assessment provided for in this section a certain percentage may be used to pay expenses of management or may provide for the levy of assessments for such purpose, and may also if the articles of association so provide levy assessments for the accumulation of a properly authorized reserve account at any time provided, however, that the amount available for expenses of management, including salaries shall not be in excess of $6.00 per member per annum. All assessments provided for by this section shall be reported to the Board of Directors, and a record thereof made upon the minutes of its meetings and such record shall show the amounts assessed for losses and expenses separately. (Act Apr. 13, 1933, c. 241, §10.)

3445-11. May divide membership into groups.—Any association hereofere or hereafter formed under this Act may divide its membership into groups. Provided, however, that the six-dollar limitation per member per annum for assessments or expenses does not apply to funds voted for reimbursement for statutory deposits. Op. Atty. Gen. (249a-8), July 30, 1937.
nder this Act may divide its membership into as many classes or groups as such association may desire. Whenever such association shall divide its membership into classes or groups then such association so classifying or grouping its membership shall not be liable or responsible for losses or expenses of such class or group separately, distributing such assessment equally as against all the members in the class or group to which the deceased member belonged. (Act Apr. 13, 1933, c. 241, §11.)

3445-12. Secretary to notify members of assessment.—It shall be the duty of the secretary, whenever such assessment shall have been levied, to immediately notify every member of such assessment or in case such assessment is distributed against any certain person or group as provided in this Act, then every member belonging to the class or group against which such assessment is made or apportioned by mail, properly addressed to each member at the last post office address given by him to the secretary of the association, of the amount of the total assessment for losses and expenses, and the sum due from such member, as his share of such loss and expenses. Such notices shall be stamped, canceled, or postmarked at the time when the name and address of the officer of the association to which the payment is to be made, but such time may not be less than 30 days nor more than 60 days from the date of such notice. Such notice, in case of a benefit association, shall include the name and address of the deceased member with the maximum amount to be paid.

Upon failure of any member to pay any assessment levied upon him under the provisions of this Act, within the time named in such notice, the association may, by resolution of the board of directors or other governing officers, declare such member to be in default in the payment of his share or his portion of such assessment, and may declare the certificate of such member cancelled, upon a further notice sent by first class mail in the manner above provided that his certificate will be cancelled if payment is not made to the association within 10 days of the mailing of such cancellation notice. The association may reinsure a cancelled certificate of any member according to regulations provided in the by-laws of such association. (Act Apr. 13, 1933, c. 241, §12.)

3445-13. Membership fees.—The directors may fix the membership fee to be charged applicants for membership, within the same limits as provided in Section 3445-10 of the amount of any portion of such membership fees authorized by this Act may be paid to any person or persons soliciting the applicant to become a member as provided by the directors of the association. (Act Apr. 13, 1933, c. 241, §13.)

3445-14. Funds to be kept in two accounts.—Every assessment benefit association shall establish two general accounts to be known respectively as the Benefit Account and the Expense Account and may provide in its articles of association for a reserve account. Into the Benefit Account shall be placed the amount of all assessments or portions thereof collected from members of the association for the purpose of paying losses incurred under its certificates of membership, and from such account shall be paid losses incurred under its certificates of membership. Into the Expense Account shall be placed the membership fee received by the association and not retained by agents according to the by-laws, and all assessments or portions of assessments collected from members for the purpose of defraying the expenses of the association and from such account shall be paid all salaries, expenses, fees, taxes, costs of defending or prosecuting suits and all other items relating to the management of the association. Into the Reserve Account, if one is created, shall be placed monies as provided in its articles of association. The funds to the credit of said account may be used to pay losses as the articles of association may provide. No sum shall ever be transferred from the Benefit Account or the Reserve Account to the Expense Account. (Act Apr. 13, 1933, c. 241, §14.)

3445-15. Only one certificate to member.—No assessment benefit association shall issue to any member more than one certificate in any one group or class. No such association may after the certificate has been in force 1 year during the lifetime of the member have itself or any delegate of any claim for any benefit under its certificate of membership on account of any statement or answer to interrogatory by the member in his application for membership, except in case of fraud. (Act Apr. 13, 1933, c. 241, §15.)

An incorporated benevolent society is authorized to divide its membership into units, and, if permitted by its by-laws, a member of a corporation, association, or other member of any other unit. Olson v. U.S., 261 U.S. 273, 261 N.W. 442. See Durn. Dig. 4822.

3445-16. May transfer risks.—Any association organized, reorganized or operating under the provisions of this Act may by majority vote of its Board of Directors at any regular meeting or any special meeting called for that purpose and of its members present and voting in person or by proxy at any regular meeting or special meeting called for that purpose transfer its certificate of membership or reimbursement of losses or expenses, or any of them, to any other assessment benefit association or any other Life Insurance corporation, fraternal beneficiary association or society, or merge or consolidate with any other assessment benefit association or any other Life Insurance corporation, fraternal beneficiary association or society, with the approval of the Commissioner of Insurance. (Act Apr. 13, 1933, c. 241, §16.)

3445-17. Powers of Commissioner of Insurance.—The Commissioner of Insurance shall have the same power and authority over all associations to which this Act is applicable as to visitation and examination as are given to him by the statutes of this State over life insurance companies. (Act Apr. 13, 1933, c. 241, §17.)

3445-18. Members may make change in beneficiary.—Any member in any such association shall have the right at any time to change the payee or beneficiary without the consent of the payee or beneficiary. (Act Apr. 13, 1933, c. 241, §18.)

3445-19. Funds exempt from process.—The money or benefit provided or paid by any association authorized to do business under this Act, as provided in the certificate of membership thereof, or reinsured therefor, shall be subject only to any legal process to enforce payment of any debt or liability of a certificate holder, or of any beneficiary named therein. (Act Apr. 13, 1933, c. 241, §19.)

Validity and effect of exemptions from claims of creditors. 23 Minn. Law Rev. 1662.

3445-20. Fees of commissioner.—The fees for any service or act of the Commissioner of Insurance or his assistants and employees, shall be the same as provided in the case of life insurance companies, except that each association authorized to transact business under this Act shall pay to the Commissioner of Insurance on submitting its proposed articles of association $5.00, and on the filing of its application and articles of association $20.00, and for each annual statement thereafter $5.00. (Act Apr. 13, 1933, c. 241, §20.)

3445-21. Must file reports with commissioner.—Every such association doing business under this Act, shall, on or before the first day of March in each year, make and file with the Commissioner of Insurance, a report of its affairs and operations during the year ending on the thirty-first day of December immediately preceding, which report shall be in such form as the Commissioner of Insurance may require. Such report shall be verified by such of the officers of the
3445-22. Shall place “Assessment Benefit Association” on all printed matter.—Every association, operating under and by virtue of the provisions of this Act, shall include immediately under the name or title of the association the words “ASSOCIATION” in all printed matter, circulars, applications, advertisements or literature of any kind. (Act Apr. 13, 1933, c. 241, §21.)

3445-23. Existing associations to come under this act.—Within 6 months after the passage of this Act any association or corporation doing business in this state, and paying death benefits by means of assessments in its members or voluntary contribution made by its members, (except organizations now exempted from the operation of the statutes of this state relating to life insurance companies and fraternal beneficiary associations and except corporations or associations now subject to regulation by the statutes of this state,) desiring to continue in operation shall come under the provisions of this Act by complying with the following: It shall present to the Commissioner of Insurance for filing, its articles of association and by-laws. If such articles of association and by-laws shall furnish proper evidence that it has a bona fide contributing membership of at least 300, it shall make the deposit provided by Section 2 of this Act, it shall submit, at its own expense, to the Commissioner of Insurance or his deputies or employees, a certificate of authority to do business. (Act Apr. 13, 1933, c. 241, §22.)

3445-24. Effective sixty days after passage of Act.—This Act shall take effect and be in force from and after 60 days after its passage. (Act Apr. 13, 1933, c. 241, §24.)

3445-25. Assessment benefit associations may reinsure.—Five or more duly licensed assessment benefit associations, organized and doing business in Minnesota under Laws 1933, Chapter 241, and in a manner approved by the commissioner of insurance of the state of Minnesota, may organize a mutual association for the purpose of reinsuring the risks or any part or all of the risks of any of its member assessment benefit associations at the time when such contracts of reinsurance are made with assessment benefit associations, whose method of doing business has been approved by the commissioner of insurance of the state of Minnesota. (Act Apr. 24, 1937, c. 406, §1.)

3445-26. Conditions of contract.—Any such association organized and authorized to reinsure risks of assessment benefit associations doing business pursuant to said Laws 1933, Chapter 241, may enter into contracts of reinsurance on complying with the following minimum conditions:

(a) The reinsurance association and the insured assessment benefit association shall each be upon the date of the contract of reinsurance duly licensed to transact business in the state, and the insured assessment benefit association shall be one which transacts its business in this state in a manner approved by the commissioner of insurance.

(b) Each contract of reinsurance shall be submitted to and be approved by the commissioner of insurance of Minnesota before it shall become effective.

(c) Each contract of reinsurance shall have been approved by a majority vote of all directors of each of the parties thereto at meetings of the directors of each association held in accordance with the by-laws of each.

(d) Such business of reinsurance shall be conducted without profit to its members. (Act Apr. 24, 1937, c. 406, §2.)

3445-27. Incorporation—Articles of incorporation.—The incorporation and by-laws of the reinsurance association shall be in accordance with the articles and by-laws of the reinsurance association shall be authorized to do business in this state it shall be made to appear of record that each assessment benefit association forming such reinsurance association shall have been fully authorized by resolution adopted at a regular annual meeting or at a special meeting called for that purpose to join in forming such reinsurance association and that the articles of association have been approved by the commissioner of insurance.

Said articles of association shall state in the English language:

(a) Its purposes.

(b) Its location and postoffice address of its principal place of business.

(c) Names, postoffice addresses and terms of office of the first board of directors.

(d) Name and postoffice address of each assessment benefit association constituting the incorporators thereof.

(e) Any other provisions consistent with the provisions of this act and the provisions of Laws 1933, Chapter 241, regulating the business of such reinsurance association. (Act Apr. 24, 1937, c. 406, §3.)

3445-28. Members may withdraw.—Any member assessment benefit association of such reinsurance association may withdraw from membership upon giving ninety days notice of its intention so to do, when such withdrawal has been authorized by a majority vote of its members present and voting at a regular meeting or at a special meeting called for that purpose. Such withdrawal shall not in any manner affect its liabilities for any dues or losses which have accrued or shall have been incurred prior to the effective date of such withdrawal. (Act Apr. 24, 1937, c. 406, §4.)

3445-29. Officers and directors.—The officers of such reinsurance association shall be chosen from the officers of its member assessment benefit associations but no member assessment benefit association shall have more than one of its officers serving as an officer of such reinsurance association. At the first meeting of such reinsurance association it shall adopt by-laws...
which shall be filed with the commissioner of insurance and which shall be effective from and after the date of their approval by him. The corporate existence of such reinsurance association may be made perpetual by providing in its articles of association. (Act Apr. 24, 1937, c. 406, §5.)

3445-30. Membership dues and assessments.—Member assessment benefit associations of such reinsurance association and assessment benefit associations contracting with such reinsurance association shall each year pay to the treasurer thereof such membership dues, assessments and fees as may be fixed or authorized by its by-laws and such contracts of reinsurance for the purpose of accumulating the necessary funds required to perform its functions and discharge its contract obligations so as to afford mutual financial strength among the licensed assessment benefit associations authorized to do business in this state and to secure protection to the individual certificate holders of such assessment benefit associations. (Act Apr. 24, 1937, c. 406, §6.)

3445-31. Association to file annual statement.—Every reinsurance association organized under this act shall file with the commissioner of insurance an annual statement and such other reports as he may reasonably require. So far as applicable, the provisions of Laws 1933, Chapter 241, shall govern the supervision and administration of such reinsurance associations. (Act Apr. 24, 1937, c. 406, §7.)

3445-32. Fees.—There shall be paid by such reinsurance association to the commissioner of insurance by him accounted for to the state of Minnesota the following fees:

- For filing certificate of association $2.00
- For current statement $2.00
- Certificate of authority annually $1.00
- It shall pay to the register of deeds his proper fees for recording the duplicate of such articles of association. (Act Apr. 24, 1937, c. 406, §8.)

3445-33. Powers of association.—Every such association shall have power:

(a) To sue and be sued.
(b) To adopt, use and, at will, alter a corporate seal.
(c) To acquire, hold, lease, convey, or otherwise dispose of real and personal property within the state and to take real and personal property by devise or bequest, in sufficient quantities, to carry on the objects of this act. (Act Apr. 24, 1937, c. 406, §9.)

3445-34. To be under supervision of commissioner of insurance.—The certificate of association, by-laws, forms of contracts and policies of reinsurance adopted or issued by every such reinsurance associations, and the general conduct of its affairs shall be subject to the general supervision and jurisdiction of the commissioner of insurance and such commissioner whenever requested by five or more members of such reinsurance association shall make an examination of the affairs thereof at its expense. Whenever after such examination the commissioner is satisfied that any such association has violated the law, has exceeded its powers, is not carrying out its contracts in good faith, is transacting business fraudulently, or is in such condition as to render further proceedings hazardous to the public or to its members, he may, after a hearing held for that purpose, and present the facts relating thereto to the attorney general, who shall, if the circumstances warrant, commence action to enjoin such association from carrying on any further business and for the appointment of a receiver, who shall under the direction of the court proceed to close the affairs of such association and distribute its funds to those entitled thereto. (Act Apr. 24, 1937, c. 406, §10.)

3445-35. Limit of expenses.—No more than thirty cents out of every dollar received shall be used for expenses of such reinsurance association and the remainder shall be credited to a benefit fund which benefit fund shall be subject to the rules and regulations prescribed for contracts of insurance. (Act Apr. 24, 1937, c. 406, §11.)

3445-36. Directors.—The number of directors shall not be less than five nor more than fifteen. (Act Apr. 24, 1937, c. 406, §12.)

3446. Accident and sickness benefits—Etc.

3446-1. Societies not subject to insurance law.—That any aid society confining its membership to one religious denomination, not operating for profit, and not receiving stipulated premium which has been so operating in this state for more than 30 years and which pays death benefits not exceeding $1,000.00 in any one case, shall not be subject to the insurance laws of this state. (Act Apr. 16, 1929, c. 202.)

3447. Beneficiary association defined—Laws noted.


3450. Scope of act.

179M255, 228NW919.

The United Mutual Life Insurance Company, insofar as it is transacting the insurance business of the Knights

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3451. Benefits—reserves.—Every association transacting business under this act shall provide for the payment of death or disability benefits, or both, and may provide for the payment of such benefits in the event of temporary or permanent physical disability, either as the result of disease, accident or old age, provided the period of life at which the payment of benefits for disability on account of old age shall not be under six months, and such association may grant to its members extended and paid-up protection or such withdrawal equities as its constitution and laws may provide; provided, that such grants shall in no case exceed in value the portion of the reserves to the credit of such members the time they are made; and that such association shall show by an annual valuation made by a competent actuary approved by the commissioner of insurance that it is accumulating and maintaining for the benefit of such members the reserve, and maintaining the assets required for the payment of benefits under such conditions as its laws may provide.

This act amends section 3453 by implication and does away with the reserve determination made by a competent actuary approved by the commissioner of insurance that it is accumulating and maintaining the assets required for the payment of benefits under such conditions as its laws may provide. (4824(46).)

3452. Who may be beneficiaries.
Change of beneficiary named in benefit certificate may be upheld in equity, though not in strict accordance with certificate, by a Brotherhood of Railroad Trainmen v. Benson (DC-Minn.), 465(2d)431. See Dun. Dig. 4824(46).

A divorced wife, who cannot claim as a dependent, is barred from claiming benefits. 175M462, 221NW721.

Foreign fraternal benefit association must conform to the statute with regard to payment of certificates. 175M112, 221NW721.

Since association is powerless to waive the statute in regard to the certificate, a faithful claimant may successfully contest the right of the beneficiary named in the certificate, though such association does not question such right. 175M462, 221NW721.

Where there is a revocation of designation of beneficiary in a fraternal beneficiary certificate, without effectual designation of a new beneficiary, certificate remains in force, and is payable to beneficiaries surviving designation, as provided in the constitution and controlling statute. Barbour v. A. V., 197MN92, 268NW500, 222, 4824.


The member order of certificate was paid and a new one was issued naming a new beneficiary who was not eligible as such, former beneficiary was not entitled to the benefits of certificate, and the association paid a widow in accordance with by-laws. Modern Woodmen v. K., 203M508, 282NW1123. See Dun. Dig. 4824.

3453. Medical examination—Age of admission to fraternal beneficiary association authorized to do business in this state and operating on the lodge plan may provide in its constitution and by-laws, in addition to other benefits provided for therein, for the payment of death, annuity or endowment benefits upon the lives of children below the age of sixteen years at next birthday. Any person responsible for the support of such child may make application for such benefits but neither such person nor the parent of such child need be a member of such association. Provided that such society has a class of adult membership carrying life insurance certificates at a rate of contribution at least equal to those known as National Fraternal Congress rates, or upon a table based upon the society's own experience of at least twenty years, covering not less than one hundred thousand lives, with an interest assumption of not more than four per cent per annum, or any higher standard at the option of the society, to which juvenile certificate holders shall be transferred without medical re-examination upon attaining the age of sixteen years. Any association authorized to do business in this state and operating on the lodge plan may provide for annuity, endowment or accidental death benefits payable by such society as above provided shall be payable to the estate of the child or to the person or persons responsible for the support of the child and named as beneficiary in the certificate. (19, c. 1929, c. 51, §1; '27, c. 218, §1; '28, c. 181, §1; '29, c. 132, §1; Apr. 4, 1929, c. 132, §1.)

Laws 1929, c. 132, §5, repeals all inconsistent acts or parts of acts.

Associations have a right to issue certificates providing for endowment benefits for children under sixteen years at next birthday at the time of death, respectively as follows: One, $100.00; two, $200.00; three, $400.00; four, $600.00; five, $800.00; six to sixteen years where not otherwise authorized by law, one thousand dollars, and shall be payable to the estate of the child or to the person or persons responsible for the support of the child and named as beneficiary in the certificate. (19, c. 277, §1; '27, c. 277, §1; Apr. 4, 1929, c. 132, §1.)

Laws 1929, c. 132, §5, repeals all inconsistent acts or parts of acts.

Assemblies have a right to issue certificates providing for endowment benefits for children under sixteen years at next birthday. (Since the Amendment of 1929. Op. Atty. Gen., Nov. 5, 1931.)

3454. Annuity benefits for children.—Any fraternal beneficiary association authorized to do business in this state and operating on the lodge plan may provide in its constitution and by-laws, in addition to other benefits provided for therein, for the payment of death, annuity or endowment benefits upon the lives of children below the age of sixteen years at next birthday. Any person responsible for the support of such child may make application for such benefits but neither such person nor the parent of such child need be a member of such association. Provided that such society has a class of adult membership carrying life insurance certificates at a rate of contribution at least equal to those known as National Fraternal Congress rates, or upon a table based upon the society's own experience of at least twenty years, covering not less than one hundred thousand lives, with an interest assumption of not more than four per cent per annum, or any higher standard at the option of the society, to which juvenile certificate holders shall be transferred without medical re-examination upon attaining the age of sixteen years. Any association authorized to do business in this state and operating on the lodge plan may provide for annuity, endowment or accidental death benefits payable by such society as above provided shall be payable to the estate of the child or to the person or persons responsible for the support of the child and named as beneficiary in the certificate. (19, c. 1929, c. 51, §1; '27, c. 218, §1; '28, c. 181, §1; '29, c. 132, §1; Apr. 4, 1929, c. 132, §1.)

Laws 1929, c. 132, §5, repeals all inconsistent acts or parts of acts.

Assemblies have a right to issue certificates providing for endowment benefits for children under sixteen years at next birthday. (Since the Amendment of 1929. Op. Atty. Gen., Nov. 5, 1931.)

3455. Medical examination and certificate.—Number of members—Mortality tables—Rate of interest—Contributions.—No benefit certificate as to any child shall take effect until after medical examination by a licensed medical practitioner, or other acceptable evidence of insurability in accordance with the laws of the association, nor shall any such benefit certificate be issued unless the association shall simultaneously put in force at least five hundred such cer-
§3465. Specified expense.

Subscription to guaranty fund of a mutual fire insurance company held valid and binding notwithstanding alteration and alleged fraud. 177M145, 224NW381.

§3461. Certificates—Evidence—Amendments to charter, etc.—Every certificate issued by any association shall specify the maximum amount of benefit provided by the contract and shall provide that the certificate, the constitution and laws of the association, the standard and rules of the association for underwriting and medical examination, signed by the applicant, shall constitute the contract between the association and the member and copies of the same certified by the secretary of the association, or corresponding officer, shall be received in evidence of the terms and conditions of the contract; and any additions, changes or amendments to said charter or articles of association, constitution or laws duly made or enacted subsequent to the issuance of said certificate shall bind the member and his beneficiaries and shall govern and control the contract in all respects the same as though such changes, additions or amendments had been made prior to and were in force at the time of the application therefor. Provided, that any association hereafter organized or admitted to do business in this state shall in its certificates specify a fixed minimum amount of benefit. Provided, that any association now or hereafter organized or admitted to do business in this state may, with the approval of the Commissioner of Insurance, re-insure all or any part of the amount specified in such certificate in excess of the amount of Five Thousand Dollars in a company authorized to do business in this state. c. 345, §8; G. S. '13, §3544; Mar. 28, 1929, c. 102.

With regard to by-laws enacted subsequent to issuance of a certificate of life insurance by a fraternal or mutual association, this section contemplates only those changes that are reasonable, and a by-law enacted subsequent to the issuance of such certificate which renders it unenforceable is not rendered valid because the pledgee was entitled to a legal lien on proceeds of certificate. A pledge otherwise unenforceable is not rendered valid because the pledgee was entitled to a legal lien on proceeds of certificate. Id.

The United Mutual Life Insurance Company, insofar as it is transacting the insurance business of the Knights of Pythias, is to be regarded as an unincorporated fraternal association. Op. Atty. Gen., May 19, 1931.


§3468. Mergers and reinsurance.—No fraternal benefit society organized under the laws of this state to do the business of life, accident or health insurance shall consolidate or merge with any other benefit society or reinsure its insurance risks or any part thereof with any other fraternal benefit society, except as provided in this section. A subscribe to guaranty fund of a mutual fraternal benefit association should plainly indicate that society is entitled to exemption status under §3465 and should indicate that its intention is to incorporate under §3466. Op. Atty. Gen. (11b-8), Aug. 23, 1934.

§3468-1. This act shall take effect and be in force from and after its passage, and shall apply to reinsurance, merger or consolidation contracts heretofore or hereafter made. (Act Mar. 9, 1929, c. 63, §2.)

§3499. Merger to be approved by commissioner of insurance.—When any mutual benefit society proposes to change its articles to do business as a mutual, or to enter into any contract or reinsurance, or to assume or reinsure the whole or any portion of the risks of any other fraternal benefit society, the proposed contract in writing setting forth the terms and condi-
surance shall be submitted to the legislative or governing bodies of each of said parties to said contract after 30 days' written notice by mail is given to all policy holders, stating the object of the meeting, and if approved by such boards or such legislative body, then such contract, if so approved, shall be submitted to the commissioner of insurance of this state for his approval, and the parties to said contract shall at the same time submit a sworn statement showing the financial condition of each of such fraternal benefit societies as of the 31st day of December preceding the date of such contract; provided that such insurance commissioner may within his discretion require such financial statement to be submitted as of the last day of the month preceding the date of such contract. The commissioner of insurance shall thereupon consider such contract of consolidation, merger or reinsurance, and if satisfied that the interests of the certificate holders of such fraternal benefit societies are properly protected, and that such contract is just and equitable to the members of each of such societies and that no reasonable objection exists thereto, shall approve said contract as submitted by the parties corporate to such contract; provided that such contract shall have been incorporated in separate states, or territories, such contract shall be submitted as herein provided to the commissioner of insurance of each of such incorporating states, or territories, to be considered and approved separately by each of such commissioners of insurance. When said contract of consolidation, merger or reinsurance, shall have been approved as hereinabove provided, such commissioner or commissioners of insurance shall issue a certificate to that effect, and thereupon the said contract of consolidation, merger or reinsurance shall be in full force and effect. In case such contract is not approved the fact of its submission and its contents shall not be disclosed to the commissioner of insurance. (As amended Apr. 21, 1937, c. 509, § 1.)

### 3470. Payment of expenses.
Section cannot properly be construed to require an attorney, employed in merging two fraternal beneficiary associations, to secure from insurance commissioner approval of his bill for such services as a condition precedent to suit, prohibition of statute being against merged associations, nor to societies. Kolars v. D., 197 M 183. Injunction refused on authority of Balr v. Modern Samaritan, 162 M 274, 202 N W 491; 177 M 616, 224 N W 864.

### 3481. Domestic associations—Dissolution.
177 M 616, 224 N W 864; note under § 3482.

### 3482. Proceedings to be instituted. (a)guilds—protests of Pythias—exclusive of the Insurance branch of the supreme lodge Knights of Pythias—or to similar orders which do not issue insurance certificates, nor to societies which admit to membership only persons engaged in one or more hazardous occupations, in the same or similar lines of business, nor to local lodges of an association which was doing business in this state at the time of the enactment of General Laws 1907, Chapter 345 [§ 3485] which are not required to be subject to the approval of the commissioner of insurance of this state; and upon so doing, and upon procuring from the commissioner of insurance said approval and a certificate of authority as prescribed by law to transact business in this state as a mutual life insurance company, it shall incur the obligations and enjoy the benefits thereof the same as though originally thus incorporated; and such corporation under its articles and by-laws as so framed or amended shall be a continuation of the original organization, and the officers thereof shall serve until their successors shall be elected as provided by the amended articles or by-laws of such company as thus reorganized; but such incorporation, amendment

[This page continues with further clauses and sections related to insurance, domestic associations, and related legal matters.]
FIRE INSURANCE COMPANIES

3812. Standard fire policy.

1. In general. Claim against insurer is to be construed as a whole and in favor of plaintiff. Insurance v. M., 190 Minn. 390, 251 N.W. 908. When a policy so organized, provided, however, that the unused or where writing is silent or incomplete in some parts of acts inconsistent with the provisions of this act are hereby repealed. (Act Apr. 18, 1929, c. 239, §2.)

Evidence held sufficient to sustain a finding that insured landlord had knowledge that tenant increased hazard by maintaining still in barn. Schaffer v. R., 183 Minn. 556, 237 N.W. 877. See Dun. Dig. 4761.

Evidence held to sustain finding that plaintiff intended to insure hoghouse for $500 in a fire policy but that another provision provides that it shall be void if risk is increased by any means within control of insured. Insurance v. M., 190 Minn. 390, 251 N.W. 908. See Dun. Dig. 4761.

Evidence held to sustain finding that insured landlord had knowledge that tenant increased hazard by maintaining still in barn. Schaffer v. R., 183 Minn. 556, 237 N.W. 877. See Dun. Dig. 4761.

Evidence held not to establish that intervener was a mortgagee entitled to participate in proceeds of fire policy. Gibson v. G., 184 Minn. 450, 239 N.W. 225. See Dun. Dig. 4761.

Evidence held to show that explosion in gasoline filling station was caused by an innocent or friendly flame or fire so that loss caused by the explosion was not recoverable. 174 Minn. 122, 218 N.W. 457.

Evidence held to show that property of the lessor was not in a solvent condition and has fully complied with the laws of this state, to transact such insurance business in this state. (Act Apr. 18, 1929, c. 239, §5.)

3841-3. Inconsistent acts repealed.—All acts or parts of acts inconsistent with the provisions of this act are hereby repealed. (Act Apr. 18, 1929, c. 239, §3.)

Burden is upon insurer to prove loss under fire policy. Foot v. Y., 226 NW 400. See Dun. Dig. 4781a.

In action on fire policy for loss of stock of goods competent proof was required of value of property insured in amount collectible. Hardware Dealers M. F. I. Co. v. Gildden Co., 284 US 151, 220 NW 915, 239 NW 310. See Dun. Dig. 4779.

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Aiding in effect of falsification of application by soliciting agent. It was not error to exclude evidence of wreckage value for that reason. Hardware Dealers M. F. I. Co. v. Gildden Co., 284 US 151, 220 NW 915, 239 NW 310. See Dun. Dig. 4779.

In action on fire policy for loss of stock of goods competent proof was required of value of property insured in amount collectible. Hardware Dealers M. F. I. Co. v. Gildden Co., 284 US 151, 220 NW 915, 239 NW 310. See Dun. Dig. 4779.

Evidence held insufficient to sustain finding of arson. Olszewski v. S., 263M333, 261NW367. See Dun. Dig. 4791.
§ 3535  CH. 19—INSURANCE

MUTUAL FIRE COMPANIES AND LLOYS

3535. Mutual companies.—When permitted.

It is not permitted to any mutual insurance company and two reciprocal companies to form a new reinsurance corporation. Op. Att'y Gen. (240H-16), Dec. 18, 1926.

Where a mutual insurance company and two reciprocal companies provided there is a limitation upon the liabilities of the mutual insurance company within maximum indebtedness of municipality. Op. Att'y Gen. (487c-l), May 26, 1929.

3536.—Powers of mutual fire insurance companies.

That any company heretofore organized and doing business as a mutual insurance company so long as policy will not create a contingent liability, for the purpose of this act, to be an amount not to exceed one annual premium as stated in the policy. No portion of any such risk or hazard which shall have been reinsured, as authorized by the laws of this state, shall be included in determining the maximum of risk prescribed by this section. For the purpose of transacting employers' liability and workmen's compensation insurance, each employee shall be considered a separate risk for determining the maximum single risk.

3540. Restrictions.—When the articles of incorporation of any mutual insurance company, not having a guaranty fund of the amount required by Subdivision 1 [$3545] of this Act, so provide, it may transact any and all kinds of business as set forth in Subdivisions 1 to 14, inclusive, of Chapter 138, Laws of 1915, as amended by Chapters 29 and 276, Laws of 1917 and Chapter 413, Laws of 1919 [$3515], subject to the conditions and restrictions as to the kinds of insurance which may be combined by a like stock insurance company, and subject to all limitations contained in the laws of this state relating to the organization and internal management of mutual fire insurance companies insofar as the same may be applicable and not inconsistent herewith.

3547. Prerequisites of mutual companies transacting business other than life, fire, accident, etc.—No mutual insurance company hereafter organized shall be licensed to transact any of the kinds of business specified in Subdivisions 1 to 14, inclusive, of Chapter 138, Laws of 1915, as amended by Chapters 29 and 276, Laws of 1917, and Chapter 413, Laws of 1919, unless and until the company has on deposit an amount exceeding 10 per cent of its net assets, plus premiums, if any, of the policyholders, to cover loss or damage by the bodily injury or death of any person employed by the insured, for which the insured is liable under the so-called "Workmen's Compensation Law," as the same may be applicable and not inconsistent herewith.

3555-1. Mutual insurance companies may reinsure. —Any mutual insurance company licensed under the laws of this State for the purpose of insuring property against loss or damage by fire, hail, tornadoes, cyclones and hurricanes, or any of said causes, may at any time reinsure its business in and concerned with the commissioner of insurance of this State, as security for all of its policy-holders, stocks or bonds of this State or of the United States or bonds of any of the municipalities of this State, or personal obligations secured by first mortgage on real estate within this state worth, exclusive of buildings, the amount of the lien, and bearing interest of not less than three per cent per annum, to an amount, the actual market value of which, exclusive of interest, shall never be less than ten thousand dollars. Provided, however, that no such company shall be authorized to insure against loss or damage by the bodily injury or death by accident of any person employed by the insured, for which the insured is liable under the so-called "Workmen's Compensation Law," as the same may be applicable and not inconsistent herewith.

3555. Mutual insurance companies may reinsure. — Any mutual insurance company licensed under the laws of this State for the purpose of insuring property against loss or damage by fire, hail, tornadoes, cyclones and hurricanes, or any of said causes, may at any time reinsure its business in and concerned with the commissioner of insurance of this State, as security for all of its policy-holders, stocks or bonds of this State or of the United States or bonds of any of the municipalities of this State, or personal obligations secured by first mortgage on real estate within this state worth, exclusive of buildings, the amount of the lien, and bearing interest of not less than three per cent per annum, to an amount, the actual market value of which, exclusive of interest, shall never be less than ten thousand dollars. Provided, however, that no such company shall be authorized to insure against loss or damage by the bodily injury or death by accident of any person employed by the insured, for which the insured is liable under the so-called "Workmen's Compensation Law," as the same may be applicable and not inconsistent herewith.
date with any other mutual insurance company organized under the laws of this State for the purpose of insuring property against loss or damage from any of said causes.

To so consolidate it shall be necessary
(1) That a resolution, reciting the terms and conditions of the proposed consolidation, be adopted by each of said companies by a two-thirds' vote of its members represented, present and voting at any regular meeting or at a special meeting called for that purpose. Thirty days' printed or written notice shall be published in each member of each of such companies of the time and place where such meeting is to be held, reciting the purpose thereof. Mailing of such notice to the last-known address of the member shall be deemed sufficient notice of such meeting.

(2) That certified copies of such resolutions, together with a copy of such contract, shall be filed with the Commissioner of Insurance. Such contract shall not become effective until approved by the Commissioner of Insurance and such approval shall not be given unless the Commissioner is satisfied that the interests of the policyholders of both of such companies are fully protected and that the contract is just and equitable. (Act Apr. 16, 1931, c. 179.)

MUTUAL AUTOMOBILE INSURANCE COMPANIES

3554. Mutual automobile insurance companies.—
Any number of persons not less than five may associate themselves together and form an incorporated company to insure against loss or damage to automobiles or other vehicles and their contents, by collision, fire, burglary, theft, hail, windstorm or tornado, and against liability for damage to property of others by collision, or other such vehicles. ('19, c. 429, §1; '21, c. 288, §1; Apr. 15, 1933, c. 123.)

3559. Additional coverage.—Any such company which shall have and maintain at all times admitted assets of not less than Seventy-five Thousand Dollars, or which shall set aside and maintain over and above its liabilities and the reserves required by law of like stock insurance companies a guaranty fund available for the payment of losses and expenses of at least Fifty Thousand Dollars, shall when its certificate of incorporation so provides, be permitted to insure against loss or damage to persons of others and against aerial liability for damage to property of others by collision, or other such vehicles; provided that the net premium liability is limited to one additional premium, classes of subscribers on some of which there is no additional premium liability, others where additional premium liability is limited to one additional premium, except also that the rural credit bureau is authorized in its discretion to insure in such companies the state for fire losses not exceeding the rural credit expense fund. ('21, c. 288, §4; Mar. 28, 1939, c. 90.)

MUTUAL EMPLOYERS' LIABILITY ASSOCIATIONS

3567. Form of certificate.
Use of form of certificate provided for indemnity for disabling illness contracted and beginning after policy was in force for 15 days, recovery could be claimed for illness which did not become manifest in 15 days, though germs were in body before expiration of 15 days. Smith v. B., 187 Minn.326, 244 N.W.317. See Sun. Din. 4867.

An employer's policy held to be a liability policy as distinguished from an Indemnity contract. Trandum v. T., 187 Minn. 327, 244 N.W.380. See Sun. Din. 4867.

3569. Number of policies to be subscribed for before commencing business.—Such associations shall not begin to issue policies until a list of subscribers, with the number of employees of each, in the aggregate, and the aggregate assets of each, shall have been filed at the insurance department, nor until the president and secretary of the association shall have certified under oath that every subscription in the list so filed is genuine and made with an agreement of all the subscribers that they will take the policies subscribed for within thirty (30) days of the granting of a license by the commissioner of insurance that it is provided. Associations organized exclusively for the purpose of insuring creameries, cheese factories and livestock shipping associations such associations may begin to issue policies when the number of employees insured aggregated over one hundred; provided, further, that such associations be organized under this section and which for fifteen years prior to the passage of this act has exclusively insuring creameries, cheese factories and livestock shipping associations, and which has assets of $100,-000, or more, may write liability and collision insurance coverage of creameries, cheese factories, shipping associations, farmers' elevators, cooperatively owned warehouses, cooperative filling stations, cooperative oil companies and all cooperatives owned or operated. ('12, c. 132, §4; G. S. '13, §3442; '15, c. 6, §1; '19, c. 317, §1; Apr. 11, 1935, c. 138, §1.)

Sec. 2 of Act Apr. 11, 1935, cited, provides that the act shall take effect from its passage.

RECIPROCAL OR INTERINSURANCE EXCHANGES

3587. Reciprocal or interinsurance contracts.
Reciprocal or interinsurance exchanges may be adjudicated an involuntary bankrupt. In re Minnesota Ins. Underwriters (DC-Minn.), 357 F.2d 311.


A reciprocal may limit liability of its subscribers for additional funds, and may issue policies which do not provide any proviso for making up any deficiency by additional payments by subscribers, and may set up various classes of subscribers on some of which there is no additional premium liability, others where additional premium liability is limited to one additional premium. Op. Atty. Gen. (249h-16), April 15, 1939.

3594. Exchange of contracts.

3595. Misdemeanor for failure to comply.
Agreement between unincorporated association and another insurance against loss or damage to automobiles and other vehicles built and in use in this state and for public liability and compensation insurance coverage of creameries, cheese factories, livestock shipping associations, and which has assets of $100,000, or more, may write liability and collision insurance coverage of creameries, cheese factories, shipping associations, farmers' elevators, cooperatively owned warehouses, cooperative filling stations, cooperative oil companies and all cooperatives owned or operated. ('12, c. 132, §4; G. S. '13, §3442; '15, c. 6, §1; '19, c. 317, §1; Apr. 11, 1935, c. 138, §1.)

Sec. 2 of Act Apr. 11, 1935, cited, provides that the act shall take effect from its passage.

INSURANCE ON STATE BUILDINGS AND PROPERTY

3599. State property—Rural Credits Bureau may insure buildings.—No public funds shall be expended on account of any insurance upon state property against loss or damage by fire or tornado, nor shall any state officer or board contract for or incur any indebtedness against the state on account of such insurance, except that the state board of control is authorized in its discretion to insure the state of Minnesota against loss by fire or tornado to the state board of control at Stillwater, the state board of control for the rural credit bureau, and the state credit insurance companies licensed to do business in this state, in such an amount as such board may from time to time determine, and to pay the premiums therefore from the revolving fund of said institution; provided also that the rural credit bureau is authorized in its discretion to insure in such companies the state of Minnesota against loss by fire or tornado of buildings upon real estate acquired by the bureau and in such amounts as such bureau may from time to time determine, and to pay the premiums therefore from the rural credit expense fund. ('21, c. 288, §48; Mar. 22, 1929, c. 78.)

University may insure its property against fire and tornado, but may not purchase or maintain any policy against loss or damage by fire or tornado (not being liable for damages for personal injuries), provided the premiums are not paid out of appropriations made by

If a sale is made by a Minnesota Transfer may not be in-

Soldiers’ Home Board may not contract for boiler in-


FIRE INSURANCE RATING BUREAUS AND RATE REGULATION

3008. Rating agreements to be submitted for approval to insurance commissioner.—No fire insurance company or any other insurer and not rating bureau, or other insurer or rating bureau, shall enter into or act upon any agreement with regard to the making, fixing or collecting of any rate for fire insurance upon property within this state, unless in compliance with this act.

Such agreement must be in writing, and, prior to its taking effect, must be approved by the commissioner of insurance, and a copy thereof, together with a copy of the order of approval, be filed with the commissioner of insurance and with each rating bureau of which any of the parties thereto shall be a member or subscriber.

The commissioner of insurance, shall, after notice to interested parties and hearing, as provided in Section 3009, General Statutes 1923., make an order approving or disapproving any such agreement.

Such order shall be subject to review by the district court, in the same manner provided in Section 3009, General Statutes 1923. (16, c. 101, §5; Apr. 24, 1929, c. 321, §1.)

3009. Commissioner to review rate fixed by bureau—Appeals.—The commissioner of insurance shall have power, at any time, on written petition or upon his own motion, to review any rate fixed by any bureau for fire insurance upon property within this state for the purpose of determining whether the same is discriminatory or unjust. He shall have power to order the discrimination or unjust rate removed and fix and order a rate in lieu of the bureau rate found to be discriminatory or unjust and the rate so ordered and fixed shall become the bureau rate.

No increase in fire insurance rates affecting the general rates or rating classification in the entire state or in an entire zone, city, village, town or county or other political subdivision, shall go into effect until the same has been approved by the commissioner of insurance after notice to the interested parties hereinafter provided and hearing thereon. Provided that the commissioner of insurance may also hold a hearing on any decrease of rates as herein provided at his discretion.

Proceedings for the review of any rate increase fixed by any bureau, or for an increase in fire insurance rates affecting the entire state or an entire zone, city, village, town or county shall be had as follows: Upon the institution of such proceedings or the filing of a petition for an order approving an increase in rates, the commissioner shall make an order fixing a time and place for a public hearing and shall give notice of said hearing by mailing a copy of said order to the chief executive officer and the recording officer of each political subdivision affected by such change at least three weeks prior to the date fixed by such order; provided that the insurance commissioner in his discretion may give additional notice by publication of a copy of said order in a legal newspaper in the seat of government in the various political subdivisions affected.

Any person aggrieved by any such order or decision made by the commissioner of insurance may appeal therefrom to the district court of the county where the aggrieved party may reside within thirty (30) days from the mailing and filing of such order or decision by filing in the office of said commissioner a notice of such appeal in writing, and in such case the said commissioner shall within ten (10) days after the filing of such notice make and return to said district court a full and complete certified transcript of the findings and order appealed from, and of all matters relating thereto, filed by him in the office of the court; and upon such trial the findings of fact on which said order is based shall be prima facie evidence of the matters therein stated.

During the pendency of such proceedings upon review the order of the commissioner of insurance shall be suspended, but in event of final determination against any insurer, any overcharge by such insurer during review shall be refunded to the persons entitled thereto. (15, c. 101, §6; Apr. 24, 1929, c. 321, §7.)

COMPENSATION INSURANCE BUREAU

3612. Definitions.—The word “insurer” as used in this act means any insurance carrier authorized by the state to transact the business of workmen’s compensation insurance in this state. The word “insurance” as used in this act means workmen’s compensation insurance and insurance covering any part of the liability of an employer exempted from insuring his liability by compensation as provided in Section 4228. The word “board” means the compensation insurance board. (21, c. 85, §1; Apr. 25, 1931, c. 353, §1.)

Sec. 2 of Laws 1931, c. 353, provides that the act shall take effect from and after July 1, 1931.

Northern States Contracting Co. v. O., 191M88, 258NW 270, held under §498.

A policy of compensation insurance to “A. F. Peavey, doing business as the Northwestern Sand Blast Compa-

ny,” issued after Peavey had taken a partner into busi-

ness with him, Northwestern Sand Blast Company being maintained as partnership name, intention was to pro-
tect all employees working under that firm name. More-

Contract of sale and installation of an air conditioning system, providing “price herein includes cost of work-

men’s compensation,” could be construed as alleged in complaint to include requirement that compensation in-
surors, over employers, his employer, or assist-

contract for installation of a machine, as affecting demurrer to complaint of regular insurance carrier of buyer, proper construction of contract being a matter to be determined upon evi-
dence at trial. Anchor Casualty Co. v. C., 273NW47.

3618. Duties—Rates of insurance.

A binder and policy of insurance held not to have im-
poved upon the insurer liability for a premium deposit paid to former insolvent insurer. 177M36, 224NW251.

Only such system of schedule rating may be used as has been approved of compensation insurance board, and compensation rating bureau must use system of schedule so approved. Op. Atty. Gen., Jan. 16, 1934.

A stock insurance company cannot issue a policy con-
ing a provision entitling policy holders to partici-

Participating clause in policies issued by stock com-

3620. Classification of workmen’s compensation insurance.—No classification for compensation insurance purposes shall be effective until approved as correct by the board. No rule or regulation with refer-
cence purposes shall be effective until approved as correct by such board. No kind of insurance covering any part of the liability of an employer excepted from insuring his liability by compensation as provided in Section 4228 shall be effective in this State unless approved by the Board. If it shall ap-
pear at any time that reasonable doubt on the part of the board as to the property classification or rate for any risk exists, such risk may be bound for insur-

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urance subject to rate and classification to be estab-
lished therefor. (21, c. 85, §9; Apr. 25, 1931, c.
332, §1.)
Sec. 2 of Act Apr. 25, 1931, c. 332, provides that the
act shall take effect from and after July 1, 1931.
3032. Insurers shall be members of bureau.
The Compensation Insurance Board may order the Min-
nesota Compensation Rating Bureau to devise a plan for
3032. Bureau shall make classification.
3032. Rates to be uniform—Exceptions.
A stock insurance company cannot issue a policy containing a provision entitling policy holders to participate in any profit on dividends earned by such company. (517c), Dec. 10, 1938.
3034-1. Insurers required to take certain risks.—Refusal to write —Statement.—It shall be the duty of companies carrying workers' compensation insurance to join in the rating bureau in Minnesota, as defined in the statutes of this state, to insure and accept any workmen's compensation insurance risk which shall have been tendered to and rejected by any member of said bureau, in the manner herein provided. The member of the bureau or any agent of such member refusing to write such insurance when the applicant has made written application for insurance, shall forthwith furnish the applicant for insurance a written statement of such refusal, and said member of the bureau or any agent of such member to whom written application has been made shall forthwith file a copy of such refusal with the rating bureau. The Commissioner of Insurance may revoke the license of such member or agent for refusal or failure to give such refusal in writing. The Commissioner of Insurance shall notify all members of the bureau now licensed to write insurance and shall continue to make known to members that may hereafter come within the bureau after the passage of this act, of the provisions of this section. (Apr. 18, 1929, c. 237, §1; Apr. 8, 1937, c. 175, §1.)
A policy of compensation insurance to "A. F. Peavy, doing business as the Northwestern Sand Blast Company," issued after Peavy had taken a partner into business with him, Northwestern Sand Blast Company being maintained as partnership name, intention was to protect all employees working under that firm name. Moresuit v. N., 198M09, 271NW246. (See Dun. Dig. 1039)
3034-2. Bureau to fix premium rates.—When any such rejected risk is called to its attention and it appearing that said risk is in good faith entitled to coverage, said bureau shall fix the initial premium therefor and said premium shall be re-
insurers as among themselves in the amount which the compensation insurance written in this state during the preceding calendar year by such member bears to the total compensation insurance written in this state during the preceding calendar year by all members of said bureau. (Act Apr. 18, 1929, c. 237, §2.)
Compensation Insurance Bureau does not have the power to recover from any insured, and a new insurance policy, and a new insurance premium, and the re-
existing policies of insurance previously issued as un-
signed risks under statute. Yoselowitz v. T., 201M600, 271NW246. (See Dun. Dig. 7998)
Compensation Insurance Bureau's authorization issued to it by insurers pursuant to requirements of statute is
simply to act for insurers in their behalf as provided in act 1d. Where an employer is entitled to a designation of an insurance carrier, he can compel designation of compensation insurance bureau by mandamus. 1d. (See Dun. Dig. 1039).
Where new corporation was formed taking over business of several old corporations and employees of old corporation working under that firm name, and in the event of the fact, he must recover his compensation for injuries new corporation and not old corporation, and insurance carrier of old corporation would not be liable. 1d.
A reimbursement rider to a workmen's compensation policy is valid. Maryland Casualty Co. v. T., 204M43, 282NW221. See Dun. Dig. 1039.
3034-3. Bureau to adopt rules.—The bureau shall within thirty days after the approval of this act make and adopt such rules as may be necessary to carry this law into effect, subject to an appeal to the compensation insurance board as in all other cases. (Act Apr. 18, 1929, c. 237, §3.)
3034-4. Insurance companies to come under act. —As a prerequisite to the transaction of workmen's compensation insurance in this state, every insurance carrier shall file with the commissioner of insurance written authority permitting said bureau to act in its behalf as provided in this act. (Act Apr. 18, 1929, c. 237, §4.)
3034-5. Effective July 1, 1929.—This act shall take effect and be in force on July 1, 1929. (Act Apr. 18, 1929, c. 237, §5.)
3034-6. Liability of insurers.—Carriers of work-
men's compensation insurance shall be liable to the extent and in the manner hereafter set forth for the payment of unpaid awards of workmen's compensa-
tion arising out of injuries sustained against employers who were insured by a new corporation, and not old corporation, and in the event of the fact, he must recover his compensation for injuries new corporation and not old corporation, and insurance carrier of old corporation would not be liable. 1d.
Said Rating Bureau shall thereupon make payment of such unpaid awards so far as funds are available, payable in said year, and the unpaid portion thereof is authorized by the Industrial Commission, and
awards, unless payment in a lesser number of Install-
ments is authorized by the Industrial Commission, and
sufficient funds to make all of said payments, due and payable, are not available in any one year, then the available funds shall be prorated to such claus
in proportion to the amounts of the awards due and payable in said year, and the unpaid portion thereof shall be paid as soon as funds are available. (Act Apr. 18, 1929, c. 161, §5.)
Evidence held not to justify invocation of doctrine of estoppel on question of relationship of president to his corporation. insurance premium was based on payroll. Hansen v. T., 261M21, 271NW246. (See Dun. Dig. 1039.)
3034-7. Assessments.—If necessary to secure funds for the payment of such awards it shall be the duty of the Rating Bureau and the Compensation Rating Bureau to assess, upon the basis of any carrier of workmen's compensation insurance in the proportion that the workmen's compensation insurance written in such carrier in the State during the preceding calendar years bears to the total of such insur-
ance written in the State during such year. Said ass-
sumes may be made at any time by said Bureau in its discretion for such amount as it estimates will be necessary to meet both past and future awards
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which will probably become due and payable during the
year in which such assessment is levied. Each company
assessed shall have at least thirty (30) days' notice by mail as
to the date such assessment is
due and payable. In no event shall the total sum
assessed in any calendar year exceed one (1) per cent
of the premiums for workmen's compensation
insurance written in this State during the preceding cal-
endar year. Any assessment paid under the provi-
sions of this Act shall be included in determining the
loss ratio of such carriers. (Act Apr. 1, 1935, c. 103, §2.)

3634—9. Subrogation upon insolvency.— Said Rat-
ing bureau shall be subrogated to the rights of such
employee or his dependents as against the employer
and his carrier to the extent of payments made by
the Rating Bureau under the provisions hereof, and
shall take such legal proceedings as it shall deem
necessary or advisable to recover thereon, and all
sums so recovered shall constitute an additional fund
for payment of such awards until the same are paid
in full. (Act Apr. 1, 1935, c. 103, §3.)

3634—10. Duties of rating bureau.— Said Bureau
may sue for and recover any assessment not paid
when due, and any member thereof which shall fail
to pay an assessment as provided herein shall be li-
able to forfeiture and revocation of its license upon
complaint made to Commissioner of Insurance by the
Bureau. (Act Apr. 1, 1935, c. 103, §4.)

3634—11. Provisions severable.— If any provision
hereof is found unconstitutional, such determination
shall not affect the validity of the remaining provi-
sions not clearly dependent thereon. (Act Apr. 1,
1935, c. 103, §6.)

FARMERS' MUTUAL COMPANIES

3635. Town companies—Property insurable.
The powers of clause 6 of subsection 3 of the first
par. of Sec. 6 of the act for the incorporation of mutual
insurance companies in Laws 1909, c. 411, §2, is extremely doubtful whether §§3635 to
12, 1935.

Distinction between town, township, county and state
farmers' mutual insurance companies is territorial, and
nature of business is same. Id.

3645. Farmers' fire insurance companies.
Doctrine of estoppel is applicable to mutual companies.
181M8, 231NW401.

TOWNSHIP MUTUAL COMPANIES ORGANIZATION

3646. Township mutual fire insurance companies.
It shall be lawful for any number of persons not less
than twenty-five (25) residing in adjoining towns in this
State who shall collectively own property worth at
least Fifty Thousand Dollars ($50,000.00) to form
themselves into a company or corporation for mutual
insurance against loss or damage by fire or lightning.
No such company shall operate in more than one
hundred twenty-five (125) towns in the aggregate at
the same time provided, that when any such company
confines its operations to one county it may transact
business in the whole thereof by so providing in its
certificate of incorporation. (’95, c. 411, §1; G. S.
’13, §3383; ’15, c. 105, §1; ’25, c. 209, §1; ’35, c. 193,
§151; ’35, c. 244, §269; ’41, c. 215, §316, §1.)

Sec. 2 of Act Apr. 24, 1925, cites, provided that the act
shall take effect from its passage.
Sec. 2 of Act Apr. 21, 1927, cites, provided that the Act
shall take effect from its passage.
Act Apr. 24, 1925, cites, provided as amended to
“Section 3646, Mason’s Minnesota Statutes of 1917, as
amended by Laws 1931, Chapter 151.”

Laws 1921, c. 197, legalizes renewal of corporate
existence of township mutual fire insurance companies.
A school district cannot insure in mutual company
where there is unlimited liability, but can where there is a fixed, limited liability. Op. Atty. Gen. (487a-5), Dec.
20, 1934.

A company can refuse to issue policies of insurance in
villages of under 1,000 inhabitants and limit its business
to property in township in case of townships
Gen. (249b-14), Mar. 10, 1937.

Township mutual insurance companies are under super-
vision of insurance department. Id.

Distinction between town, township, county and state
farmers' mutual insurance companies is territorial and
Oct. 17, 1938.

3649. Powers of such corporation.
Township mutual companies are governed by the statu-
tes specially applicable to them and are not required to
issue policies in standard form. 177M569, 225NW445.

Policy held not to have been amended. 177M569, 225
NW445.

Compromise settlement whereby farmers' mutual town
insurance company agrees to accept part of claim against
company, due to shortage of county funds, is contrary

Township mutuals are not limited or restricted as to
amount of insurance they may carry on one risk. Op.

3649-1. Insurance Companies may enter into agree-
mements for fire protection.—The members of a town-
ship mutual fire insurance company may, at any reg-
ular meeting or at any special meeting called for that
purpose, authorize its officials or directors to enter into
an agreement with any municipal subdivision of the
state or with any fire department whereby the fire
department of such municipality shall respond to calls
in case of fire in territory where the company does
business, or respond to calls in case of fire on the
premises of a member of such mutual company on
such terms and conditions as may be mutually agreed
upon. (Act Apr. 5, 1929, c. 128.)

3649-2. Township mutual fire insurance companies
may insure grain in sealed containers.—In addition
to the powers and privileges now conferred upon them
by law, township mutual fire insurance companies or-
ganized under the provisions of Chapter 411, Laws
1909, and acts amendatory thereof [§3646 et seq.],
are hereby authorized to insure against loss or dam-
age by hail, windstorm, tornado, and cyclone, for
their members, corn and other grain while stored in
sealed containers in accordance with the regulations
of the federal government. (Act Apr. 11, 1926, c.
154.)

3652. Corporate existence not to exceed, etc.
Act to legalize renewal of corporate existence of town-
ship mutual fire insurance companies. Laws 1921, c. 197.

3655. Board of directors—Eligibility of members.
Women member may be proxy.—Every com-
pany shall choose of their members not less than
five and not more than nine directors, to manage the
affairs of the company, who shall hold their office for
the term period as may be fixed by the by-laws of
the company, not exceeding three years, and until
their successors are elected and qualified, such directors
shall choose one of their number as president, one as
vice president, and one as secretary; they shall also
choose a treasurer who may or may not be a mem-
er of said board, but must be a member of the com-
pany; provided, however, that the officers of secretary
and treasurer may be held by the same person. The
certificate or articles of incorporation of such com-
pany may provide that the president, vice president,
secretary and treasurer may be chosen by the direct
vote of the members of the company at the annual
meeting.

In such case the election of such persons as presi-
dent, vice president and secretary shall constitute the
members of said board of directors, and the remaining
members of said board shall be elected as above pro-
vided.

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Every woman being a member of any such insurance company may at any regular or special meeting of the members thereof by any person duly appointed in writing as her proxy, and such proxy so appointed shall have full power to represent such member as fully as if she were personally present at such meeting. (As amended Apr. 13, 1939, c. 225.)

3050. What may be insured.—No township mutual fire insurance company heretofore organized and no company organized pursuant to this Act shall insure any property outside of the limits of the town or towns in which such company is authorized by its certificate of incorporation to transact business, except personal property temporarily outside of such authorized territory and, except as hereinafter further provided; nor shall any township mutual fire insurance company insure any property other than dwellings and their contents, farm buildings and their contents, livestock, farm machinery, automobiles, country store buildings, and the household goods therein, threshing machines, farm produce anywhere on the premises, churches, and their contents, county blacksmith shops and their contents, parsonages and their contents, and the bonds (sic) and contents used in connection therewith, creameries, cheese factories and other food plants and contents, and respondent's dairy and stock raising establishments, dwellers dwelling houses and contents, and barns and contents used in connection therewith, and the usual outbuildings and the usual contents of both said dwellings and outbuildings in any village of 1000 or less inhabitants, and any county poor farm together with the usual outbuildings and the usual contents of both said dwellings and outbuildings in any village of 1000 or less inhabitants, and any county poor farm together with and personal property as used in connection therewith and which real property, contents and personal property is situated in such county wherein the township mutual fire insurance companies are operating, providing, when at a duly called special or annual meeting of the policy holders it shall be duly decided by them, by a majority vote, to do so.

Otherwise than as hereinbefore provided, no such company shall insure any property within the limits of any city or village except that located upon lands actually used for farming or gardening purposes, but when such dwellings are situated in a city or village, such dwelling is within the limits of a town where the company is authorized to do business, and the farm on which such dwellings are situated is partly within and partly without such town, it may include in such insurance such outbuildings, farm produce, stock or other farm property on such farm outside of such limits; provided, however, any such company is hereby authorized to insure county fair buildings whether the same are situated either within or without the limits of a duly incorporated village or city.

No law relating to insurance companies now in force in this state shall apply to township mutual fire insurance companies unless it is applicable to such companies. (99, c. 411, §13; G. S. '13, §3395; '13, c. 80, §3; '15, c. 107, §1; '23, c. 338, §1; Apr. 20, 1931, c. 289; Mar. 3, 1933, c. 62; Apr. 21, 1933, c. 421; Apr. 1, 1936, c. 104.)

Editorial note. The word "bond" in first paragraph read "barns" previous to amendment of Apr. 1, 1935.

1721.22 214NW412; note under 53512.

Fire insurance policy issued on a barn known by the company to contain an active operation liable to all liable as against public policy. Vos v. A., 1915ND77, 214NW 412; see Dun. Dig., 666a.

Company not able to insure poor farm in township mutual fire insurance company if its liability is limited and with §2070, otherwise not as amended. Op. Atty. Gen., June 1, 1933.


Towinship mutual insurance companies are not obliged to use a standard fire policy, and there is no restriction on wording of policies they may use. Id.

A city or town may insure property in a mutual company so long as policy will not create a contingent liability which might exceed statutory limit of indebtedness of municipality. Op. Atty. Gen. (478b-9), May 24, 1937.

3051. Against fire or lightning only. There can be no recovery for a fire loss occurring at expiration of insurance or in any other way as a renewal, created any duty to insured. Pinske v. G, 205M544, 267NW256. See Dun. Dig., 646e.

3052. Advance assessments.—The directors of any such company may effect by advance assessments and maintain in its treasury an emergency fund not exceeding five mills on a dollar to the total amount of insurance in force, to be used in payment of losses and for other purposes for which assessments may be had.

(99, c. 411, §15; G. S. '13, §3395; Mar. 16, 1931, c. 93.)

There is no requirement as to amount of funds that township mutual must have on its hands to pay losses, and this section is not mandatory. Op. Atty. Gen. (249b-13), Mar. 10, 1937.

3053. Joint or partial risks permissible. It is not permissible for one mutual company and two reciprocal companies to form a new reinsurance corporation. State v. Gislason, 203M450, 281NW769. See Dun. Dig., 647f.

3054. President and secretary may accept applications. Statute seems to classify president as a "resident agent", as affecting venue of actions. Ceska Farmarska Vzajemne Pojistujicl S. v. P., 263M597, 275NW747. See Dun. Dig., 6110.


3057. All companies to be governed by this act. Township mutual companies are governed by the statutes especially applicable to such companies, to issue policies in standard form. 177M509, 225NW445.

AFARMERS AND TOWNSHIP REINSURANCE ASSOCIATIONS

3075. Mutual reinsurance or guarantee associations.—Not less than six duly licensed township mutual fire insurance companies or farmers' mutual fire insurance companies may organize a mutual association for the purpose of reinsuring specific risks in such amounts as shall be fixed by the by-laws of such association and/or for the purpose of reinsuring all risks of the member companies in excess of such amounts as shall be fixed by the by-laws of such association. (19, Ex. Ses., c. 65, §1, '21, c. 339, §1; Apr. 16, 1931, c. 178, §1.)


3081. Assessments to be paid.—Member companies of any such association shall each year pay to the treasurer thereof such assessments as shall be levied by the by-laws of such association, which assessments shall be based upon the amount of insurance of each of its member companies during the calendar year ending December 31st next preceding. The individual members of the member companies shall be subject to assessment in case the funds of the member companies are insufficient to pay any assessment made by the association, to the same extent and in the same manner as though said assessment by the association were to cover a
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lost by fire for which the member company was liable. (119 Ex. Ses., c. 55, §7; Apr. 16, 1901, c. 178, §2.)

MUTUAL HAIL, TORNADO AND CYCLONE COMPANIES

3890. Limit of premiums and assessments. This section requires a minimum premium and for notice of payment of assessments applies to all forms of insurance. Op. Atty. Gen., June 12, 1931.


3892. Bonds of officers—dues. The officers shall pay in full, within reasonable time, all such compensation, and give such bonds as shall be provided by the by-laws or fixed by the directors; but no salary, past or future, shall be increased except by majority vote of all members present and represented at an annual meeting, and no officer or director shall receive any commission, except upon business personally solicited and written by such officer. (R. L. '05, §1670; G. S. '13, §3416; Apr. 10, 1933, c. 195.)

MUTUAL BURGLARY AND THEFT INSURANCE COMPANIES

3701. Formation or admission—Conditions. Where pretending purchaser substituted worthless private documents, falsely displayed the seal of the insurer and threatened action for damages when manager protested that substitute was a diamond and left the store, there was a taking of property within the provisions of the insurance policy. Citizens Loan & Investment Co. v. S., 195 M 515, 263 NW 541. See Dun. Dig. 4875k.

FIDELITY AND SURETY COMPANIES

3703. Real estate title insurance companies. Any insurance which the income of a corporation is derived from interest on its investments as well as from making and sale of abstracts and from title insurance premiums is not required to pay moneys and credits and general property taxes in addition to those imposed upon it as a title insurance company. State v. Title Ins. Co., 193 M 432, 267 NW 427. See Dun. Dig. 4875m.

3710. Fidelity and surety companies. Bank held entitled to recover where its employee acted wrongfully or dishonestly and in bad faith, resulting in a money loss. 177 M 465, 224 NW 545.

Evidence sustains the finding that notice of loss was given in due time to indemnity company, except as to one item. 177 M 465, 224 NW 545.

Surety on bond of treasurer of corporation was not liable for loss sustained by depositor from failure of bank in which it was the duty of the treasurer to deposit corporate funds. 195 M 529, 226 NW 547.

Under fidelity indemnity bond of employees of bank, actual loss did not occur to bank by reason of wrongful withdrawal of money by an employee from an account of a depositor until bank was required to pay on judgment obtained by it against such depositor, as effective time for notice to surety. Cary v. N., 190 M 185, 251 NW 112. See Dun. Dig. 4392.

Surety on fidelity indemnity bond disclaiming all liability could not subsequently take advantage of default in provision of bond requiring notice and filing of claim. Id. See Dun. Dig. 4585, 4785.

When ambiguity exists in a fidelity indemnity bond, it must be construed most favorably to insured. Id. See Dun. Dig. 4336.

Fidelity indemnity bond providing that claim must be presented "within six months after the date of termination of the surety's liability" does not bar recovery for actual loss occurring during time bond was in force. Id.

Offers of proof were properly excluded as directed more against character of employee than to prove any larger negligence on part of management. Id.

Illegal acts occurring during time bond was in force. Id.

Where a defalcation occurs in the course of an officer who has succeeded himself as such for one or more terms and has given different bonds assuring his fidelity to his employer, a change of conditions without notice to and assent of surety, express or implied, to such course, latter is not liable for any losses arising from such dishonesty during such subsequent service; but mere negligence of an employer in failing to discover defaults commits employee or agent to will not ordinarily discharge liability. Id.

Person insured is charged with notice of his policy when he accepts it, his burden is to find it. Id.

Fidelity bonds issued by compensated bonding companies are now regarded as policies of insurance, in substance, and are governed, for most part at least, by law of insurance rather than law of suretyship. Id.

9107. PROVISIONS REGARDING FOREIGN COMPANIES

3711. Requirements—Certificates. 275 US 274, 48 SCR 124, aff'g 165 M 516, 211 NW 478; note under §3313.

Service of summons upon the insurance commissioner for service of summons, etc. 275 US 274, 48 SCR 124, aff'g 165 M 516, 211 NW 478; note under §3313.

3713. Appointment of insurance commissioner attorney for service of summons, etc. 275 US 274, 48 SCR 124, aff'g 165 M 516, 211 NW 478; note under §3313.

3716. Deposit to be made with commissioner of insurance. 275 US 274, 48 SCR 124, aff'g 165 M 516, 211 NW 478; note under §3313.


3722. Insurance from unlicensed foreign companies. The Minnesota State High School League, as the representative governing body of all sports and athletics sponsored by its member schools, cannot secure a license provided for by this section. Op. Atty. Gen. (249a-13), Apr. 10, 1935.

FIRE AND POLICE DEPARTMENT AID AND FIREMEN'S AND POLICEMEN'S RELIEF

3723. Clerk to file certificate.—On or before October 31, annually, the clerk of every municipality having an organized fire department, or a partially paid or volunteer department, shall file with the commissioner his certificate stating such fact, the system of fire protection, the number of its organized companies, steam, hand or other engines, hook and ladder trucks, hose carts, and feet of hose in actual use, and such other facts as the commissioner may require; provided however that such clerk shall include in such certificate the name of each municipality or town served by such fire department under contract. (R. L. '05, §1650; G. S. 1913, c. 284, §§3342, 3343; Apr. 10, 1935, c. 280, §1.)

3724. Report of premiums—Certificate of Commissioner.—The commissioner shall include in the blank form furnished to each fire insurance company for its annual statement a list of all such municipalities, and towns, and each company shall report therein the amount of the gross direct premiums, less return premiums and loss on policy, received by it on all direct business during the preceding year, upon property located within the corporate limits of such municipalities and towns, upon policies covering loss or damage by fire, lightning, loss or damage by water to goods and premises arising from the breakage or leakage of sprinklers, pumps or other apparatus erected for extinguishing fires. Before July 1 following, the commissioner shall certify to the state auditor the name of each municipality and upon property located within the corporate limits of such other municipalities and towns as have been certified to the Commissioner as having service by the Fire Department Relief Association organized under the laws of Minnesota, or by him deposited in the special fund, and disbursed only for the following purposes:

(1) For the relief of sick, injured or disabled members of such fire department, their widows and orphans.

(2) For the equipment and maintenance of such department and for construction, acquisition or repair of buildings, rooms and premises for fire department use or otherwise.

(3) For the payment of the fees, dues and assessments in the volunteer firemen's benefit association of Minnesota so as to entitle the members of any fire department to membership in and benefits of such state association.

(4) For the payment of such death or burial benefits as may be from time to time authorized by such municipality.

But if there shall be a duly incorporated fire department relief association in such municipality, such amount shall be paid to the treasurer of said relief association, and by him deposited in the special fund of said association, and disbursed as other special funds. (R. L. '05, §1653; '09, c. 237, §1; G. S. '13, §346; '17, c. 207, §1; '19, c. 326, §1; '27, c. 378; Apr. 11, 1939, c. 166, §1; Apr. 11, 1929, c. 165, §1.)

Mechanic who was member of St. Paul Bureau of Fire Protection was entitled to membership in the St. Paul Firemen's Benefit Association organized under this section. 172 Minn. 360, 222 N.W. 385, 384. Proceeds of refund of premiums paid to insurance companies cannot be used to apply on bonded indebtedness of a village, though it is to be replaced at some future time. Op. Atty. Gen., Dec. 21, 1929.

Funds received under these sections, together with interest thereon, may be used for the purchase of fire apparatus. Op. Atty. Gen., Feb. 28, 1930.


In order to be entitled to benefits, a man must be a member of the fire department or retired after serving a specified number of years and having completed a specified period of active service. The association has no authority to create "honorary members." Op. Atty. Gen., May 10, 1931.

The funds raised under this section and $1200 should be kept separate so that investment of each could be made by the proper authority. Op. Atty. Gen., Mar. 15, 1931.

Firemen's relief association may expand money from its special fund for the purchase of fire fighting equipment for a village as far as funds received under sections 1929, 1930, and 1931 are concerned, but not from funds arising under section 1925. Op. Atty. Gen., Apr. 21, 1931.


Interest from investments made with moneys received by a firemen's relief association may not be placed in either general fund and such fund may be spent. Op. Atty. Gen., July 30, 1931.

Wages of volunteers, officers, firemen, and others for services or for benefits as widow of "active member". Op. Atty. Gen., June 2, 1930.

A special fund may not be used for payment of salaries of officers, premium on treasurer's bond, or funeral benefits, but any funds of special organization may be used for any purpose. Op. Atty. Gen. (198b-10), Nov. 3, 1934.

Funds of volunteer firemen's association may be paid out of special fund but may be paid out of general fund derived from dues, fines, etc., and one receiving attention of same may receive a salary from the association. Op. Atty. Gen. (1984-1), Apr. 4, 1936.

Fireman is entitled to benefit however he received his injury. Id.

Funds acquired from taxes cannot be used to purchase group insurance, but moneys received from fees, dues, donations, etc., may be used for any purpose. Op. Atty. Gen. (198b-10-I), Nov. 1, 1934.

Funds acquired pursuant to this section may not be expended for flowers at funeral of deceased member. Op. Atty. Gen., Nov. 29, 1936.

Funds may be used to purchase rubber boots and coats for use of firemen in fighting fires, but not for sheepskin coats to be worn at other times. Op. Atty. Gen. (198b-10-ee), Dec. 13, 1935.


Funds of relief association which are derived from 2% tax by fire insurance companies may be used to improve areas of fire department and include widows. Op. Atty. Gen. (198b-10-2), Apr. 3, 1936.


Funds of relief association which are derived from 2% tax by fire insurance companies may be used to provide benefits to widows and orphans. Op. Atty. Gen. (198b-10-2), Apr. 3, 1936.


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(3) Where member of city of Virginia fire department relief association left department but was granted leave of absence to perform his seven years of service with the department and acting membership in association during his leave of absence, his beneficiaries were entitled to all benefits, and association may make a present cash payment from special and general funds in settlement and relinquishment of claim, accompanied by certification and reissues of association, Op. Atty. Gen., (1938-1), Mar. 12, 1937.


3728. Service pension.—Every fire department relief association organized under any laws of this state, whenever its certificate of incorporation or by-laws so provide, may pay out of any funds received from the state, or other source, a service pension, in such amount, not exceeding $40.00 per month, as hereinafter authorized, or as may be provided by its by-laws, for the benefit of its members who have heretofore retired or may hereafter retire, who has reached or shall hereafter reach the age of 50 years, and who has done, or hereafter shall do, active duty for 20 years or more as a member of a volunteer paid, or partially paid, or partially volunteer fire department in the municipality where such association exists, and who has been, or shall hereafter be, a member of such fire department relief association at least 10 years prior to such retirement, and who receives with such additional pension as may be provided by the certificate or by-laws of such association.

The amount of monthly pension which may be paid to such retired firemen may be increased by adding to the maximum above prescribed, an amount not exceeding two dollars per month for each year of active duty over 20 years of service before retirement, provided, however, that no such fire department relief association shall pay to any member thereof a service pension of more than $25.00 and partially volunteer fire department in the municipality in which such association exists, and who has been, or shall hereafter be, a member of such fire department relief association at least 10 years prior to such retirement, and who complies with such additional conditions as to age, service, and membership, as may be prescribed by the certificate or by-laws of such association.


By-laws of association may provide for payment of a service pension or lump sum to any person who has done or hereafter shall do active duty for 20 years or more as a member of a paid or partially paid fire department in the municipality where such association exists and who has been, or shall hereafter be, a member of such fire department relief association at least 10 years prior to such retirement, and who complies with such additional conditions as to age, service, and membership, as may be prescribed by the certificate or by-laws of such association.

Payment of pension shall be subject to all the conditions imposed by the statutes heretofore mentioned and by the certificate or by-laws of such association.

(a) It shall be the duty of the city clerk, treasurer, or other disbursing officer of the city to deduct from each monthly pay of each member of the fire department relief association, a sum equal to 4% per cent of the above mentioned basic monthly pension, and pay the same to the treasurer of the relief association for credit in the special fund of said association.

(b) The city council or other governing body of such city shall each year, whenever the annual statement of the secretary of said relief association shows a sum existing in the special fund of less than $65,-
valid claim is established therefore, such accumulated
fore provided for, the full amount of such accumulated
cial fund to be disbursed only for the purpose author-

of said association. No member shall be entitled to
sentatives of such member; provided, however, if no
nated by such member, or if none, to the legal repre-

lump sum to the beneficiary or beneficiaries desig-
have been made to said member shall be paid in one
deductions, less such pension payments, if any, as
duced below the amount which, when added to the
business of employment. But no pension shall be re-

Minnesota, or is regularly receiving income from a

recognized any attempted assignment or pay over any
same, nor shall the association have the power to rec-

relief association under this act, and no accumulated
pension allowed or to be allowed by any firemen's

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referred to, shall be subject to judgment, garnishments,
contributions of members to the fund hereinafter re-

Commissioner of administration has no power under


ANNOATIONS UNDER §3739

Commissioner of administration has no power under

This section, in so far as it gives to fire departments

Duties of commissioner. This

section, in so far as it gives to fire departments

the option to accept or reject the benefits of this act,

vilative of Const. art. 4, §§33, 34, denouncing special
commission. Stevens v. Village of Nashwauk, 161M20, 200
NW27.

3737 to 3744 [Repealed.] Repealed by Act Apr. 8, 1933, c. 177, §23, post §3750-29.

3745 to 3747. These sections may be included in the general repeal-

cause of Act Apr. 8, 1933, c. 177, §21, post §3750-29, but this is not clear.

3748 to 3750 [Repealed.] Repealed by Act Apr. 8, 1933, c. 177, §25, post §3750-29.

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3750-2. Relief associations to be self governing.—Each

3750-3. Members.—A fireman under this Act is one

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relief associations, recipient of a pension under its constitution

3700-17. Resignation of fireman filed with fire department and civil service

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§3750-4.

Eligibility.—Every fireman as herein defined shall be eligible to apply for membership in the relief association in the city in which he is employed within the time and in the manner hereinafter set forth. Any such fireman desiring to become such member later than 90 days from the time when he is regularly entered on the payrolls of such fire department, make written application for membership in such relief association on forms supplied by said association, accompanied by more physician's certificates as required by the by-laws of said association. After such application has been filed, the board of examiners of the association shall make a thorough examination thereof and file their report with the secretary of the association. Such application must be actuated upon by the association within six months from the date applicant was entered on the payroll of the department. Provided, however, that no fireman who is more than 35 years of age when his application is filed can become a member of the relief association, except that such age limitation of 35 years shall not apply upon application for reinstatement in such association.

Any fireman, as that term is herein defined, actively employed in any city by January 1, 1937, may be eligible to membership in a fireman's relief association. Such fireman shall make application within 90 days from and after the passage of this act. His application must be actuated upon by the association within six months thereafter. Upon the acceptance of said application, the membership of such applicant shall become effective as of the date when he was entered on the payroll of the department, provided the applicant shall make up all dues which he would have paid had he been a member of the Firemen's Relief Association from the date he entered upon the payroll of the department. All payments, dues, and privileges to which said firemen are entitled as members of said fund shall be governed by Mason's Minnesota Statutes, 1936 Supplement, Section 3750-1 and 3750-38. (Act Apr. 8, 1933, c. 177, §4; Apr. 5, 1937, c. 135, §1.)

Section 3750-5, cited, provides that the Act shall take effect from its passage.

3750-5. Associations may reject unfit persons.—Each fireman's relief association shall have the right to exclude all applicants for membership who are not physically and mentally sound, so as to prevent unwarranted risks for the association; and additional requirements for entrance fees and annual dues for membership in the association may from time to time be prescribed in the by-laws of such association. (Act Apr. 8, 1933, c. 177, §5.)
Such association. (Act Apr. 8, 1933, c. 177, §16.)

Relief association by the state and each city under the laws of Minnesota and from the city in which the relief association’s board of trustees, then it shall be the duty of said city’s governing body to increase the rate of said tax levy hereon provided to three-quarters of one mill. The tax so levied shall be transmitted with other tax levies to the city in which said city is situated, and by said county shall be collected and payment thereof enforced when and in like manner as state and county taxes are paid. (Act Apr. 8, 1933, c. 177, §12; Apr. 1, 1938, c. 87; Apr. 17, 1937, c. 279, §1.)

3750-12. Tax levy for firemen’s relief association in certain cities.—The city council or other governing body of each city wherein such a relief association is located shall each year, at the time the tax levies for the support of the city are made, and in addition thereto, levy a tax of five and one-half tenths of one mill on all taxable property within said city. Provided, however, that in the event the balance in said relief association’s special fund, at the time said levy is made, is less than $300,000.00, as determined by said association’s board of trustees, then it shall be the duty of said city’s governing body to increase the rate of said tax levy hereon provided to two-quarters of one mill. The tax so levied shall be transmitted with other tax levies to the city in which said city is situated, and by said county shall be collected and payment thereof enforced when and in like manner as state and county taxes are paid. (Act Apr. 8, 1933, c. 177, §12; Apr. 1, 1938, c. 87; Apr. 17, 1937, c. 279, §1.)

3750-13. County Treasurer to pay over monies collected.—As soon as practical after the first days of June and November in each year, the county treasurer of each such county shall pay to the treasurer of the firemen’s relief association within said county the amount of such tax then collected, and payable to said association together with all interest and penalties collected, and all interest paid thereon between the time of collection and the time of payment to such relief association. And the city treasurer of such city, in the event that such tax or any part thereof is paid to him, shall likewise pay the same to the treasurer of the relief association in said city as soon as the same has been collected, together with all interest and penalties collected thereon. (Act Apr. 8, 1933, c. 177, §13.)

3750-14. Associations to manage funds.—Each relief association shall have full and permanent charge of, and the responsibility for the proper management and control of all funds that may come into its possession, and particularly funds derived from the following sources:

(a) Funds derived from the State of Minnesota, and interest from the investment thereof.
(b) Funds derived from tax levies by the city in which such relief association is located, and interest from the investment thereof.
(c) Funds derived from private sources such as gifts, charges, rents, entertainments, dues paid by members, and from other sources. (Act Apr. 8, 1933, c. 177, §14.)

3750-15. To be kept in separate fund.—The money received from the various sources shall be kept in two separate and distinct funds, one to be designated as the Association Special Fund, and the other as its General Fund. All money received from the State of Minnesota and from the city in which the relief association is located shall be deposited in the special fund, and shall be expended only for purposes hereinafter authorized. All money received from other sources shall be deposited in the general fund, and may be expended for any purpose deemed proper by such association. (Act Apr. 8, 1933, c. 177, §15.)

3750-16. Payments.—The amounts so paid to such relief association by the state and each city under the provisions of this Act, and by it set aside and deposited as a special fund, shall be appropriated and disbursed by each such association for the following purposes, to wit:

(a) For the relief of sick, injured and disabled members of the relief associations, their widows and dependents.
(b) For the payment of disability and service pensions to members of such relief associations. (Act Apr. 8, 1933, c. 177, §16.)

3750-17. Associations may define sickness and disability.—Each such relief association shall in its by-laws define the sickness and disability entitling its members to relief, and specify the amounts therefor and also apportion the amounts to be paid to its disability and service pensioners, and to widows and children of deceased members, and to fix the age limit of children to which pensions may be paid. When the total assets of such association shall amount to $500,000.00, whenever its total funds, as determined by its board of trustees, are less than $300,000.00; and within the limits of this Act described, said associations shall have and retain the right to increased, or otherwise adjust, said pensions and benefits after same have been so reduced. (Act Apr. 8, 1933, c. 177, §17.)

3750-18. Associations may reduce pensions.—Such firemen’s relief association shall at all times have and retain the right to reduce the amount of pensions and benefits paid out of its funds, and to reduce or otherwise adjust the amounts of and benefits to be therefrom paid out of its funds, whenever its total funds, as determined by its board of trustees, are less than $300,000.00; and within the limits of this Act described, said associations shall have and retain the right to increased, or otherwise adjust, said pensions and benefits after same have been so reduced. (Act Apr. 8, 1933, c. 177, §18.)

3750-19. Persons entitled to relief.—A member of such association who, by reason of sickness or accident, becomes disabled from performing his duties as a fireman, and is otherwise entitled to the benefits and amounts to be paid him under the provisions of this Act for disability and service, shall be entitled to such relief as the by-laws of the association may provide.

No allowances for such disabilities shall be made unless notice of such disability and application for benefits on account thereof shall be made by or on behalf of the disabled member to the secretary of the association within thirty days after the beginning of such disability. (Act Apr. 8, 1933, c. 177, §19.)

3750-20. Amount of payments.—A member of any such relief association entitled to disability benefits as herein defined, shall receive the same from this association for such periods of time as are fixed by its by-laws, equal to the amount, and in such amounts, not to exceed $75.00 per month, as the by-laws of said association provide. (Act Apr. 8, 1933, c. 177, §20.)

3750-21. Retirement pay.—A member of such association as herein defined who has completed a period, or periods of service on the fire department equal to 20 years or more, shall, after he has arrived at the age of 50 years or more, and has retired from the payroll of the fire department, be entitled to a basic pension of not less than $50.00 and not more than $65.00 per month for his natural life in consideration of and in lieu of all leaves of absence of more than 90 days, except such as are granted to a member because of his disability due to sickness or accident, shall be included in computing said period of service; and all periods of time during which a member received a disability pension shall be excluded in such computation. No deductions shall be made for a leave of absence granted to a member to enable him to accept an appointive position in said fire department. No member shall be entitled to draw both a disability and a service pension.

Such monthly basic payments may be increased by adding to said basic pension as follows:

(a) The sum of $2.80 per month for each year of active duty over 25 and not more than 25 years.
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(b) The sum of $3.20 per month for each year of active duty over 25 and not more than 30 years.

(c) The sum of $3.60 per month for each year of active service over 30 and not more than 35 years.

The by-laws of each association may provide for said increases or any portion thereof, provided that the total pension pay-able to any such member shall not exceed the sum of $98.00 per month. (Act Apr. 8, 1933, c. 177, §21.)

3750-22. Member may be on deferred pension list.—A member of such association who has performed service on the fire department for 20 years or more, and during such service has served in the military forces of the United States in the World War, or has served in the military forces of the government of the United States and in such service rendered fire prevention service during said war, and has returned after his honorable discharge from such service and resumed active duty in said fire department, the period of his absence in said service or the United States shall be deducted in computing the period of service hereinafter provided for, but shall be construed and counted as a part and portion of his active duty in said fire department. (Act Apr. 8, 1933, c. 177, §22.)

3750-23. War service to be included in period of service.—Any applicant for a service pension who subsequent to his entry into the service of such fire department has served in the military forces of the United States in the World War, or having during such service served in the military forces of the government of the United States and in such service rendered fire prevention service during said war, and has returned after his honorable discharge from such service and resumed active duty in said fire department, is to be construed and counted as a part and portion of his active duty in said fire department, from the time he was on the payroll of the fire department; and who, in case the deceased member or prior to the time he was on the payroll of the fire department, was legally residing with him, and who was married to him while such relief association dies, leaving such pension unless he resided with pensioner at time of his death. (Act Apr. 8, 1933, c. 177, §23.)

3750-24. Pensions to widows and children of members.—When a service pensioner, a disability pensioner, or a member of such relief association dies, leaving

(a) A widow who was his legally married wife, residing with him, and who was married to him while or prior to the time he was on the payroll of the fire department; and who, in case the deceased member was a service or deferred pensioner, was legally married to said member at least three years before his retirement from said fire department; or

(b) A child or children who were living while the deceased was on the payroll of the fire department, or who were born within nine months after his death of said member; or

(c) The sum of $3.60 per month for each year of service hereinbefore provided for, but shall be construed and counted as a part and portion of his active duty in said fire department. (Act Apr. 8, 1933, c. 177, §24.)

3750-25. Board of Examiners.—Such relief association shall establish a board of examiners who shall, and as when requested by the association's board of trustees, make a thorough investigation of and report on all applications for membership in the association; investigate and make report on all applications for disability pensions, and make recommendations as to amount of pension to be paid to each applicant; and, after he has reached the age of 50 years, shall have the right to receive a pension or pensions as hereunder shall be paid to him, in such service rendered fire prevention service during said war, and has returned after his honorable discharge from such service and resumed active duty in said fire department, the period of his absence in such service or the United States shall be deducted in computing the period of service hereinafter provided for, but shall be construed and counted as a part and portion of his active duty in said fire department. (Act Apr. 8, 1933, c. 177, §25.)

3750-26. Public Examiner to examine books.—The Public Examiner of this state shall examine the books and accounts of the secretary and the treasurer of each such relief association; investigate and make report on all applications for membership in the association; and any attempt to transfer any such right or claim to another for any cause that may have arisen from, or that may be attributable to, his service on the fire department. (Act Apr. 8, 1933, c. 177, §26.)

3750-27. Payments exempt from garnishment.—All payments made or to be made by any relief associations under any of the provisions of this Act shall be totally exempt from garnishment, execution or any other legal process, and no persons entitled to such payment shall have the right to assign the same, or to pay any sum on account thereof and any attempt to transfer any such right or claim to any part thereof shall be void. (Act Apr. 8, 1933, c. 177, §27.)

3750-28. Not to affect workmen's compensation act.—This Act shall not be construed as abridging, repealing or amending the laws of this state relating to the provisions of this Act. (Act Apr. 8, 1933, c. 177, §28.)

3750-29. Inconsistent acts repealed.—All laws and enactments of this state inconsistent herewith, or conflicting with the provisions of this Act, and all prior laws of this state relating to firemen's relief associations in cities of the first class, the rights and obligations of the members under the same, and the use and control of the funds received by such associations, are hereby in all things repealed; except as herebefore provided in section numbered 3 of this Act. (Act Apr. 8, 1933, c. 177, §29.)

3750-30. Provisions separable.—If any section or portion of a section of this Act is declared invalid, the rest of this Act shall nevertheless be and remain
in full force and effect. (Act Apr. 8, 1933, c. 177, §30.)

3750-31. Surcharge on premiums to restore deficiency in special fund.—Whenever the balance in the special fund of any Firemen’s Relief Association in any city of the first class is less than $600,000.00, as determined by any such association’s board of trustees, which fact shall be duly certified to by the State Comptroller, such board of trustees may thereupon file its duly verified petition for relief, accompanied by such certificate, with the Commissioner of Insurance. The Commissioner of Insurance shall thereupon order and direct a surcharge to be collected of two per cent of the fire, lightning and sprinkler leakage gross premiums, less return premium on all fire or domestic fire insurance company on property in such city of the first class, or by its agents for it, in cash or otherwise, until the balance in the special fund of such relief association amounts to $600,000.00 and for a period of 15 days thereafter. As soon as the balance in said special fund amounts to $600,000.00 the board of trustees of such relief association shall certify that fact to the Commissioner of Insurance and the Commissioner of Insurance shall forthwith order and direct that the collection of such surcharge shall be discontinued after the expiration of said 15 day period and shall forthwith mail a copy of the order last mentioned to such insurance company affected thereby. Said surcharge shall be due and payable from such companies to the State Treasurer in semi-annual installments on June 30th and December 31st of each calendar year, and if not paid within 30 days after such dates a penalty of ten per cent shall accrue thereon and thereafter such sum and penalty shall draw interest at the rate of one per cent per month until paid. (Act Jan. 6, 1934, Ex. Ses., c. 53, §1; Apr. 1, 1935, c. 56, §1; Apr. 22, 1937, c. 381, §1.)

Gross premium surcharge on insurance premium on policy held by University of Minnesota construed as a surcharge and not as a direct tax. Op. Atty. Gen. (222m), Apr. 20, 1934.

Gross premium surcharge on insurance premium on policy held by University of Minnesota construed as a surcharge and not as a direct tax. Op. Atty. Gen. (232m), June 26, 1934.


3750-32. Same—Warrant on state treasurer.—The State Auditor of this state on July 31, 1934, and semi-annually thereafter, shall issue and deliver to the Treasurer of the special fund of such relief association in the state the amount thereof to the Treasurer for an amount equal to the total amount of said surcharge on said premiums within such city theretofore so collected and transmitted to the State Treasurer by such insurance companies. There is hereby appropriated out of the number of the policy or policies, the name and location of the company or companies issuing such policy or policies, and the premiums paid; or, if he has not insured his property, the amount paid into or credited to any insurance fund or other reserve against loss or damage by fire. Such statement shall be furnished by those property owners carrying insurance in companies not licensed by this state but having an insurance or other reserve fund against loss or damage by fire upon demand of the Commissioner of Insurance, or if no such demand is made, then on or before January 31st of each year. Every such property owner who shall fail to make such statement, or who shall forward such demand, neglect to render such statement, shall be guilty of a misdemeanor and shall be fined fifty dollars, or in the case of a person who shall fail to make such statement, or who shall willfully make a false statement or who shall for thirty days after such demand, neglect to render such statement, shall be fined fifty dollars, or in the case of a person who shall fail to make such statement, or who shall willfully make a false statement, or who shall for thirty days after such demand, neglect to render such statement, shall be guilty of a misdemeanor and shall be fined fifty dollars. Said surcharge on insurance premiums collected in this state shall be disbursed by the Commissioner of Insurance and shall be disbursed by him as other sums collected under the terms of this Act and as disbursed. (Act Jan. 9, 1934, Ex. Ses., c. 56, §1; Apr. 17, 1937, c. 255, §1.)

3750-33. Same—Collection of percentage on premium—recovery.—If such insurance has been effected in any company not authorized to do business in this state, or if such owner carries his own insurance fund or reserve, the Commissioner of Insurance shall, and he is hereby authorized and empowered, to collect from such property owner such taxes as would equal the taxes on the annual premium which authorized insurance companies would have charged for insuring such property if the surcharge was paid. Such surcharge may be recovered in a civil action brought in the name of the State. (Act Jan. 9, 1934, Ex. Ses., c. 56, §3; Apr. 17, 1937, c. 258, §2.)

3750-37. Same—Disposition of proceeds.—All sums collected under the terms of this Act shall be payable to the respective municipalities or fire department relief associations in the same manner and disbursed for the same purposes as the two (2) per cent state tax on fire insurance premiums. (Act Jan. 9, 1934, Ex. Ses., c. 56, §3; Apr. 17, 1937, c. 258, §3.)

3750-38. Same—Exempt property.—This Act shall not apply to property owned and occupied exclusively as a homestead nor to exempt property specified in Section 9447, Mason's Minnesota Statutes of 1927, as the same shall be in effect at the time of the application If the application is not delivered or not, as of the date of the application if the application is not delivered or not, as of the date of the application. (Act Jan. 9, 1934, Ex. Ses., c. 56, §4.)

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3757. When agent of insurer, etc.

State supreme court's decision that a soliciting agent of an insurance company has authority to accept promissory note of insured in payment of ordinary premium held binding on federal court. Braman v. M., (USCCAA), 707F2d 581. See Dun. Dig. 4655.

Agent of insurer cannot bind his principal by agreement that premium shall be applied in payment of his personal debt. Lueck v. N., 186M184, 246NW363. See Dun. Dig. 4655.
CHAPTER 20
Inspector of Oils

3770. Abolishing of office of state oil inspector and transferring powers, etc.

Superseded by §§153-55, 53-274.

Editorial note.—Powers conferred by this chapter are transferred to the commissioners on taxation, and the office of Chief Oil Inspector is abolished, by Act Apr. 22, 1939, c. 421, Art. 6, §1, ante, §2626-4.

3771. Dairy and food commissioner to be appointed by governor.

Superseded in part by §§153-55, 53-274.

3773. Inspection districts—Compensation of inspectors.—The dairy and food commissioner, in conjunction with the chief oil inspector, is hereby authorized to create not to exceed sixty-seven inspection districts in the state. In the creation of said districts due consideration shall be given to important shipping centers. Said commissioner, with the advice of the chief oil inspector, is hereby authorized to appoint when necessary one deputy for each inspection district so established. He shall take such measures as he deems necessary to prevent duplication of effort by inspectors under his control and to effect economy in the administration of the inspection laws, and to that end he shall detail dairy and food inspectors to perform the duties of deputy oil inspectors as far as practicable. The deputy inspectors shall receive compensation on a graded scale based upon their qualifications, the volume of work they perform, and tenure of employment. Such compensation shall be not less than One Hundred Dollars ($100.00) per month during the probationary period of one year, nor less than One Hundred Twenty-five Dollars ($125.00) per month thereafter not less than One Hundred Fifty Dollars ($150.00) per month; and they shall be reimbursed for all expenses necessarily incurred by them in the performance of their official duties; such salaries to be determined by the dairy and food commissioner upon the advice of the chief oil inspector. For the purpose of effecting more efficiency and economy in the service, the chief oil inspector is authorized, whenever he finds it advantageous and practicable, to detail deputy oil inspectors to inspect petroleum products in storage outside of the state at places from which such products are transferred to dealers or consumers within the state. (As amended Apr. 26, 1937, c. 439, §1.)

Act increasing minimum compensation of deputy oil inspectors without making appropriations therefore did not contemplate reduction of needed personnel to effect efficiency and economy in the service, and was passed, in the belief that the new compensation plan was practicable. The compensation plan of the department of agriculture was not changed, except as otherwise provided, and the department continued to function under the old compensation plan, which was not increased in value by the new act. Op. Atty. Gen., (9a-21), Jun 8, 1937.

3776. Rebate on insurance contracts prohibited.


Right of optional purchase of stock in endowment policy does not offend §§3766, but does have effect of making policy "security" within §§3961-1(3) and writing of insurance a "sale" within §§3965-4, requiring registration and license from commerce commission. Op. Atty. Gen. (47a-17), Mar. 15, 1937.

This section is not violated by return of part of premium paid pursuant to reduction of rates following issuance of policies. Op. Atty. Gen. (49b-3), June 8, 1939.

3778. Application of act.

This section did not authorize hospital group insurance policy purposes to insure more than one person. Op. Atty. Gen. (249b-9), Jan. 28, 1939.