

CHAPTER 357.

H. F. No. 358.

An act to amend chapter one hundred and eighty-six (186) of the General Laws of the year eighteen hundred and eighty-five (1885), entitled, "An act authorizing the formation of companies for mutual insurance against loss and damage by hail, tornadoes, cyclones and hurricanes, as amended by chapter one hundred and four (104) of the General Laws of eighteen hundred and ninety-three (1893)."

Hail, cyclone
and hurricane
mutual in-
surance
companies,
amendment.

Be it enacted by the Legislature of the State of Minnesota:

SECTION 1. That section seven (7) of chapter one hundred and eighty-six (186) of the General Laws of the year eighteen hundred and eighty-five (1885) be and the same is hereby amended so as to read as follows:

Sec. 7, chap.
186, Laws
1885, amended.

Sec. 7. Such corporation before commencing its business shall prepare and adopt by-laws, which shall prescribe the duties and compensation of its officers and directors, the manner, time and place of electing them, the territory to which its business shall be confined, the scheme and manner of transacting its business, and such other rules and regulations as may be deemed essential to the government of the corporation and the management of its affairs.

By-laws to
be adopted.

Such by-laws shall not be so amended as to increase the salary or compensation of the directors or any officer or to change the territorial limits to which the business of the corporation is confined, except by a majority vote of all the members present at the annual meeting of the corporation, nor shall the by-laws be otherwise amended, changed, suspended or repealed, except in the manner therein set forth, and a copy of the same and any subsequent amendment thereto shall be forwarded to the insurance commissioner for his approval, and in case he approves the same, he shall file and safely keep such by-laws and amendments in his office.

Compensation
of officers,
how increased.

SEC. 2. That section nine (9) of said chapter one hundred and eighty-six (186) be and the same is hereby amended so as to read as follows:

Sec. 9. Every holder of a policy of such insurance, during the time said policy is in force and effect, shall be a member of the corporation; he shall have the right, while such policy is in force, to participate in the meetings of its members and in the election of its directors

Rights of
policy
holders.

and shall be eligible to election to any office in such corporation. He shall be liable to the corporation for his pro rata share of all losses and damages by hail, tornadoes, cyclones and hurricanes sustained by any other member holding a policy of insurance then in force; and also for his pro rata share of the expenses of the management of the business of such corporation, and shall be bound by and subject to the by-laws of such corporation.

Provided, however, that it shall be unlawful for any member of such corporation to authorize any person to vote for him by proxy unless the person so authorized is a resident of the same county as the member giving the proxy. *Provided, however,* that the president and secretary may each hold twenty-five (25) proxies, regardless of the place of their residences. No person shall hold more than twenty-five (25) proxies at one time, and no proxy shall be valid for more than one (1) year from its date.

Provided further, that every applicant for insurance in any mutual hail insurance company doing business in this state shall receive a copy of the by-laws of the company to which he applies for such insurance at the time he makes such application.

Sec. 3. That section ten (10) of said chapter one hundred and eighty-six (186) be and the same is hereby amended so as to read as follows:

Sec. 10. The corporation shall in and by its by-laws provide for the manner in which such insurance shall be effected, and the terms and conditions thereof; the time and manner in which losses by it sustained under its policy of insurance shall be determined, proved, adjusted and paid, and fix the liability of the assured, not to exceed five (5) per cent. on the amount of insurance. Said corporation may in and by its by-laws provide for a guaranty fund, and whenever the total amount of losses and expenses in the hail department in any one year shall exceed the net amount collected from a full assessment duly made in that year, there may be taken from the guaranty fund of the company a sufficient sum to pay all losses and expenses in full, not exceeding, however, seventy-five (75) per cent. of such fund; *provided,* that if the amount thus derived shall not be sufficient to pay all losses in full, then the same shall be paid pro rata, and such payment shall be in full of same. The by-laws of said corporation shall provide for the time and manner in which assessments shall be made upon its members for their respective pro rata share of all losses, expenses and guaranty fund; and the time, manner and place in which and the person to whom such assessments shall be paid. It shall in and by its by-laws fix the compensation of officers to a

Terms of
insurance to
be expressed
in by-laws.

certain stipulated salary, and the payment of any commissions to such officers in addition thereto shall be prohibited. It shall also in and by its by-laws provide such other regulations, terms and conditions as may be necessary for effectively and fully carrying out its schemes of insurance; and the by-laws in force at the time of the date of any policy of insurance issued by such corporation shall have the force and effect of law in the determination of all questions and claims arising under such policy between the holder thereof and said corporation, and if such company shall fail to pay all legitimate losses, said company shall be deemed to be insolvent, and the insurance commissioner shall be empowered to proceed against the same in the same manner as provided by law against insolvent companies.

SEC. 4. That section seventeen (17) of said chapter one hundred and eighty-six (186), as the same is enacted and added to said chapter by section four (4) of chapter one hundred and four (104) of the General Laws of eighteen hundred and ninety-three (1893), be and the same is hereby amended to read as follows:

Sec. 17. The commissioner of insurance is hereby authorized and empowered to address any inquiry to such corporation or to the secretary thereof in relation to its doings or condition, or any other matter connected with its transactions, and it shall be the duty of any such corporation so addressed to reply promptly in writing to such inquiry. If said corporation or any officer thereof to whom any letter of inquiry is addressed shall willfully neglect or fail to make a full and true report in response to such inquiry as may relate to its manner of doing business, or to other matters connected with or relating to its business transactions, or if said corporation shall carry on its business in a fraudulent, extravagant and unsafe manner, and so as not to afford to its policy holders protection against loss or damage to their crops, or if said corporation violates the provisions of its by-laws or any of the provisions of this act, said commissioner of insurance shall be empowered and is hereby authorized to revoke the authority of said corporation to do business in this state, and, whenever the insurance commissioner shall have reason to doubt the solvency of any such corporation, or if the insurance commissioner shall have reason to believe that any such corporation is doing business contrary to any of the provisions of this act, he may, at the expense of such corporation, cause an examination of its books and papers to be made, and if in his judgment such examination establishes the fact that such corporation is not financially sound, or is conducting its business

Must report
to insurance
commissioner
when re-
quested.
Penalty for
failure.

fraudulently, or is violating any of the provisions of this act, he shall institute or cause to be instituted the necessary proceedings under the laws of this state to close up the affairs of such corporation.

SEC. 5. All acts and parts of acts inconsistent herewith are hereby repealed.

SEC. 6. This act shall take effect and be in force from and after its passage.

Approved April 21st, 1899.

S. F. No. 435.

CHAPTER 358.

Model
schools,
amendment.

An act to amend section one hundred and thirty-six (136) of chapter thirty-six (36) of the General Statutes of 1878 of the State of Minnesota, being section thirty-eight hundred and forty-four (3844) of the Statutes of the State of Minnesota for 1894, relating to model schools.

Be it enacted by the Legislature of the State of Minnesota:

SECTION 1. That section one hundred and thirty-six (136) of chapter thirty-six (36) of the General Statutes of 1878 of the State of Minnesota, being section thirty-eight hundred and forty-four (3844) of the statutes of the State of Minnesota for 1894, be and the same is hereby amended by striking out the proviso of said section so that when amended it shall read as follows, to-wit:

May be or-
ganized in and
by normal
schools.

"Model Schools—The state normal school board shall have power to organize, in connection with each normal school, such model schools as they may deem expedient for the illustration of the best methods of teaching and government."

SEC. 2. All acts and parts of acts inconsistent herewith are hereby repealed.

SEC. 3. This act shall take effect and be in force from and after its passage.

Approved April 21st, 1899.