

for deposit and ascertain that they comply with all the provisions of law applicable thereto. Such deposit shall be maintained unimpaired as a guaranty fund for depositors and creditors and for the faithful discharge of its duties, with the right to collect the income thereof and to substitute other like authorized securities of equal amount and value.

The capital stock of any trust company may be reduced with the approval of the superintendent of banks, but not below the respective minimum amounts aforesaid, and no assets shall be returned to the stockholders unless its deposits of authorized securities after such return equal one-fourth of such reduced capital in no event less than twenty-five thousand dollars; nor shall the liability of any stockholder upon any existing contract be affected thereby."

Approved April 20, 1911.

CHAPTER 315—S. F. No. 541.

An Act to amend section one thousand six hundred and seven (1607) Revised Laws of Minnesota for the year one thousand nine hundred and five (1905), as amended by chapter three hundred and twenty-one (321), General Laws of Minnesota for the year one thousand nine hundred and seven (1907), relating to insurance.

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

Determination of insurance reserve—Expenses—Premiums, etc.—Section 1. That section of 1607 of the Revised Laws of Minnesota for the year 1905, as amended by chapter 321 of the General Laws of Minnesota for the year 1907 be and the same is hereby amended so as to read as follows:

1607. Reserve for reinsurance.—To determine the policy liability of any company, other than life or title insurance, and the amount such company shall hold as reserve for reinsurance, 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 \$200,000 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 such reinsurance reserve the commissioner shall take twenty-five (25) per cent of the aggregate premiums on policies 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 employe or other person and for which the insured, is liable, and under insurance against loss from liability on account of the death of or injury to an employe not caused by the negligence of an employer, it shall carry as a liability an additional reserve to provide for the payment of its unpaid losses, the amount of which shall be determined as follows: Each corporation which writes policies covering any of said kinds of insurance shall include in the annual statement a schedule of its experience thereunder, in the United States and foreign countries in the case of corporations organized in the United States, and in the United States only in the case of corporations organized outside of the United States giving each calendar year's experience separately, and crediting or charging each item to the year in which the policy to which it relates was written, as follows: (1) the earned premiums on all such policies written during the period of ten years immediately preceding the date as of which the statement is made, being the gross premiums on all such policies including excess and additional premiums and premiums in course of collection, less return premiums and premiums on canceled policies, and less the unearned premiums on policies in force as shown in such annual statement; (2) the amount of all payments of whatsoever nature made by reason or on account of injuries covered by such policies written during said period. This amount shall include medical and surgical attendance, payments to claimants, legal expenses, 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 such injuries, whether such payments are allocated to specific claims or are unallocated; (3) the number of suits being defended at the date as of which the statement is made under policies written during said period, except suits in which liability is not dependent upon negligence of the insured, and a charge of seven hundred

and fifty dollars for each suit; (4) the number of deaths for which the insured are liable without proof of negligence, covered by policies written during said period, and not paid for at the date as of which the statement is made and a charge of the amount necessary to pay for such deaths; (5) the number of unpaid claims at the date as of which the statement is made on account of non-fatal injuries for which the insured are liable without proof of negligence, covered by policies written during said period, and a charge equal to the present value of the estimated future payments; (6) the loss ratio determined from the foregoing as to each year separately using as the divisor the earned premiums shown in item (1) and as the dividend the amount of payments shown in item (2) plus the amounts charged in items (3), (4), and (5); (7) the number of suits being defended at the date as of which the statement is made under policies written more than ten years prior to such date, except suits in which liability is not upon negligence of the insured; (8) the number of deaths for which the insured are liable without proof of negligence, covered by policies written more than ten years prior to the date as of which the statement is made, and not paid for at such date; (9) the number of unpaid claims at the date as of which the statement is made on account of non-fatal injuries for which the insured are liable without proof of negligence, covered by policies written more than ten years prior to such date.

All unallocated payments in item (2) made in a given calendar year subsequent to the first four years in which a corporation has been issuing such policies shall be distributed as follows: thirty-five per centum shall be charged to the policies written in that year, forty per centum to the policies written in the preceding year, ten per centum to the policies written in the second year preceding, ten per centum to the policies written in the third year preceding, and five per centum to the policies written in the fourth year preceding, and such payments made in the first four calendar years in which a corporation has been issuing such policies shall be distributed as follows: in the first calendar year one hundred per centum shall be charged to the policies written in that year, in the second calendar year fifty per centum shall be charged to the policies written in that year and fifty per centum to the policies written in the preceding year, in the third calendar year forty per centum shall be charged to the policies written in that year, forty per centum to the policies written in the preceding year, and twenty per centum to the policies written in the second year preceding, and in the fourth calendar year thirty-five per centum shall be charged to the policies written in that year, forty per centum to the policies written in the preceding year, fifteen per centum to the policies written in the second year preceding, and ten per

centum to the policies written in the third year preceeding, and a schedule showing such distribution shall be included in such annual statement.

Each such corporation shall be charged with indebtedness for outstanding losses upon such policies determined as follows: (10) for all suits being defended under policies written more than ten years prior to the date as of which the statement is made, except suits in which liability is not dependent upon negligence of the insured, one thousand dollars for each suit; (11) for all suits being defended under policies written more than five years and less than ten years prior to the date as of which the statement is made, except suits in which liability is not dependent upon negligence of the insured, seven hundred and fifty dollars for each suit; (12) for all deaths for which the insured are liable without proof of negligence, covered by policies written more than five years prior to the date as of which the statement is made, the amount necessary to pay for such deaths; (13) for all unpaid claims on account of non-fatal injuries for which the insured are liable without proof of negligence under policies written more than five years prior to the date as of which the statement is made, the present value of the estimated future payments; (14) for the policies written in the five years immediately preceeding the date as of which the statement is made an amount determined as follows: multiply the earned premiums of each of such five years as shown in item (1) by the loss ratio ascertained as in item (6) on all the policies written in the first five years of the said ten year period using as the divisor the sum of the earned premiums shown in item (1) for such first five years, and as the dividend the sum of the payments shown in item (2) for such first five years plus the sum of the charges in items (3), (4), and (5) for such first five years but the ratio to be used shall in no event be less than fifty per centum at and after December 31, 1911, nor less than fifty-one per centum at and after December 31, 1912, nor less than fifty-two per centum at and after December 31, 1913, nor less than fifty-three per centum at and after December 31, 1914, nor less than fifty-four per centum at and after December 31, 1915, nor less than fifty-five per centum at and after December 31, 1916, and from the amount so ascertained in each of the last five years of said ten-year period deduct all payments made under policies written in the corresponding year as shown in item (2), and the remainder in the case of each year shall be deemed the indebtedness for that year. *provided*, however, that if the remainder in the case of any year of the first three years of the five years immediately preceeding the date as of which the statement is made shall be less than the sum of the three following items for that year at that date—(a) the number of suits, except suits

in which liability is not dependent upon negligence of the insured, being defended under policies written in that year and a charge of seven hundred and fifty dollars for each suit, (b) the amount necessary to pay for all deaths for which the insured are liable without proof of negligence, covered by policies written in that year, and (c) the present value of estimated unpaid claims on account of non-fatal injuries for which the insured are liable without proof of negligence, covered by policies written in that year—then the sum of said items (a), (b), and (c) shall be the indebtedness for that year.

A corporation which has been issuing such policies for a period of less than ten years shall nevertheless include in its annual statement, a schedule as hereinbefore required for the years in which it shall have issued such policies, and shall be charged with an indebtedness determined in the same manner, but in determining the indebtedness for policies written in the five years immediately preceding the date as of which the statement is made, the minimum ratios hereinbefore prescribed shall be used subject to the same deductions and provisions as in the case of corporations that have been issuing such policies for ten years or more.

Sec. 2. This act shall take effect and be in force from and after its passage.

Approved April 20, 1911.

CHAPTER 316—S. F. No. 547.

An Act authorizing and directing boards of county commissioners to reimburse all parties for money expended and labor performed and material furnished in the improvement and construction of any road or bridge within their respective counties, in pursuance of the provisions of chapter 91, General Laws of 1909, or in pursuance of the provisions of chapter 505, General Laws of 1909.

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

Reimbursement out of road and bridge fund.—Section 1. The board of county commissioners of every county in this state whenever hereafter it shall be apportioned any money by the state highway commission from the state road and bridge fund is hereby authorized and directed to first reimburse and compensate out of said money or out of its county road and bridge fund every person or party for money expended and labor performed or material furnished in the improvement and construction of any road or bridge within their respective counties done in pursuance of the provisions of chapter 91, General Laws of 1909, or