

Sec. 6. **Power additional to existing power.**—The powers granted in this act are in addition to all existing powers of such cities.

Sec. 7. This act shall take effect and be in force from and after its passage.

Approved February 27, 1919.

CHAPTER 42—S. F. No. 155.

An act to provide how fraternal benefit societies organized under the laws of this state may consolidate, merge or reinsure its insurance risks, with any other fraternal benefit society, or assume or reinsure the risks of any other fraternal benefit society and to provide penalties for the violation of the provisions hereof.

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

Section 1. **Merging of fraternal benefit societies.**—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 fraternal 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.

Sec. 2. **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 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. 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.

Sec. 3. 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 therefor or execution thereof, nor shall any compensation be paid to any officer or employe 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, or 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.

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

Sec. 5. Section 15, chapter 345, S. L. 1907, repealed.—Section 15 of chapter 345, Laws of Minnesota for 1907, being section 3551 of General Statutes, 1913, is hereby repealed.

Approved February 27, 1919.